

The Next Decade

by George Friedman

This book is a successor to *The Next 100 Years* and is about the relationship between empire and republic, and the exercise of power over the next 10 years. The United States is unquestionably the singular most powerful country in the world and, the author asserts, exercises so much power in the economic, military, and social spheres that it is effectively one of history's great empires. The author is concerned with how the United States should behave in the world to exercise its power while retaining a functioning republic, with its values and concepts. The theme of the book is that justice comes from power, and power is only possible from a degree of ruthlessness that most of us can't abide. In writing his previous book, *The Next 100 Years*, the author predicted that the United States would have dominance in the world, but whether or not it would lose the soul of its republic was an open question. In this book he looks at the next 10 years and how we (particularly the American president) can approach unexpected events so as to retain the health of our republic.

Introduction -- Rebalancing America

The author takes the view that individual actions are the hardest thing to predict when forecasting the future. In the course of a century so many individual decisions are made that no single one of them is ever critical and the ebb and flow of a century is easier to predict than the shorter timeframe. In forecasting a century the idea is to eliminate the impossible, then to organize the most probable. A decade is ruled more by individual decisions and individual political power.

America must return to a more balanced, global strategy than has been practiced in the last 20 years. We cannot 'rule' by using main force, but we must use other countries and interests to assist us - the balance of power arguments of an earlier time. Recovering from the depletions and distractions of our direct actions in the Islamic world will probably consume us over the next 10 years.

The United States possesses what the author calls "deep power" and, to be successful this power must be balanced. This means economic, military, and political power must be exercised in appropriate and mutually supporting amounts.

The size and power of the American empire is inherently disruptive and intrusive (Facebook is changing even Islamic societies that resist it), meaning the United States can rarely take a step without threatening some nation or benefiting another. Since we will inevitably create friends and enemies, we need to learn how to manage our disruptive influence maturely. In the next decade we will need to accept our place in the world and begin a more sophisticated foreign policy.

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Ch 01 -- The Unintended Empire

The United States didn't intend to become an empire, but assumed this position as a consequence of events, few of them under American control. This evolution began after WWII and came to fruition with the collapse of the Soviet Union, leaving the U.S. alone as a colossus without a counterweight.

The American economy is like a whirlpool, drawing everything into its vortex, with imperceptible eddies that can devastate small countries or enrich them. Everyone tries to shape American behavior in order to gain some advantage or avoid some disadvantage.

Militarily the U.S. rules the seas and has almost continuously been involved in conflicts around the world over the last 20 years. Power of this magnitude may degrade, but does not collapse quickly except through large scale wars. The reverses in the Middle East do not argue against the fact of American empire; rather they illustrate that this empire is an immature one.

Americans resist both the idea of an empire and the responsibilities inherent in being the dominant political, economic, and military power in the world. In the next decade the president has to move from being reactive to having a systematic method of managing the world he (she) dominates without flinching from the realities of how the world operates. The realities of geopolitics do not give presidents the luxury of exercising virtue in the way we think of it when applied to ordinary citizens - see Jimmy Carter and George W. Bush for examples of presidents who tried to pursue virtue directly.

The decade ahead will not be a time of great moral crusades. Instead, it will be an era of process, a time in which the realities of the world as presented by facts on the ground will be incorporated more formally into our institutions. Because the president must not force the public to confront directly realities that it isn't ready to confront, he must be a master at managing illusions. Lincoln had to manage the issue of slavery early in the Civil War, Roosevelt had to manage the public desire for isolation as WWII approached, and Reagan managed weapons dealings when the public did not want confrontations with the Soviet Union.

The American economy is built on technological and organizational innovation, largely through the advance of disruptive technologies. See synopsis of *The Master Switch* by Tim Wu for a description of how industry in the U.S. fights this process. When cultures are affected by changes America brings to the world (see the example of Facebook mentioned earlier in this synopsis) the United States is often held up as a villain and American citizens have no understanding why they are considered scoundrels - they want to be liked.

An unsentimental foreign policy means that in the coming decade, the president must identify the most dangerous enemies, and create coalitions to manage them. This means breaking free of the entire Cold War system of alliances and institutions, including NATO, the IMF, and the United Nations. The old organizations are all insufficiently flexible to deal with the diversity of today's world. The new coalitions must be regional and serve the strategic interests of the United States.

- Enable the balance of power in each region to consume energies and divert threats from the United States.
- Create alliances where other countries bear the major burden of specific confrontations and the United States supports these countries with economic benefits and military technology.
- Use military intervention only as a last resort, when the balance of power breaks down and allies can no longer cope with the problem.

Lord Palmerston: "It is a narrow policy to suppose that this country or that is to be marked out as the eternal ally or the perpetual enemy of England. We have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow."

Ch 02 -- Republic, Empire, and the Machiavellian President

The greatest challenge to managing an empire over the next decade will be the same challenge that Rome faced: having become an empire, how can the republic be preserved? The founders of the U.S. were anti-imperialists by moral conviction. In retrospect, the non-interventionism of the republic the founders created was rooted in the fact that the republic was weak, not that it was virtuous.

An imperial relationship with other countries, whether intended or not, poses a challenge to those foundational principles. American global power generates constant threats and ever greater temptations.

Managing the unintended empire while retaining the virtues of the republic will be an important priority of the United States for a very long time. However, neither the intuitions nor the balance of power will save the republic, but it will be the cunning and wisdom of the president. Presidents, along with power, exercise leadership and that leadership can be decisive, in the context of a decade or less.

The founders created the office of the president for a reason, and at the heart of that reason was leadership. The presidency is unique in that it is the only structure in which an institution and an individual are identical. The presidency is the president alone, the only official elected by representatives of all the people. That is why we need to consider him as the primary agent for managing the relationship between empire and republic.

The presidency was created as an alternative to both dictatorship and aristocracy, an executive that is weak at home but immensely powerful outside of the United States. In domestic affairs, the Constitution dictates an executive that is hemmed in by an inherently unmanageable congress and by a Supreme Court that is fairly inscrutable. The economy is in the hands of investors, managers, and con-

sumers, as well as those of the Federal Reserve Bank. The states hold substantial power, and much of civil society -- religion, the press, pop culture, the arts -- is beyond the president's control. However, when the United States faces the world through its foreign policy, there is no more powerful individual than the occupant of the White House.

The fundamental distinction in U.S. foreign policy is the balance between idealism and realism. The idealist argues that we must act on the moral principles derived from the founders' elegantly stated intentions. The realist argues that the U.S. is a nation like any other and that it must protect its national interests in a world where moral character is not a large consideration. Idealism, as a basis for American politics, transcends ideologies and is equally at home on the liberal side of the spectrum as it is on the conservative side.

In the author's view, the debate between realism and idealism fundamentally misstates the problem, and this misstatement will play a critical role in the next decade. The idealist argument constantly founders on the prior debate between the right of national self-determination and human rights. The realist position assumes that the national interest of a 21st century empire is as obvious as that of a small 18th century republic. Small, weak nations have clear-cut definitions of the national interest - survival with as much prosperity as possible. For an empire, the definition of national interest is much more complicated. Machiavelli's definition of realism is more nuanced: "The main foundations of every state, new states as well as ancient or composite ones, are good laws and good arms. You cannot have good laws without good arms, and where there are good arms, good laws inevitably follow."

Ideals and reality are different sides of the same thing: power. Power without ideals will not achieve anything lasting. Ideals without power are simply words and come alive only when reinforced by the capacity to act. Reality is understanding how to wield power, but by itself it doesn't guide you toward the ends to which your power should be put. Realism devoid of ideals is thugishness and idealism is frequently another word for self-righteousness.

Presidents may run for office on ideological platforms and promised policies, but their presidency is actually defined by the encounter between fortune and virtue, between the improbable and the unexpected - the thing that neither their ideology nor their proposals prepare them for - and their response. The president's job is to anticipate what will happen, minimize the unpredictability, then respond to the unexpected with cunning and power.

The great presidents never forget the principles of the republic and seek to preserve and enhance them - in the long run - without undermining the needs of the moment. Bad presidents simply do what is expedient, heedless of principles. But the worst presidents are those who adhere to principles regardless of what the fortunes of the moment demand.

The United States cannot make its way in the world by shunning nations with different values and regimes that are brutal, all the while carrying out exclusively noble actions. The pursuit of moral ends requires a willingness to sup with the devil.

In preventing the unintended empire from destroying the republic, the critical factor will not be the balance of power among the branches of government, but rather a president who is committed to that constitutional balance, yet willing to wield power in his own right. The president must grasp the insufficiency of both the idealist and the realist positions.

Ch 03 -- The Financial Crisis and the Resurgent State

Two global events frame the next decade: President Bush's response to September 11 and the financial panic of 2008.

Every business cycle ends in a crash and one sector usually leads the way. As the economy grows it creates a surplus of money chasing other growth. When prices reach irrational levels they collapse, money becomes scarce, and marginal businesses shut down. Sometimes the state intervenes to keep money cheap and prolong the cycle. This is what happened after September 11 because the Bush administration didn't want to raise taxes to pay for the war. The intent was to prolong the cycle until after 2004, when reelection occurred and the war could be wound down. This cheap money found its way into the residential housing market and the war duration was grossly underestimated. The risks in the housing market were securitized and spread across a worldwide market.

Similar collapses to the 2008 financial panic have happened three times since WWII and this fact makes it difficult to argue that this occurrence represents a huge blow to the United States' status as an empire. In the 1970s the municipal bond market was threatened with city defaults. In the 70s and 80s there was a surge in third world development of natural resources and, when prices fell, entire countries were threatened with default. In the 1980s the Savings and Loan crisis threatened not only investors, but also depositors. Government intervention was needed in each of these previous crises.

The real threat of economic crises is their political impact. Since the president really has little power to solve problems internally in the United States, their job is to convince the public that they have a plan and are confident in the execution of that plan. Both Franklin Roosevelt and Ronald Reagan accomplished this during their terms in office. They also were able to make changes that were within their power to accomplish - Roosevelt shifting the boundary between public and private (state and the market) toward the state and Reagan the reverse.

When these shifts occur there are always ideological issues raised - for the left, strengthening the corporate elite and the market threatens democracy and equality and for the right, strengthening the state and political elite threatens individual freedom and property rights.

Since the modern free market is an invention of the state, and its rules are not naturally ordained, but simply the outcome of political arrangements, the ideological arguments are really not the important thing to understand. It is the invention of the corporation and lim-

ited liability that have created the concept of the modern market.

The financial crisis of 2008 drove home the importance of national sovereignty and the next decade will be one of increased economic nationalism. However, there will not be much change in the fundamental world order.

Ch 04 -- Finding the Balance of Power

The balance of power in the Middle East was accomplished with the use of the two strongest states being in opposition to each other (Iraq and Iran) and expending their money and resources keeping each other on edge.

The September 11 attacks were designed to destabilize Arab governments in the Middle East by showing a weakness in their protector, the United States. However, the U.S. acted more quickly than anticipated and scattered the al Qaeda forces in Afghanistan, both because of internal pressure in the United States and fear that regimes in the Middle East were in danger of falling if no action were taken (al Qaeda's primary goal). The American strategy of primarily using air power resulted in an inability to decisively defeat the Taliban and an inability to convince Saudi Arabia and Pakistan to completely share their intelligence information about al Qaeda.

A major reason for the invasion of Iraq was to force Saudi Arabia and Pakistan to be more aggressive in intelligence gathering and sharing, placing the U.S. in a more dominant position in the Middle East. It also had the effect of placing U.S. armor a few days' drive from Saudi oil fields and in control of the most strategic country in the region.

While the invasion succeeded, the United States was unable to pacify the Iraqi population. The greatest intelligence mistake of the war was the failure to understand that insurgency had long been Hussein's default plan for dealing with an invasion. It was also not understood that by destroying the Sunni-dominated Baathist Party, the U.S. unleashed the civil split between the Sunnis and Shiites, effectively giving Iran unrivaled dominance in the region.

In the 1990s Iran studied how the North Koreans successfully were able to play the major powers and assure itself of some security by launching a nuclear weapons program.

The last decade has illustrated how the violation of America's long-standing policy of regional balances and limited engagement has led to a worst-case geopolitical scenario and is the defining geopolitical problem inherited by President Obama.

Ch 05 -- The Terror Trap

Terrorism is not an enemy, but a type of warfare. By defining the Global War on Terror the United States adopted a global strategy that left us strategically off balance. To conduct a war the president needs to define a specific enemy and a specific objective. Otherwise actions will not be sufficiently focused and success cannot be defined or reached.

Terrorism is an act of violence whose primary purpose is to create fear and, through that, a political result. It is normally undertaken by a weak entity in lieu of more effective direct action that cannot be mounted.

By being so fixated on terrorism as a freestanding strategic goal, Bush devoted huge resources to battles he couldn't win and theaters that were not obviously connected to terrorism. This has left the United States unbalanced and unable to react appropriately to other threats around the world. While the president must satisfy public opinion, he must also deal with problems as they are and not allow public passion to influence his ultimate intentions. While the president must soothe the nerves of the public, he must always understand the real threats to the country and act appropriately against those.

Airport security against terrorism is largely a public relations exercise disguised as an effective deterrent. There is simply no security system that is both granular enough to detect terrorists reliably and efficient enough to allow the air transport system to function.

While weapons of mass destruction are an exception to other forms of terror, they are also extremely difficult to execute. Each step is complex, requires multiple forms of expert input, and can be detected from the outside. For example, only the United States has ever developed a nuclear weapon from scratch. All others have been developed from information gotten from the original development.

Just as the financial crisis has created a domestic imbalance in the United States, September 11 has generated a strategic imbalance. This will have to be addressed in the next decade.

Ch 06 -- Redefining Policy: The Case of Israel

U.S.-Israeli relations are a case study for the debate between realists and idealists in foreign policy because finding a coherent path that incorporates both strategic and moral interests is very difficult. To understand the moral position we need to look at the history of the region.

- The complexity in the Middle East essentially started with the fall of the Ottoman Empire after WWI with the Sykes-Picot agreement between the British and the French. This agreement divided up the province known as Syria into Syria, Lebanon, Jordan, Palestine, and Jordan. None of these remnants was a nation in the sense of having a common history or identity except for Syria.
- Jews, members of the European Diaspora, had been moving into the region now known as Palestine since the 1880's and this increased after WWI. Land was bought from absentee landlords or simply appropriated, as was the case in America with the American Indians.

- Syria viewed the entire area as part of Syria and opposed all national independence.
- The Jordanians were Hashemite, pushed out of the Arabian Peninsula by the Saud clan, and opposed the Palestinians who were native to the area.
- Egypt had a vision of a single Arab country and viewed the Palestinians as a part of this plan.
- It wasn't until the 1967 war that the Palestinians first came to be viewed as a separate nation.
- The Jordanians were happy to have the Palestinians living in Israel, as an Israeli problem.

Any moral judgment must first wend its way through this convoluted history while also recognizing that Israel is also the only democracy in this region.

While the United States recognized Israel in 1948, they were not allies in any sense until after the 1967 War, when France terminated their alliance with Israel. The U.S. strategy of containment was that the British and the French would try to reestablish influence they had held in the region before WWII. With the rise of Soviet influence in Egypt, Syria and Iraq, increasing anti-U.S. feeling in the Middle East, increasing pressure on key U.S. ally Turkey, and the decline of both French and British power, alliance with Israel was a natural result. The balance of power between the U.S. and the Soviets was maintained.

The collapse of the Soviet Union changed the dynamics dramatically. Turkey was no longer at risk, Egypt was decaying and hostile to Hamas, and Israel had become the dominant power in the area and secure in its own right. The Israelis cannot defeat Egypt, Egypt cannot occupy Israel, and this stalemate means the two will maintain an uneasy alliance. Neither Jordan nor Israel has an interest in destabilizing the other as that will impact the Palestinian issue. This leaves a weakened Syria isolated and posing no threat. The primary threat to Israel comes from within its boundaries, but terrorism cannot ultimately destroy the country and the split between the Palestinians further weakens their power.

The United States no longer needs Israel to counter pro-Soviet regimes in Egypt and Syria and Israel is no longer faced with a major conventional war anytime soon. Foreign aid means far, far less to the Israeli economy that it used to and giving up the aid would actually help Israel counter the anti-Israeli lobby in the United States - the only true power that could be a threat to Israel.

Following this line of reasoning the United States would be better able to deal with the Arab governments of Turkey and Iran if the alliance with Israel were lessened, while Israel would be able pursue its own national interests without pressure from America. This would leave the Palestinian problem unsolved, but all neighboring parties in the Middle East actually benefit from having this problem unresolved.

Ch 07 -- Strategic Reversal: The U.S., Iran, and the Middle East

In looking at the balance of power, there are three relationship balances that are key in the Middle East - the Arabs and the Israelis (covered in the previous chapter), the Indians and the Pakistanis, and the Iraqis and the Iranians. Each of these balances is in disarray, with the most crucial - that between Iranians and the Iraqis - being completely collapsed due to the U.S. invasion in 2003. The war in Afghanistan also continues to destabilize Pakistan and threatens that balance with India.

The United States has no vital interest in the kind of government in Afghanistan, only that Pakistan must be stabilized to remain a counterbalance to Indian dominance in the Indian Ocean.

Iran is on the road to being the dominant power in the Persian Gulf region, almost regardless what the United States does. The only possible counterbalancing power in the region is Turkey and Turkey's needs for Arabian oil and influence. Having had historical dominance in the area, the countries are not anxious to align with Turkey, but they are Sunni (like Turkey) and the increasingly dominant power is Shiite Iran.

Should the United States form an informal accommodation with Iran two situations would immediately become apparent.

1. Iran, with the U.S. leaving both its eastern and western borders and becoming less threatening, would yield domestic security and allow for Iranian influence to increase in the region.
2. The Sunni countries would be forced to a closer relationship with Turkey to counterbalance the pressure from Iran - this would be especially true with Saudi Arabia, as U.S. influence would correspondingly decrease there.

This development would create a political problem for the American president, but he could point to both Roosevelt and Nixon as examples of presidents who successfully made temporary alliances with enemies for the good of the United States (Roosevelt because of the danger of the Nazis and Nixon because the Vietnam War so reduced American power in Southeast Asia).

Turkey, because of its location, population, economy, and history is the natural dominant power in the Middle East and will probably present the United States with problems later in this century, but in the next ten years their influence in the Middle East needs to be encouraged to buffer Iran, in the absence of Iraq.

Ch 08 -- The Return of Russia

When the Soviet Union collapsed there was an opportunity to completely destabilize and fragment the Russian state, but the United States was deeply concerned with the future of the Soviet nuclear arsenal and wanted it in the hands of a single, capable state. Going forward Russia is forming economic and military relationships with most of its former states and this argues for a more assertive Russia.

In the long run, Russia is a weak country because it has both a relatively small population for its size and that population is highly dispersed. While it has large stores of natural resources it must spend an inordinate amount on infrastructure to grow its economy.

As a short term solution, Putin put forward a strategy focusing on energy production and export, to take advantage of Russia's natural resources. This has effectively allowed Russia to become more important to the technology societies of Europe. What is developing now is an alliance between Germany and Russia, where Germany supplies the technology and Russia supplies the raw materials (this is the alliance Germany fought two wars to gain control of). With Germany being the driving force of the European Union and having absolutely no interest in expand NATO - and American influence - this potentially could become a German-Russian alliance that rivals or surpasses the economic might of the United States.

The American strategy must be to focus on Poland as the historical burr between Germany and Russia. The Poles have often been used and discarded in this balance of power over the last century and are justly leery of foreign commitments. In the absence of firm and continuing commitments, with little wiggle room, the Poles are more likely to make accommodations with the German-Russian axis.

The Carpathian Mountains are a natural barrier between Russia and the central Eastern European countries; therefore, they don't require the constant attention Poland does.

In the Caucasus America must be concerned with a Turkish- Russian alliance, while recognizing that the United States cannot really exercise much influence in places like Georgia and must make a deal in exchange for turning over the area to Russian influence.

The Russians can't sustain a major role in international affairs over the long term, but they can exercise a good deal of influence that will destabilize the European balance of power over the next ten years.

Ch 09 -- Europe's Return to History

The two wars in the first half of the twentieth century left Europe exhausted economically, politically, militarily, and from a population standpoint. Both wars were caused by an economically and militarily powerful, but a geographically insecure Germany pincered between France and Russia. The second half of the century indicated that a separate Europe couldn't compete with world powers unless it united; thus the European Union was born.

The difference between the confederation of the United States colonies and the European Union was that Europe was a group of mature countries that could not do more than create an economic union. Even that agreement disintegrated when the 2008 economic crisis required some countries to help bail-out others. When Germany refused, the advantage of a common currency lost all meaning, as individual countries couldn't devalue their currency to encourage exports. The Eastern European nations didn't even control their own banking systems and were unable to make decisions to moderate the economic disaster.

Germany's relations with the United States have declined both due to the war in Iraq and the financial crisis. At the same time Germany is clearly the strongest of the European countries, has a surplus of technological expertise, is dependent on Russia for half of its natural gas, and doesn't share the United State's view of Russian containment. Germany can afford to distance itself from America, in part because its traditional problem of being squeezed from both sides is gone, it has a close and friendly relationship with France, and Poland serves as a buffer against Russia. Additionally Russia has a great need for technology and expertise and Germany faces a significant population decline in the future with an aging population - a formula for economic disaster. Even with Russia's declining population they will still have a surplus of labor that Germany can use.

As mentioned earlier, a German-Russia alliance is a threat to the United States in the next few decades and ways must be found to deter Germany and contain Russia. American alliances with Britain and European nations along the Baltic would seem to be the best way to meet these threats in Northern Europe. In Eastern Europe some alliances with Slovakia, Hungary, and Romania will be needed. All these alliances must be subtle, so as not to drive Germany more quickly into a Russian alliance, however, Poland is the real key country.

The ideal strategy will be to supply aid and support development of indigenous military power that can deter attackers or hold out long enough for help to arrive. Economic aid can also help create an environment of economic growth, both by building an independent economy and by providing access to American markets.

Ch 10 -- Facing the Western Pacific

The Western Pacific does not present an immediate crisis for the United States, but we must prepare for decades beyond the current one. China and Japan are the two balancing forces in the region and it is hard to imagine two countries more different. Japan is almost devoid of natural resources and historically has been a maritime power. China is a land based power with ample natural resources and mountains, desert, swamps, or the Pacific Ocean hemming it in and creating security.

The only really habitable area of China is relatively near the ocean and has over 15" of rain per year while the remainder of the country

has less than 15" of rain and cannot support much population density. The habitable area is about the size of the U.S. east of the Mississippi, excluding New England, with approximately 1 billion people in this area.

Historically China has cycled between being open, somewhat prosperous and unstable or being isolated and somewhat impoverished, but cohesive. The openness results in outside investment, but tremendous economic inequality (85% of the people have a level of poverty approximating that of sub-Saharan Africa), thus creating social instability.

High taxes on the wealthy, in order to raise the standard of living for the remaining Chinese, will keep the society stable only so long as there is economic growth. If growth falters and any retrenchment is necessary, the rich are inconvenienced, but a contraction for the poor can be catastrophic. Given that China is a producer economy and they no longer have a wage advantage over countries like Pakistan and the Philippines, contraction in the next decade is quite certain - China cannot afford unemployment. Additionally, China's population is aging and their birthrate is declining; indicating a lessening ability to grow its economy as it has over the last 30 years. Over the next decade China will have to increase its internal security to maintain order and are unlikely to project any threats outward.

Japanese society has used a lifetime work guarantee within a company to manage personal wealth and their economic collapse over the last 20 years has left them with very little, now needed, retirement savings. In addition the Japanese birthrate is below the 2.1 children maintenance level, restricting their ability to grow their economy internally. Japan has gone about as far as it can in the current economic cycle and now must either accept austerity and unemployment or allow the economy to overheat. Their great weakness is capital markets, which don't operate freely, and yet they don't have effective central planning. Moving to a free market in capital might be a long term solution, but the Japanese are culturally unwilling to put up with instability now. Therefore the Japanese state will concentrate more power in itself and take a greater role in managing finance.

Japan's fundamental lack of natural resources means that to remain an industrial power Japan has to buy and sell globally; meaning that it must maintain access to sea-lanes around the world. If threatened, Japan is far more likely than China to become assertive toward the outside world; however this would be an expensive option. Therefore it is in both the United States' and Japan's interest that the U.S. continues to secure the sea-lanes for Japan and other countries.

The United States is simply playing for time over the next decade, as it will be primarily occupied with Russia and the Middle East. Since Japan and China are such different countries, they are unlikely to forge any long term alliance. It is therefore in the U.S. interest to leave these countries to find their own point of balance in their relationship and not try to force any American policy into the area. However, in order to plan for possible problems farther into the future, the United States should build relationships that they may need to counterbalance one of these two economic powers. Korea is a key player in this scenario, with Australia and Singapore being valuable allies, should problems arise later.

India is the final country that needs to be considered in any analysis of the Western Pacific. The key here is the shipping lanes between the Strait of Hormuz and Japan (the key oil supply line). This means the United States must retain control of the seas in the Indian Ocean and discourage India from developing a maritime dominance in the region. Since India is primarily concerned with its border with Pakistan, its border with China, and its internal control of highly independent states. A key element of keeping India focused on its army, not its navy, is to maintain a strong Pakistan. Since American interest is not served by making India feel overly secure, U.S.-Indian relations will deteriorate over the next decade.

Ch 11 -- A Secure Hemisphere

The American relation with the hemisphere divides into three parts, Brazil, Canada, and Mexico. All other countries are either not adjacent to the United States, or do not have a possibility of developing into a threatening power.

For the United States to become concerned with a country in Latin America two elements would have to converge. A strategically significant area (of which there are few because of the geography consists of a high mountain range and a dense jungle) would have to be in the hands of a power able to use it to pose a threat.

The one place where outside involvement has been seen as a threat to be taken seriously is Cuba. As we look forward to the next decade, Cuba has no great power patron, so our policy can be crafted to turn Cuba as the Castro's leave the scene.

Venezuela is another current concern, but, again due to geography, this country presents no threat to the interests of the United States and U.S. foreign policy should discipline itself to ignore ideology and annoyance and focus on strategy.

The only Latin American country with the potential to emerge as a competitor to the United States in its own right is Brazil. It is the world's eighth largest economy and fifth largest in both size and population. Brazil's exports are well balanced and spread out so that it is not as vulnerable to regional economic downturns than are more focused economies. In the next decade, while maintaining friendly relations with Brazil, the United States should also do everything it can to strengthen Argentina, the one country that could serve as a counterweight and one that has an incentive to avoid Brazilian entanglements.

Mexico, with its long border, immigrant workers, and illegal drugs poses a special challenge for the president.

The illegal immigrant workers are a political issue that, if resolved, would have more negative impact on the United States economy than positive political impact would yield. Personal ID cards are the only long term solution to this issue and that is not a political possibility in the foreseeable future.

Illegal drugs provide so much income for the Mexican economy that the Mexican government sees more positive benefits than negative consequences, as long as the cartel violence doesn't spread into the United States. As the cartels 'fight it out' the conflict will be lessened over time. The U.S. options are to invade the border of Mexico or legalize the drugs. Invading a foreign country is "off the table" as a possible solution and no significant political coalition in the U.S. is prepared to embrace the principle of legalization to crush the drug trade.

Since both sides gain from the status quo in these two situations, the existing policy of hypocrisy will continue to be the path taken by both Mexico and the United States.

Canada shares the longest border with the United States and, while the largest trading partner, is simply locked into place by geography and American power. The greatest danger Canada could pose would be if she fragmented and one of the states were to align with a foreign power. Given the degree of economic and social integration this is not a realistic scenario over at least the next decade.

Ch 12 -- Africa: A Place to Leave Alone

The U.S. strategy of maintaining the balance of power between nation-states in every region of the world assumes two things:

1. That there are nation-states in the region
2. Some of these states have enough power to assert themselves

Africa is a region that can be divided in many ways, but is united in none. The most likely future for this continent is several generations of warfare, out of which will grow a continent where nations are forged into states with legitimacy (not the current hodgepodge of colonial remnants).

Therefore, with the exception of significant amounts of aid to serve the purpose of enhancing America's image, Africa should be left to corporate investment, as it is a much less costly way to extract what our nation needs.

Ch 13 -- The Technological and Demographic Imbalance

Economic cycles can be driven by speculation and financial manipulation, as was the decade just ending. But economic expansion and contraction are driven by demographic forces and by technological innovation. The retirement of the post WWII baby boom will be the driving demographic factor in the next decade, creating an economic burden in the years ahead, and opening a period when technology lags behind needs. What will be in short supply are breakthrough technologies to solve emerging and already pressing needs, the kinds that drive real economic growth.

The development of radically new technologies is inherently risky, both in terms of implementing new concepts and matching the product to the market. The financial crisis of 2008 has reduced the amount of capital and made the private sector much more risk averse over the first half of the next decade. This means basic research and development must be undertaken by the government, more specifically the military, further increasing the pressure to reduce America's military footprint in the Middle East. Since basic research does not produce finished products, but only points the way for private enterprise to take advantage of and bring to market, the results of this research will not bear civilian fruit until the 2020s and beyond.

Compounding the economic effects of a graying population will be an increasing life expectancy coupled with an attendant increase in the incidence of degenerative diseases. Fortunately, the one area of research that has been amply funded is medical research and we may begin to see the results of this in the next decade.

Two additional trends will inform the next decade. The revolution in communications technology is slowing and becoming a fight for market share. At the same time the world is increasing its requirements for energy, the technology for creating new energy sources is beyond the next ten years, and oil, if not declining in production, is not expanding. This leaves two current sources for use in the next decade: coal and natural gas (solar energy, wind, and water power can manage only a small fraction of consumption during this time). Most likely the president will pick both, with natural gas having the greater surge.

Energy falls into four broad categories: transportation, electrical generation, industrial uses, and non electrical residential uses (heating and air-conditioning). Transportation will continue to be petroleum-based because the cost of shifting the global fleet is prohibitive within a ten year timeframe. Electrical generation and industrial uses are flexible and can accept oil, coal, or natural gas and will be the first major conversions. Residential uses can be converted, at some cost, and will be incentivized by the government.

This decade will be a time for addressing problems that have not yet turned into crises and for searching for solutions that do not yet exist. The danger is that the problems and the solutions will become unbalanced and the problems will become crises before the solutions come on line. It is for this reason the president must invest in both short-term solutions and long-term planning, even though the political pressure will be to punt the long-term decisions into the following decade. The author feels that space-based solar power or some other technology is the long term solution and only the military is capable of absorbing the cost of early development in this area.

We are in a period in which the state is more powerful than the market, and the state has more resources. Markets are superb at exploiting existing science and early technology, but not nearly as good in basic research.

Ch 14 -- The Empire, the Republic, and the Decade

The argument that the United States is overextended and that these complex international involvements ultimately are not in the American interest misses the point that there is no realistic way to disentangle ourselves from our global interests. During the next decade we must manage the chaos of the Islamic world, a resurgent Russia, a sullen and divided Europe, a China both huge and profoundly troubled, all while we find a way out of our current economic problems. Simply our being 25% of the world's economy means whatever we do will profoundly effect the rest of the world. Our only option is to manage what has been created over the last 100 years.

Much of the internal conflict over waging wars is rooted in lack of clarity about the relationship between morality and power. The exercise of power is always morally ambiguous, yet the moral principles of the United States mean nothing if the country is destroyed. The pursuit of universal rights requires power and difficult decisions which will result in someone getting hurt. The pursuit of power without moral purpose does not lead to any justifiable destination.

American society is being torn apart in rancorous discourse. This isn't new. Things said about Andrew Jackson and Franklin Roosevelt were not pleasant. Having endured the clashes over civil rights, Vietnam, and Watergate, we cannot really argue that we have reached new levels of incivility.

The last decade posed challenges to the United States that it was not prepared for and that it did not manage well, but the mistakes made did not threaten the survival of the United States. However, the threats facing America in the coming century will tower over those of the last decade and we must all grow up - the government in managing nuanced power and the American public in gaining a more mature view of the world around this country.

American power is best exercised indirectly whenever possible, not by using direct intervention or force. Force should be exercised only when all other options will not be effective. The foundation of American military power is the oceans. Domination prevents other nations from attacking the United States and allows us to enforce concepts of free trade and human rights.

Americans prefer mutual vilification to facing up to the fact that they are an empire, with an empire's power and responsibilities. The author has argued that this empire, while unintentional, also poses a profound threat to our republic, and to lose the moral foundation of that republic would make the empire pointless.