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**Future of U.S. Power:
Is China Going to Eclipse the United States?
Two Possible Scenarios to 2040**

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ABSTRACT

This working paper discusses a few possible ways how U.S. power may evolve from 2010 to 2040. I begin with a description of this work's objectives, and continue with the introduction of the mixed scenario method that will be used in this work. I will summarize the epochs of the U.S. power, such as establishing the nation, achieving the world hegemony, attempts to build an Empire, struggling with rising multipolarity and contemporary attempts to maintain the (declining) hegemony. Then I attempt to draw analogies from the knowledge of evolution of historical empires to the contemporary world's political economy. Next, I will discuss the historical and emerging power trajectories of China and its long-term abilities to challenge the United States and achieve the world hegemony. Finally, I will provide two mixed-method scenarios, where the United States and China have totally different roles and powers.

Key words: United States, China, mixed scenario method, exploratory forecasting, power trajectories, clash, economic recession, multipolarity, hegemony, rise and fall of an Empire, use of analogies from history to project futures

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Future of U.S. Power: Is China Going to Eclipse the United States? Two Possible Scenarios to 2040

Introduction

This article discusses a few possible ways how U.S. power may evolve in the coming years. The objective of the work is not to predict or know the future, nor is it to anticipate or pinpoint the most probable way of change from those that are less probable. Instead, as in any scenario¹, the objective is to open the whole broad spectrum of future possibilities. It is to introduce some novel views that are beyond the existing linear trends and time series, and to help the current decision making and risk analysis to better understand the causes and effects of certain low probability triggering points for the future. And finally, it is to help decision makers see some perspectives, causes and effects that are related to the decisions that should be made today. As Jerome C. Glenn² puts it:

The purpose of scenarios is to systematically explore, create, and test consistent alternative future environments that encompass the broadest set of future operating conditions that the user might possibly face. Scenarios can help generate long-term policies, strategies, and plans, which help bring desired and likely future circumstances in closer alignment. While writing the scenarios, the process can also expose ignorance; show that we do not know how to get to a specific future or that it is impossible. Furthermore, they serve to bring assumptions about the field they cover to the foreground and can serve as a tool to discuss, test and perhaps re-evaluate these assumptions, for example, about how certain trends or factors interact and shape the field. Scenarios are also used for innovation development, when scenarios describing, for example, future living conditions and specific fields of consumption are used to generate new product ideas.

Principle of Scenario Method

The term “scenario” originates from outlines of plots in dramatic arts, and from movie directors illustrating sketches which describe the sequence of actions in movies. The

¹ Glenn, Jerome C. and The Futures Group International (2009): Scenarios. In *Futures Research Methodology – Version 3.0* ed. Jerome C. Glenn and Theodore J. Gordon. CD-rom. World Federation of United Nations Associations.

² Ibid.

father of scenario construction for futures studies and policy analysis was Herman Kahn, who introduced the term “scenario” into planning, military and strategic studies in the 1950s. At that time he worked in RAND Corporation (Research and Development), which was a mutual long-range-planning project of the U.S. Army Air Corps and Douglas Aircraft Company.

Contemporary scenarios are used especially in futures studies, strategy work, military, and long-range-planning, and there are many different applications of scenarios based on the objectives, context, or nature of the user organization. Scenarios are regularly used by companies, consultants, scholars, public and non-governmental organizations, and it is therefore difficult to provide any exhaustive list of scenario methods. However, we can identify two distinctive general methodological approaches of scenario work, which echo the more general approaches of futures studies. These are explorative forecasting and normative forecasting³, which will be introduced in the next chapter.

Alongside the general methodological approaches, Coates and Glenn⁴ identify three specific applications of scenarios:

One is to put forward a future situation and use that as the jumping-off place for further planning, thinking, or research. Another use of a scenario is to present a completed image of some future situation, representing a full story about the future. A third application is to present a situation radically at odds with traditional thinking. By being organized and coherent, the scenario drives home the central point that the organization had to begin thinking in new terms and considering new goals.

Whatever methodological approach, application or method is selected, scenario work can, in principle, be used to produce almost infinite number of scenarios, which again can be brief, only one paragraph long, or very descriptive multi-page essays.⁵ Nevertheless, a scenario should always be created systematically and it should contain a logical backbone that identifies the variables in the situation under study, sets some overall theme for the scenario, and then assigns qualitative and quantitative values to

³ Ibid.

⁴ Coates, Joe & Glenn, Jerome C. (2009): Normative Forecasting. In *Futures Research Methodology – Version 3.0* ed. Jerome C. Glenn and Theodore J. Gordon. CD-rom. World Federation of United Nations Associations.

⁵ Such as Global Trends 2025: The National Intelligence Council’s 2025 Project.

the scenario variables. From there, one creates the integrated image. Not every projection or statement of future development is a scenario. What usually passes as a scenario is a discussion about a range of future possibilities with some kind of a storyline from the present to the future, including some data and analysis.⁶

However, in practical terms, one could argue that there are usually not that many basic storylines that a scenario tends to follow. No matter what the working method is, the basic scenario's storyline quite often follows one or several of the following:

- i) Everything is fantastic.
- ii) Everything goes very badly.
- iii) Everything goes on as usual.
- iv) One thing works well, but another works badly (e.g. good economy but low happiness, or some gain a lot but some lose a lot).
- v) Everything starts badly at first, but then will see new better days.
- vi) Everything goes well at first, but then turns out badly.
- vii) Society is run by technology or hard economic values.
- viii) Society is run by fundamentalism and dogmas.
- ix) Society is run by humanistic and liberal values.
- x) There is a game change because of a triggering incident-- one power falls and the other rival takes dominance—or all winners become new losers and all losers become new winners.
- xi) There is a game change because of a triggering incident; one suddenly takes full dominance but the other falls or is exploited.

Exploratory and Normative Forecasting and Scenario Work

As already discussed, exploratory and normative forecasting are the two basic approaches of futures studies. Exploratory forecasting generally deals with questions of what may, might, or could possibly happen on the basis of the forces at play, whereas normative forecasting almost always reflects the needs of an organization and, therefore, is goal-oriented. When exploratory scenario work looks from the

⁶ Ibid; Godet, Michel; Monti, Régine; Meunier, Franci & Robelat, Fabrice (2000) *Scenarios and Strategies: A Toolbox for Scenario Planning*. Paris, Cahiers du LIPS, LIPS Working Papers; Godet, Michel (1993) *From Anticipation to Action: A Handbook of Strategic Prospective*. Unesco Publishing.

present to the future—attempts to showcase how a change could start, the normative forecasting looks from the future to the present. It attempts to showcase the conditions and actions that are required to achieve certain visions or states of the future. Such goal-oriented forecasting tends to take into account an organization’s purpose, its mission, and, most importantly, its expected achievements in the future. Hence, the objective of normative scenarios basically is to understand “how would we like the future to evolve?” and “what ought we to do?” Crucial to the process is the detailed analysis, which reveals the specific steps or stages that must be met and how they will be met at specific times in moving towards the goal. From a different point of view, the function of a normative forecast is to allow an organization to orchestrate its resources in a highly targeted way in order to achieve a goal. Ideally, normative forecasting, as with any other kind of forecast, should leave the user and other professionals with the sense that they understand the process and that, if they had gone through the process, they would come to similar results. Hence, normative forecasting is usually associated with large organizations, both public and private, as an important component of decision making and a factor in resource allocation.⁷

Normative scenarios are one way to do normative forecasting. All three of the Coates and Glenn’s⁸ applications of scenario work can be applied in production of normative scenarios. Hence, in normative scenario work, we can first make a jump to non-linear imaginary future images, visions or objectives that we have named, and after that we attempt to explain how it could be possible to end up with that kind of future from the state of affairs in the present time. The method allows the author to leave certain transformations in the path un-explained.⁹ When using normative scenario methods, we do not need to ground the storyline to historical and evident insight data in the same way as explorative scenario methods. Thus, it is enough to say that certain things emerged or happened in a certain year and then launched e.g. a huge demand for solar panels, which again led to certain new situations.

⁷ Coates, Joe & Glenn, Jerome C. (2009): Normative Forecasting. In *Futures Research Methodology – Version 3.0* ed. Jerome C. Glenn and Theodore J. Gordon. CD-rom. World Federation of United Nations Associations.

⁸ See above. Coates, Joe & Glenn, Jerome C. (2009): Normative Forecasting. In *Futures Research Methodology – Version 3.0* ed. Jerome C. Glenn and Theodore J. Gordon. CD-rom. World Federation of United Nations Associations.

⁹ E.g. Heinonen, Sirkka & Kuosa, Tuomo (2005) Ecological Realities of Telework in Four Different Futures – Living, Working and Travelling in New Knowledge-Intensive Communities. Inderscience Publishers Double Special issue. *Progress in Industrial Ecology – An International Journal (PIE)*, Vol. 2, Nos. 3/4, 2005, 329–357.

Next, I will present one of the most popular ways to do normative scenarios. That method is based on the use of futures table which is a tool for pushing the thinking out of the box, by forcing us to think of different future images to an issue as possible.¹⁰ The futures-table method suits all of the Coates and Glenn's¹¹ three applications of scenario work. It begins with naming the key factors of different futures states using all STEEPVM categories, (e.g. socio-cultural development/demographic growth, technological, economical/annual economical growth, environmental, political, value, military), and asks to give different optional values to each of these factors, e.g. annual economical growth: -20%, -5%, +5%, +20%. Then it asks to select one value from each STEEPVM categories options, e.g. from annual economical growth options we select -20%, and from societal development we select rising societal unrest, and so on. That way we produce a "skeleton" of one scenario. Then it asks to do the same selection work from the options again. This time we select different options. That way we get a very different "skeleton" for second scenario, and so on. After that, we write all the "skeletons" into descriptive alternative futures images. Finally, we write the descriptions of the paths from these alternative futures images towards the present time. Or in other words, we express the strategy to reach the vision. In strategy we identify the values, stakeholders, drivers, resources and required steps, etc. to achieve the vision. Normative scenarios can be presented as a strategy paper. It can be presented as an alternative vision towards the future, or it can be presented in the same way as an exploratory scenario, meaning that in the presentation we first tell the current state and all of its trajectories, trends, drivers, actors, obstacles and objectives that are relevant in future transformation. Then we describe the uncertainties and possible triggering points which could lead to non-linear paths. And finally we provide the full scenarios leading to the futures images.¹²

Explorative scenarios are one way to do exploratory forecasting. As the name indicates, the method is suitable for more possible or probable future developments. It defines what may, might, or could possibly happen on the basis of the forces at play.

¹⁰ Heinonen, Sirkka & Kuosa, Tuomo (2005) Ecological Realities of Telework in Four Different Futures – Living, Working and Travelling in New Knowledge-Intensive Communities. Inderscience Publishers Double Special issue. *Progress in Industrial Ecology – An International Journal (PIE)*, Vol. 2, Nos. 3/4, 2005, 329–357.

¹¹ See above. Coates, Joe & Glenn, Jerome C. (2009): Normative Forecasting. In *Futures Research Methodology – Version 3.0* ed. Jerome C. Glenn and Theodore J. Gordon. CD-rom. World Federation of United Nations Associations.

¹² Ibid.

Explorative scenarios must be grounded to empirical evidence and the method requires that we identify a logical path from the present towards possible futures.¹³ In “true” explorative scenario work, the basic method usually starts from identifying and analysing all the contemporary trajectories, trends, drivers, actors, obstacles and objectives that are relevant in future transformation. Next, we need to explain explicitly which trajectories and drivers could lead to certain type of development, and argue how they may interact and co-evolve and why. After that, it identifies possible triggering points in development, which could turn the change away from the identified linear path. Then the method starts to explain how these new paths could evolve in the new circumstances. Finally, the method explains what type of futures there could be at the end of such paths in a certain year, if we presume that the development could continue all the way in that particular path. Hence, “true” explorative method is going from the present to possible futures, and not knowing where the scenarios finally end, once the work is started.¹⁴

There are many versions and applications of the explorative scenario methods. In this paper, I use a mixed method which combines the basic logical approach of explorative scenario work, to the normative approach that follows Coates and Glenn’s¹⁵ third application of scenarios. The third application is for deliberately presenting a situation radically at odds with traditional thinking. By being organized and coherent, the scenario that follows the third application drives home the central point that the organization had to begin thinking in new terms and considering new goals. In practical terms, this means that I have first selected two alternative visions or situations radically at odds with traditional thinking for the futures for U.S. power. The two storylines are basically: the United States gets all the dominance and China goes down, or China gets all the dominance and the United States goes down, which follow the scenarios’ optional storylines x) and xi) from the list in the introductory chapter. These two extremely distant storylines were selected in order to show how wide the spectrum of possibilities in this issue is.

¹³ E.g. Global Trends 2025: The National Intelligence Council’s 2025 Project.

¹⁴ Glenn, Jerome C. and The Futures Group International (2009): Scenarios. In *Futures Research Methodology – Version 3.0* ed. Jerome C. Glenn and Theodore J. Gordon. CD-rom. World Federation of United Nations Associations.

¹⁵ Coates, Joe & Glenn, Jerome C. (2009): Normative Forecasting. In *Futures Research Methodology – Version 3.0* ed. Jerome C. Glenn and Theodore J. Gordon. CD-rom. World Federation of United Nations Associations.

After the selection of the two storylines, I started the identification and analysis of all STEEPVM categories' drivers, trends and other factors that affect the development of U.S. power. I considered the direct and indirect influences and cross-impacts of different aspects and combined that to the macro historical understanding of societal development. Based on these skeletons linked to the two storylines, I started to produce the final scenarios.

In the presentation, I first discuss the historical path of U.S. power as I see it, U.S. power's drivers, trends and trajectories¹⁶ that we should keep in mind in scenario work, and the aspects that are related to the current rising multipolarity that challenge U.S. power, then I discuss the history of the Chinese Empire, its rise and fall and its current relative power trajectories to the future. The presentation ends with the actual scenarios which tell two alternative stories, step by step, from the present to the extreme future of U.S. power.

Historical Path of U.S. Power

The United States has had many epochs in its past. Since the 13 American colonies declared their independence from the British Empire on 4 July 1776, the United States has strongly expanded in geographical, demographical and economical size. In World War II, the United States was the head of victorious Allied forces in the western front, comprising 44 countries. Soon after the war, the United States introduced a large international scholarship program which allowed thousands of most talented international scientists and students to come over to the United States to study and work on a permanent basis at its universities. This, together with the fact that the victorious western front's Allied forces were mostly English speaking, led to a shift in the language of science. Before World War II, German was the language of science, and Germany used to be the biggest core of science. Suddenly, English was the language of science, and the United States was the core of science.

Alongside its new role in science and industries, the United States was able to obtain and strengthen its new dominant role in military, world politics and economy, by becoming the head of North Atlantic Treaty Organization (NATO), by establishing huge nuclear weapon arsenal and large quantities of overseas military bases, by

¹⁶ Trajectory is an orbit of an item in a dynamical system. Here, it refers to pushing or pulling drivers, trends, engines etc. that make the system run and renew.

establishing Marshall Plan which provided large-scale financial and economic aid for rebuilding Europe, largely through grants rather than loans¹⁷, and by initiating the so-called Bretton Woods System, which established the rules between industrial countries' commercial and financial relations. One part of the system was to change the old gold exchange standard to the new U.S. dollar conversion standard, where only U.S. dollar notes were directly converted to gold, other currencies were converted either to dollars or gold. In 1971, the United States terminated this system unilaterally which led to the situation where the U.S. dollar became the world economy's sole banking and reserve currency, which again strengthened the U.S.'s role as the core of the western world economy and stock exchange.¹⁸

Practically, it meant that the United States became more clearly the head of the western block which was in constant clash with the Soviet Union's Eastern bloc¹⁹ for many decades. Both blocks wanted to spread their way of life and looked strongly after their economical, political and geopolitical interests widely. This era which has been called either the Cold War, an era of Iron Curtain, or Bipolar age in world politics, finally ended with the fall of the Berlin wall on 9 November 1989.

For a short moment, after the collapse of the Eastern bloc, the United States could be considered as the only real superpower, hegemony or even a world Empire.²⁰ Especially during the Gulf War, from 2 August 1990 to 28 February 1991, the world was quite unipolar, as the United States was de facto the only leader of allied forces in the war, and there was no specially strong competitor for its power.

Rising Multipolarity in the World

Despite the fall of the Eastern bloc, which had many characteristics of an Empire²¹ too, the era after the Cold War can be considered as an era of rising multipolarity rather than an era of rising U.S. hegemony.²² China, India and other Asian Tigers are experiencing almost explosive growth which is changing their role in the world's

¹⁷ Finland was the only country which paid the Marshall Plan's aid back to the United States.

¹⁸ This description of history is based on various books, newspapers and internet sources such as Wikipedia that I have come up with in past years.

¹⁹ Including Soviet Union's satellites, Warsaw Pact and Comecon.

²⁰ Is the United States an Empire? Concept definitions of hegemony and empire. See <http://hnn.us/articles/1237.html>.

²¹ See http://en.wikipedia.org/wiki/Soviet_Empire.

²² See Global Trends 2025: The National Intelligence Council's 2025 Project. http://www.dni.gov/nic/PDF_2025/2025_Global_Trends_Final_Report.pdf.

political economy. In his new book *The New Asian Hemisphere*²³, Kishore Mahbubani argues that for many centuries, the Asians have been bystanders in world history. Now they are ready to become co-drivers. Asians have finally understood, absorbed and implemented Western best practices in many areas: from free-market economics to modern science and technology, from meritocracy to rule of law. They have also become innovative in their own ways, creating new patterns of cooperation not seen in the West. Will the West resist the rise of Asia? According to Mahbubani, the good news is that Asia wants to replicate, not dominate, the West. Hence, for a happy outcome to emerge, the West must gracefully give up its domination.

Alongside Asian Tigers, the European Union (EU) has become continuously stronger.²⁴ The EU got its fourth enlargement round in 1995, and several executive enlargements after that. In 2008, the EU was already the biggest economical area in the world with its production value of US\$18.4 trillion, against the US's US\$13 trillion, and its population reached over 500 million, against the US's 304 million. Yet, the EU is about to make new enlargement rounds in the future. In January 1999, the EU introduced its new accounting currency Euro to world financial markets, and Euro coins and banknotes went into circulation in January 2002. So far, Euro has been a success story which has been reaching dollars in terms of international popularity ever since its launch. During George W. Bush's regime's aggressive unilateral foreign policy, many people around the world started to consider the way of European values and life as the only real way that the world should follow in order to obtain peace and prosperity.²⁵

Despite the slowing economy, Japan is still a strong player in world politics and economy, and will probably stay that way for a long time, thanks to its "old money", investments, social and juridical stability, and well-educated population. Another large industrialized Far-East country, South-Korea seems to be doing economically (even) better than Japan, thanks to its more innovative and flexible industries, and its strong share of all virtual game business. Australia and Canada

²³ Mahbubani, Kishore (2008): *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East*. PublicAffairs.

²⁴ However, the budget deficit crisis of Greece which escalated in early 2010, together with the alleged problems with the other Mediterranean countries' budget deficits, lowered the markets' trust in the EU's stability and Euro. On the other hand, the EU's ability to collect sufficient aid to help its struggling member state, therefore, at least temporarily solved the most acute part of the crisis, which can be seen as a sign of dynamism and strength too.

²⁵ Jeremy Rifkin (2005): *The European Dream: How Europe's Vision of the Future Is Quietly Eclipsing the American Dream*.

seem to be capable of maintaining their fairly good positions, thanks to the factors which usually keep the “old money” and well-educated countries with older and less dynamic population on track (see Figure 1). Furthermore, these countries have the advantage of the English language, which Japan and South Korea do not have. Singapore, Hong Kong and Taiwan are small but dynamic players which seem to keep strengthening their already fairly good standing points in world economy.²⁶

Russia has recovered from its chaotic collapse quite well, and it has shown very good growth figures in many executive years. Russia has huge amounts of natural resources which it can use as a political weapon in world politics. It has lots of economical potential left for the future, and it has started to develop its military in fast pace, in order to regain its superpower status. Of course, the problem of Russia is its weak justice system, corruption and lack of financial and societal security, and its weakness is the low fertility and low life expectancy of men as well. Sometimes, dynamics in Russia seem to be swinging between stagnation and total chaos, which does not help in convincing the international investors.²⁷

²⁶The brief summarizing discussion echoes in most parts the country analysis done in Global Trends 2025: The National Intelligence Council’s 2025 Project.

²⁷ C.f. Kvintradze, Eteri (2010): *Russia’s Output Collapse and Recovery: Evidence from the Post-Soviet*. International Monetary Fund, Strategy, Policy, and Review Department. Working paper WP/10/89. 1 April 2010.

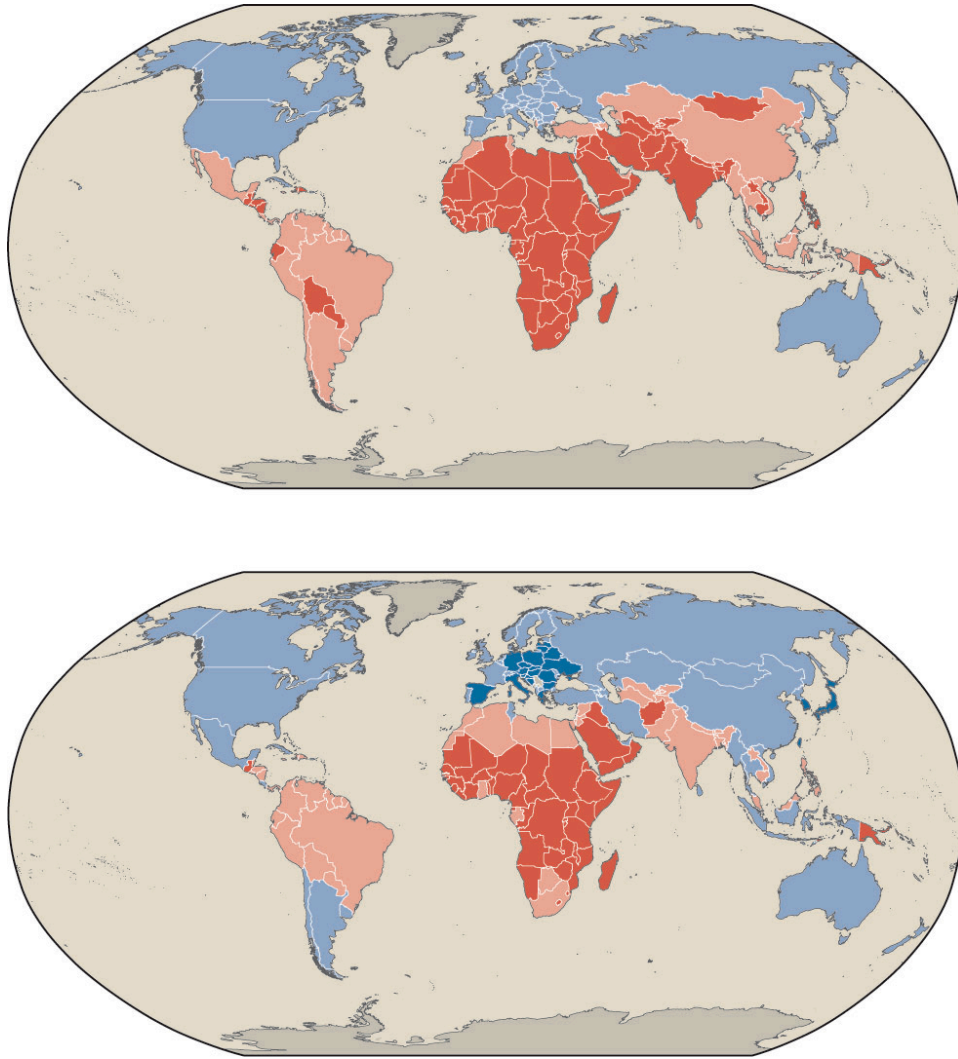


Figure 1. World Age Structure, 2005 and Projected 2025 (Percentage of population younger than 30 years old—dark red more than 60, light red 45–59, light blue 31–44, dark blue less than 30). Source U.S. Census Data 784355AI (G00975) 11–88.

India is on its way to becoming an economical giant. India’s population of 1,170 million people is the second biggest in the world, just 260 million less than the population of China, and India’s population growth still continues in a very strong linear trend, anticipating that India will have the biggest population in a few decades. Alongside its huge population, the other key pillars of India’s success are its legions of well-educated IT engineers, cheap labour force, quite democratic regime, ability to provide reliable services in English, and enormous growth potential in almost all sectors as the starting level of India has been so low.²⁸

²⁸ Ibid.

China is obviously the strongest player among rising economies and it has all that it takes to really become the world leader in economy and world politics in the next 40 years. On the other hand, there are many big domestic problems in China that could cause its collapse, instead of its victorious growth, as well. I will discuss such potential trajectories more thoroughly in the next chapter.

If China is a true winner among rising economies, the continents and geographical areas which seem to be on track to remain in weak positions or even declining can mainly be found from Africa, the Middle-East and Latin-America. One could say that the only really good news from Africa in past years have been the establishment of the African Union, small rise in literacy rate and entrepreneurship of women, conviction of the leaders of genocide in Rwanda, and obtaining mobile phones to small villages outside electricity grid. Otherwise African countries, as well as most regimes in the Middle-East and in Latin-America can be described more or less to be something between corrupted bureaucracies or stagnated “ideo- or protectocracies”, and open “cleptocracies”, and this does not promise anything good for the areas even in the long run.²⁹ The countries which enjoy large oil revenues could have the keys to start a change, but they almost always seem to rely only on oil as long as the oil is the world’s key source of energy. The time after the peak is not really considered³⁰, it seems. Thus, once the oil revenues end and once there is time to pay the national loans back, many of these countries will most likely be at the edge of civil war.³¹ The only countries in these regions³² which seem to be pushing strongly forward are Brazil and Dubai. Dubai is a great example of what a dynamic country with good oil revenues can do under bold and visionary leadership, and Brazil is a big, quite dynamic country without oil revenues, trying to strengthen its economical and social foundations in other means. Nevertheless, it is not guaranteed even if these two countries from these stagnated continents are able to rise from their positions in world politics in the next 10 to 20 years’ time.

It should be noted that back in the early nineteenth century, the time when the Latin-American countries obtained their independence, there were experts of international politics and economics, who anticipated better future prospects for

²⁹ This is my own interpretation in echoing some views on the Global Trends 2025 report.

³⁰ Energy Information Administration. The *Annual Energy Outlook 2009*.
[http://www.eia.doe.gov/oiaf/aeo/pdf/0383\(2009\).pdf](http://www.eia.doe.gov/oiaf/aeo/pdf/0383(2009).pdf).

³¹ Jeremy Rifkin (2002): *The Hydrogen Economy*. Penguin books.

³² It may be difficult to find good empirical evidence for this argument, but e.g. Israel and Turkey seem to be on quite a positive track as well.

Latin-America, than for North America, as the South had e.g. bigger and younger population, more natural resources, more fertile soil, better industrial structure, more harbours and coastline and better geopolitical location. The two key reasons why the North rocketed high, and why the South stagnated, can be seen in the following reasons. The North obtained the constitutional law, democracy and justice system, and they opened their markets for international trade and investments. The South decided quite the opposite. And once this decision was made and adopted, it was hard to try to break the path-dependence which was already created.³³

How has this rising multipolarity been visible in U.S. politics? During the existence of the western bloc, the United States had enjoyed many economical and political benefits which come naturally with the leadership or hegemony of a large economical “Empire”. When the Soviet bloc suddenly collapsed, the United States lost the “big evil enemy” which had justified the existence of the western bloc, and the U.S.’s natural role as its leader. The new situation was paradoxical for the United States. It became the world’s only real superpower, but at the same time the world started to move towards multipolarity where the U.S. power is challenged by many players. At this point, the United States had to find new enemies to justify its role as the leader of the western bloc. From a cynical point of view we could argue that the most obvious selections for that role at that time were the poor, undemocratic, un-Christian, quite small and quite weak countries which refused to fall under the western institutional leadership. Thus, the United States rose e.g. Iraq, North-Korea, Iran, Afghanistan, Pakistan, and in some sense Venezuela, too, to the previous place of the eastern bloc. Thus, still in 1990 the United States was able to gather the whole western bloc into the Gulf War against Iraq, but again in 2001 it was able to gather a much smaller part of the western bloc to the new war on terrorism. Concerning Afghanistan and the Balkan wars, the United States was able to get quite good participation from its former allies, but on the other hand, not anymore in the most recent war preparations against Iran or North Korea. One could say that all that is a strong signal of the U.S.’s declining hegemony or at least the world’s rising

³³ McNeill, John R. & McNeill, William H. (2003): *The Human Web: A Bird’s-Eye View of World History*. W.W. Norton; 1st edition. 368 pages.

multipolarity, but e.g. according to Kishore Mahbubani³⁴, many U.S. congressmen are still refusing to admit that the U.S. hegemony is declining.

History of the Rise and Fall of the Chinese Empire

So far, the world has seen many Chinese Dynasties which can be called Empires³⁵ too. In the sense of an Empire's influence, Chinese might was at its largest³⁶ during the Ming Dynasty (1371–1433), especially during emperor Yongle's rule, when Admiral Zheng He was ordered to establish his mighty "Treasury Fleet" and he made seven commercial and military expeditions around Asia and Arabia, all the way to the Red Sea and Cape Horn of Africa. He's fleet contained up to 317 odd-junks, huge ships which were as big as large modern open sea ships, many times bigger than Christopher Columbus' (1451–1506) three ships *Santa María*, *La Niña*, and *La Pinta* just a few decades later in year 1492. He's crew comprised as much as 28, 000 men, which again is no comparison to Columbus' small crew which comprised just a bit over 100 men in the three small ships.³⁷



Figure 2: Zheng He and Columbus (illustration by Jan Adkins 1993)

Robert Finlay³⁸ describes this turning point of the Chinese Empire's history in the following way:

³⁴ Mahbubani, Kishore (2008): *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East*. PublicAffairs.

³⁵ See the definition and list of Empires from <http://en.wikipedia.org/wiki/Empire>

³⁶ E.g. the second Empire Han lasted longer, and e.g. Qing Empire was territorially larger than Yongle's Ming Empire, but Yongle's time was true time of expansion of Chinese influence.

³⁷ Finlay, Robert (2000): China, the West, and World History in Joseph Needham's "Science and Civilisation in China". *Journal of World History*, Vol. 11, No. 2 (2000), pp. 192–197.

³⁸ Finlay, Robert (2000, 195).

“Zheng He commanded the maritime expeditions as a military agent of Yongle emperor, a ruler who had no interest in voyages of discovery. There is no mystery about the origin of the fleets, for the emperor ordered them when he came to the throne, and they ended precisely when he died. Aggressive and ruthless, Yongle was one of the most militaristic rulers in Chinese history. Although he perhaps plowed ritual measures at the vernal equinox, he was more accustomed to a sword in his hand. He came to power after a bloody civil war, commanded five campaigns against the Mongols, and sent an army of over 200, 000 men to invade Vietnam.”

Throughout history, China’s population has mostly been varying from one-fifth of the world’s population, all the way to one-third of the world’s population. At best, one-third of the world’s gold supplies was estimated to be stocked in China, due to its economic hegemony.³⁹ Despite the fact that China lived under constant threat of the Mongols throughout the fifteenth century, and its army was defeated many times in campaigns against the Mongols, and even in the war against Vietnam⁴⁰, we may say that China was the world’s leading⁴¹ super power during Yongle’s time. It was centrally steered, with its huge and rich expanding Dynasty, when e.g. Europe was fragmented between dozens of small rival kingdoms at the same time. Yongle’s regime was able to establish the mighty “Treasury Fleet” and made the seven commercial and military expeditions around the world. This was something which the other countries could hardly even dream about at that time. But unfortunately⁴² for China, Yongle died in 1424 and He in 1433, and China had a new emperor, Hongxi, who wanted to change its foreign policy all at once. For some reason, the new regime wanted to end all sea explorations and trade, and even most of the other foreign trade. Followers of Emperor Hongxi destroyed all ships from China, keeping only a few patrol ships, and ordered the death penalty to anyone who went sailing. China started to rebuild the Great Wall against the Mongols, and turned into protectionism. After that, it took only a few decades when the first small Portuguese ships sailed to China

³⁹ See Jared Diamond (1997): *Guns, germs, and steel: the fates of human societies*. W.W. Norton. 480 pages.

⁴⁰ Finlay, Robert (2000, 195).

⁴¹ Of course there were many strong nations, alliances of tribes and even Empires at that time, such as the South-American Empires.

⁴² This is my opinion which is based on the fact that China was a prosperous international Empire during Yongle’s rule, but not after that time due to new protectionism established by Hongxi. The view presented by Robert Finlay (2000), is partly different from that, as he seems to emphasize the brutality, militarism and imperialism of Yongle, in comparison to the more peaceful rule before and after him. Thus, it is a controversial question, “Was Yongle’s death good or bad for the Chinese people?”

in the early sixteenth century and started to occupy it without any strong resistance. First, they noticed that China did not have any sea fleet, just river patrolling boats; then they noticed that China was quite weak and its territories could be taken over. Then, many cities of China were colonized, and it took over 500 years before China recovered and started to regain its former status during the time of the great Empires.⁴³

Relative Power Trajectories⁴⁴ of China from 2010 to 2040

Today, the growth pace of China is astonishing. According to the World Bank, China will achieve a huge 9.5 per cent gross domestic product (GDP) growth again in 2010, generated by recovered exports and solid household consumption. In other words, China had already recovered from its recession of year 2009 in early 2010, and now it rose back to its long-term annual growth figures which have been around 10 per cent.⁴⁵

Today, China numbers over one-fifth of the world's population, 1,430 million in total, which means that it has the biggest labour force in the world as well. The labour force is still mainly non-skilled, but as China has invested a lot to the development of its educational sector in past years, the recent estimations show that China will reach the same distribution between skilled and non-skilled labour force as the United States and EU have, in the coming three decades.⁴⁶ This means that China does not only have the biggest reserves of non-skilled labour force, but it also has huge reserves of skilled labour force. Thus China is gaining even a better ability to really fight both, at the highly specialized planning, design and immaterial production markets, and at the cheap products bulky production and assembly markets, and everywhere in between, in coming decades. Actually, only India has the potential to try to overcome the pace of China.

The dynamism of China has many drivers or engines. One of the drivers is the fact that Chinese people, and especially the younger skilled labour force, is in heavy

⁴³ See Jared Diamond (2004): *Collapse: How Societies Choose to Fail Or Succeed*. Viking Adult; 1 edition, 592 pages, and Robert Finlay (2000).

⁴⁴ Trajectory is an orbit of an item in a dynamical system. Here, it refers to pushing or pulling drivers, trends, engines etc. that make the system run and renew.

⁴⁵ The Economic Times, 15 March 2010. Bernama:
http://www.bernama.com.my/bernama/v5/news_lite.php?id=483200.

⁴⁶ See IFs models, www.ifs.du.edu.

competition over any good job. Secondly, companies are also in heavy competition. Weaker companies fall, but new companies emerge at a fast pace. Thirdly, Chinese regions are in heavy competition. Every region fights over the same investments and flows of labour force. It pushes the economy towards flexible dynamism. And finally, China has well over 100 cities with a population of over one million. All these cities have big airports, universities, and all of them are competing in global economy.

Chinese markets do not have many limitations that the western markets have. Firstly, China's centrally steered system, combined to globalized market economy, allows the country to make very swift decisions and macro-level adaptations which enables the country to renew itself at a very fast pace, and finance necessary parts, and get rid of its unproductive parts. Secondly, China's legislation gives companies many advantages that they can utilize effectively in their combat against foreign companies.⁴⁷ For instance, companies operating in China are allowed to ignore largely many foreign IPRs which let their companies copy and imitate freely almost any foreign products and therefore cut cost in R&D. The wages and benefits of employees in the Chinese companies can be very low, and assembly work can be done in a very cheap environment which again helps to keep the costs very low.⁴⁸ Thirdly, China's domestic markets are huge and they are constantly growing as people get wealthier.

Yuan, the currency of China, is relatively very low as compared against the U.S. dollar⁴⁹ and other foreign currencies. In March 2010, the U.S. government and many international financial agencies strongly condemned China's monetary policy, claiming that it is deliberately preventing its currency to rise to its natural level. The low value of the yuan enhances Chinese companies' abilities to fight foreign companies, both in export and in taking over Chinese local markets. The United States calls this protectionism. China calls the U.S.'s pursuit to raise Chinese currency protectionism.⁵⁰

China has declared one significant statement of its future which should be noticed as a trajectory effecting even world politics in the future. In March 2010, when China's and the U.S.'s relationship was especially sensitive, the Chinese

⁴⁷ The downside of this lack of regulation could be seen again in January 2010, when China Daily reported three companies involving in a new melamine-laced milk scandal in Guizhou, just a year after the previous scandal. Today, 26 January 2010. Tainted food still being sold, Page 12.

⁴⁸ Klein, Naomi (2001): *No logo*. London, Flamingo.

⁴⁹ In March 2010 one yuan was 0.146497 US\$.

⁵⁰ Today, March 2010.

representative Mr. Li Fei argued in China Daily's interview⁵¹ that the western style of democracy is a game of the rich, which means merely a system where wealthy people obtain lots of money from big companies in order to enhance their mutual economical interests, which again are not the interests of the majority of the citizens. Hence, China will never obtain the western style of liberal democracy.

Geopolitically, China's power has been strongly increasing in past years. Asia's general weight in geopolitical scale has increased in past years, but especially China has been strengthening its position. Alongside its growing economy, investments and export, China has increased its international influence in politics, military and in technology. China has the biggest standing army in the world, comprising of 2,255 million, and with reserves and paramilitary over seven million in total.⁵² In past years China has been strongly developing and modernizing all of its branches of military, but especially its navy.⁵³ China has strong nuclear weapon arsenal, and it has been militarily pressuring/threatening Taiwan despite its military and political support from the United States. On the other hand, China has been supporting many countries such as North Korea, Iran, Venezuela, Nigeria and Serbia, which the United States considers more or less bandit states. In the technological sense, China has a very ambitious objective, for instance, sending the next man to the moon. In other words, China's obvious aim is to regain its Empire status.

Alongside the obvious power trajectories of China, there are many domestic problems in the country which may cause its collapse, instead of its lasting victorious growth. The first one is China's fragile natural environment, especially its fast soil erosion and over use of both ground and surface water resources. Today, China is not able to feed its population with domestic food production, and it is running out of domestic water sources. In the near future, these problems are going to escalate, and

⁵¹ Today, 22 March, Western-style democracy, p 16.

⁵² http://www.globalfirepower.com/country-military-strength-detail.asp?country_id=China.

⁵³ According to Niall Ferguson, U.S. Empire is in Decline and on Collision Course with China. The most obvious sign of this is China's major naval construction program, featuring next generation submarines and up to three aircraft carriers. There is no other way of interpreting this than as a challenge to the hegemony of the United States in the Asia-Pacific region. For analysts like Stratfor's George Friedman, who downplayed China's naval ambitions, Ferguson notes: British experts—including Winston Churchill—were similarly complacent about Germany at the dawn of the twentieth century. Ferguson is not predicting World War III but he thinks we have to recognize the following. "China is becoming more assertive, a rival not a partner, he says, adding that China's navy does not have to be as large as America's to pose a problem. They do not have to have an equally large navy, just big enough to pose a strategic threat and cause trouble for the U.S. Navy." See <http://finance.yahoo.com/tech-ticker/article/357319/Niall-Ferguson:-U.S.-Empire-in-Delay,-on-Collision-Course-with-China>.

start affecting even the global food markets. Chinese farmers do not own the land they farm which enhances the natural abuse in the name of better crops. Secondly, China is a mosaic of ethnic groups, minorities, minority languages and religions, all of which are not happy under the regime. It has been estimated that there are dozens or even hundreds of riots everyday around the country and over 10, 000 every year. Thirdly, China's population starts to decrease and become older in the coming years. This means less labour force and more need for geriatric work. Fourthly, the nation's one-child policy has caused a much bigger number of baby boys being born, in comparison to girls. This means, in the near future, there will be lots of young unhappy bachelor men in China causing even bigger societal anxiety than what we see today. Fifthly, China is not self-sufficient in energy or natural resources, which means that its development relies heavily on imports from other countries. Sixthly, China's economic growth is strongly linked to consumption in the United States, and its investments are mostly in U.S. companies and U.S. government loans, and China's currency reserves are almost entirely in U.S. dollars. Seventhly, as China is a centrally steered country, it is possible that the country gets a new government which changes the politics very dramatically "over night", as we saw during the Ming Dynasty.

Relative Power Trajectories of the United States from 2010 to 2040

The United States has been on a strong growth curve ever since its establishment. As already discussed, there have been many good decisions in the past which have led it to be victorious in almost all frontiers of world economy and politics.⁵⁴ Today, the United States is the strongest nation in the world, and in some sense it could be called a global hegemony or even an Empire.⁵⁵ There are several positive power trajectories which help the United States to maintain or even strengthen its position in world political economy.

The first positive power trajectory of the United States is its size and long history as a democratic, highly international and industrialized country. Secondly, the United States has obtained a position at the centre of the world economy, meaning

⁵⁴ See Niall Ferguson (2004): *Colossus: The Rise and Fall of the American Empire*. Penguin books. 416 pages.

⁵⁵ Is the United States an Empire? Concept definitions of hegemony and empire. See <http://hnn.us/articles/1237.html>.

that it is able to gather “the lion’s share” of all material production in the world,⁵⁶ but producing merely just immaterial goods and services, promissory notes, U.S. bank notes, artificial value to stocks and brands, and marketing of foreign products to fellow citizens.⁵⁷ Thirdly, because of its location at the core of the world economy, U.S. GDP remains high and grows, even if people do not work any harder or are less skilled than before. This is simply due to “old money”, high-cost structure and foreign investments going to the country.⁵⁸ For instance, if you go to a barber’s shop in New York, you pay e.g. US\$100 for a haircut, but if you go to a barber's shop in a small town in China or India, you just pay 50 cents, or much less for the same work. This means a barber’s job in New York raises U.S. GDP 200 times more than the same work would raise China’s or India’s GDP. Foreign investments raise U.S. cost structure, and rising cost structure raises U.S. GDP, which again is an argument for new investments. Fourthly, a strong power trajectory of the United States has always been its entrepreneurship, strong belief in individualism, liberal markets, and in personal abilities to gain wealth. In other words, alongside foreign investments, foreign labour force and location at the core, the shared American Dream combined to its strong justice system, openness to new people and ideas, and its market’s strong dynamism, has made the United States strong and wealthy.

On the other hand, we can see many negative power trajectories which are setting potential challenges for the extension of U.S. power. First of all, as we know from history, all global empires or hegemonies so far have risen, strongly expanded, defended their interests in all frontiers, faced small military defeats, and finally dispersed.⁵⁹ Usually, the trigger for the dispersion comes both from inside the Empire⁶⁰, and from constant collisions and resistance caused by the strengthening neighbours or rising new Empires.⁶¹

The United States has experienced a few military setbacks e.g. in Vietnam in the 60s and 70s, in Somalia and Iraq, that can be considered quite normal for

⁵⁶ Immanuel Wallerstein (1983): *Historical Capitalism*. London: Verso.

⁵⁷ Emmanuel Todd (2004): *After the Empire: The Breakdown of the American Order*. Columbia University Press. 192 pages.

⁵⁸ See Immanuel Wallerstein (2003): *Decline of American Power: The U.S. in a Chaotic World*. New York: New Press.

⁵⁹ Jared Diamond (1997): *Guns, germs, and steel: the fates of human societies*. W.W. Norton. 480 pages.

⁶⁰ U.S. hegemony is in the same kind of decline as the previous hegemonies have faced. See http://findarticles.com/p/articles/mi_m1132/is_7_55/ai_111503528/

⁶¹ Jared Diamond (2004): *Collapse: How Societies Choose to Fail Or Succeed*. Viking Adult; 1 edition. 592 pages.

(declining)⁶² superpowers which attempt to maintain its dominant role. The same happened to all of its predecessors as well. The UK Empire⁶³ experienced many military setbacks in European soil, in Africa, in Afghanistan, and finally in North America and in India during its dominance. The Mongol Empire faced one of the world history's biggest defeats when its huge Pacific army and navy were suddenly destroyed by a huge typhoon Kamikaze, just before they were disembarking in Japan in 1281 A.D. Kublai Khan's first Mongol fleet naval invasion to Japan had experienced the same kind of destruction by a huge typhoon already in their first campaign against Japan in 1274 A.D. The Roman Empire faced many devastating defeats during its dominance as well, e.g. in the battle of Teutoburg Forrest in Germany in A.D 9, in the third large Servile war against Spartacus's slave army in 73–71 B.C. and in The Second Punic war against Hannibal in 218–203 B.C.

The second negative power trajectory for U.S. power is the general rise of new Asian Hemisphere,⁶⁴ which was discussed in previous chapters already.

The third negative power trajectory for U.S. power, linked to the second one, could be the fact that for years already, Asian countries have educated their population especially in technical fields at an enormously fast pace, and this pace is about to continue. U.S. citizens, especially non-Asian oriented, have not been interested in technical fields for a long time. Natural science in the United States today relies actually only on four pillars which are: (i) the huge domestic financial endowments and foundations, (ii) the great brand value of Harvard, MIT, Nature, etc., (iii) the sector's critical mass and dynamism, and (iv) the foreign, mostly Asian scholars and students who actually do and publish everything. Hence, if Asian-oriented engineers and scholars one day decide to go back to Asia, what will be left of U.S. science? There will not be much, just big names, buildings, and a bunch of "old

⁶² According to Niall Ferguson, U.S. Empire is in Decline and on Collision Course with China. Ferguson says, people have predicted the end of America in the past and have been wrong. But let's face it: If you're trying to borrow \$9 trillion to save your financial system, and already half your public debt is held by foreigners, it is not really the conduct of rising empires, is it? Given its massive deficits and overseas military adventures, America today is similar to the Spanish Empire in the seventeenth century and Britain's in the twentieth, he says. Excessive debt is usually a predictor of subsequent trouble. Putting a finer point on it, Ferguson says America today is comparable to Britain circa 1900: a dominant empire underestimating the rise of a new power. In Britain's case back then it was Germany; in America's case today, it is China. See <http://finance.yahoo.com/tech-ticker/article/357319/Niall-Ferguson:-U.S.-Empire-in-Decline,-on-Collision-Course-with-China>.

⁶³ See Niall Ferguson (2004): *Empire: The Rise and Demise of the British World Order and the Lessons for Global Power*. Penguin books.

⁶⁴ Mahbubani, Kishore (2008): *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East*. PublicAffairs.

money”. Dynamism and critical mass would go along with the people. U.S. dynamism and growth has always relied so strongly on immigrants and their dreams.⁶⁵

The fourth negative power trajectory for U.S. power is the fact that the United States is a mosaic of cultures almost in the same way as China. In U.S. politics, there are practically two very distinct clashing sides in almost any issue: pigeons and hawks, East-Coast and Bible belt, CNN and Fox channels, liberals and conservatives, women’s rights and anti-abortion, Darwinism and creationism, less hand guns and more hand guns, rehabilitation and hard punishments. Furthermore, there are many big racial, religious, language groups, hate groups, and gangs in the United States, which may be seeds of rising societal anxiety.

And finally, the fifth negative power trajectory of U.S. power relates to the fact that there is always the other side in any strong dynamism, in entrepreneurship, in opportunism, and in innovativeness combined to lack of state control. As already mentioned, the U.S. economy is based strongly on the creation of added immaterial values in quite non-regulated markets. This opens opportunities for criminals, impostors and forgeries. Two biggest cases of such innovative “initiatives” created in the United States in the past 10 years have been the Subprime mortgage crisis and Enron scandal. Of course, there have been many even more ruthless hoaxes recently , but here we discuss only the two biggest cases.

The bubble of Subprime mortgage crisis was established in the United States, as significant amounts of foreign money flowed into the U.S. from fast-growing economies in Asia and oil-producing countries. This inflow of funds, combined with the new innovative investment packing ideas of selfish and reckless financial planners in the United States, and with the historically low U.S. interest rates from 2002–2004, contributed to easy credit conditions, and when all this was combined with true lack of public financial control, the bulk situation fuelled both housing and credit bubbles. Banks and investors around the world had financed these trash loans without even knowing they had, as the chains of investments had too many steps to follow through. We remember this episode either with the name Subprime mortgage crisis or credit crunch of 2008⁶⁶.

⁶⁵ This is my own interpretation based on a presentation of the U.S. vice-secretary of Education in Washington DC’s embassy of Finland in May 2005, my own experience in living in the United States, and various other sources.

⁶⁶ Devezas, Tessaleno (2010): Crises, depressions, and expansions: Global analysis and secular trends. *Technological Forecasting & Social Change* 77 (2010) 739–761.

Another, almost as severe, bubble burst in U.S. markets was the Enron scandal in 2001, which revealed how much potential scandal there may be beneath the shiny armours of big U.S. companies⁶⁷. The worst parts of the scandal were the allocations that some highest politicians were strongly backing up and covering up the accused Enron leaders all the way to the end, the fact that Arthur Andersen, the fifth biggest audit company in the world, forged Enron accounts for years, and the fact that the United States lost 1 per cent of its whole national GDP in year 2001, just because Enron's accounts needed to be corrected.⁶⁸

There are many versions and applications of the explorative scenario methods. In this work I use a mixed method which combines the basic logical approach of explorative scenario work, to the normative approach that follows Coates and Glenn's⁶⁹ third application of scenarios. The third application is for deliberately presenting a situation radically at odds with traditional thinking. By being organized and coherent, the scenario that follows the third application drives home the central point that the organization had to begin thinking in new terms and considering new goals. In practical terms, this means that I have first selected two alternative visions or situations radically at odds with traditional thinking for the future of U.S. power. The two storylines are basically: the United States gets all the dominance and China goes down; or China gets all the dominance and the United States goes down, which follows the scenarios' optional storylines x) and xi) from the list in the introductory chapter. These two extremely distant storylines were selected in order to show how wide the spectrum of possibilities in this issue is.

Two Scenarios for U.S. Power with Mixed Method

As already discussed in the introduction, here I present two alternative long-term-scenario narratives for U.S. power, and U.S.-China relationship in world politics. The method that has been used is a mixed-scenario method which combines the basic

⁶⁷ The biggest bankruptcy of the crisis was the collapse of Lehman Brothers. By that time, it was alleged in the United States media that Lehman Brothers was not saved by pumping public money to it, because it was discovered in auditing that this company could not be saved in any legal way.

⁶⁸ See Emmanuel Todd (2004): *After the Empire: The Breakdown of the American Order*. Columbia University Press. 192 pages.

⁶⁹ Coates, Joe & Glenn, Jerome C. (2009): Normative Forecasting. In *Futures Research Methodology – Version 3.0* ed. Jerome C. Glenn and Theodore J. Gordon. CD-rom. World Federation of United Nations Associations.

logical approach of explorative scenario work, to the normative approach that follows Coates and Glenn's⁷⁰ third application of scenarios. The third application is for deliberately presenting situations radically at odds with traditional thinking, and then arguing how such situations could be logically achieved within the known power trajectories. The scenario stories are presented in imperfect format, and the storylines follow the scenarios' optional storylines x) and xi), which were introduced in the introductory chapter.

Scenario One: “Deepening U.S. Hegemony and Collapse of China”

The world economy experienced a short period of very strong economic growth prior to 2018, but it ended up to be another bursting bubble. Thus, in 2020 the whole world went into very deep recession which hit Europe and China very strongly. Due to their internal disagreements, falling economy and ever stronger separatist movements, both China and the EU finally broke up into smaller rival nation states in 2025. All former Asian Tigers experienced pretty much the same kind of destinies. Many Arabic countries, India and Russia fought many bloody civil wars around 2020, but by 2025 the wars were over and there was much more peaceful, but poorer, periods ahead.

In the year 2028, there were three times more independent or semi-independent countries in the world than there used to be still in 2010. By that time, the only big area which had the dynamism, critical mass and consumption structure left was the United States. Thus, the United States was needed once again to raise the rest of the world back to its feet. However, this time U.S. strategy was different. The United States did not give free aids to countries. Instead it insisted on getting ownerships and military bases from the countries that received aid. Hence, by 2035, the United States had established a new World Union. Its capital was in New York City, and its U.S. president was its leader. It set a new version of Tobin tax on the world economy. In practical terms, it meant that the World Union was now collecting direct taxes from all of its member states, and it also collected taxes of all international money transactions, and the money was mainly based in U.S. soil.

⁷⁰ Coates, Joe & Glenn, Jerome C. (2009): Normative Forecasting. In *Futures Research Methodology – Version 3.0* ed. Jerome C. Glenn and Theodore J. Gordon. CD-rom. World Federation of United Nations Associations.

In 2040, the United States had become the ultimate leading star of the world, and almost all the world's investments and gold bullions were in the United States. The world's only stock markets were at Wall Street, U.S. dollar became the only legal currency, and the world's only advanced army was led by the United States. All the world's 1,000 biggest companies were located in the United States, and all the world's best scientists worked in U.S. universities. Actually, all the world's good universities had become satellites of the U.S. universities. Of course, the best core parts were always inside the United States. The population of the United States more than doubled in 30 years' time, and many provinces from Mexico and Canada joined the United States.

Scenario Two: “Shift to Chinese Hegemony and Collapse of the United States”

The world economy experienced a short period of very strong economic growth prior to 2018, but it ended up to be another bursting bubble in 2020. Again, the responsibility for the credit crunch could be found only from the United States.

In the same way as the previous scandals, the bubble burst in 2020 was found in a co-operation between U.S. financial planners, big company CEOs, high politicians, and big auditing companies. In a biggest trial ever in U.S. history, dozens of big companies' CEOs were convicted and jailed due to long-lasting account forgeries. Due to this episode, international confidence on U.S. financial markets crashed, international investment flows to the United States ended, and 15per cent of U.S. GDP had to be reduced from all statistics of the past 10 years. The U.S. economy went into enormous recession, and the unemployment rates and poverty rose as high as they were after the Stock market crash in 1929. Societal anxiety broke into racial hate, rise of all types of fundamentalism, open plundering and gang wars. In 2025, the Federal state could not hold the nation together anymore, all the states of the United States declared themselves independent, and there was no U.S. dollar, or the United States anymore. First, there was a lot of social immigration from state to state. Some states fell into civil war, some became non-democratic Mormon or Christian states, some were led by former gangs, and some became democratic Spanish states. Some northern states joined Canada. Finally in 2035, some states started to re-join together. A few wealthier states at the east coast established a new smaller federal state—East Atlantic. And states around Texas formed a new state. Many states at the Bible belt

joined together, and so did many Spanish states. In 2040, there were a few new North American countries that were doing quite well in economy and in international politics.

The burst of the bubble did not affect China and the rest of the world as heavily as it affected the United States. What actually happened globally in the 2020's was a tremendous slow down in global trade, an average drop of 50 per cent of all stock prices and an average drop of 30 per cent in prices of houses around the world, and onset of a quite deep global recession for two years. Investments to the United States were withdrawn and reinvested elsewhere. China lost most of its reserve currency and its investments, but once the trade started to flow again, China recovered surprisingly fast. As there was no U.S. hegemony or Empire anymore in 2025, there was a short struggle and competition between the remaining strong countries such as China, the EU, Russia, India and Japan, but it became obvious quite early that China is the only economy which had the abilities to lead the rise of the global economy. Eventually, in 2035, China had become the world leading hegemony or Empire in economical, political, social, cultural, demographic and military ways. In 2040, the western style of democracy partly vanished and was replaced by a new type of model which fused market economy, strong constitutional or juridical system, and centrally steered semi-democratic politics. Now the leading language of science and movies (Shanghiwood) started to be Mandarin, most planning, design and other immaterial work took place in the big cities of China, and the world leading stock markets were located in Beijing. Chinese culture was imitated widely.

More Possible Storylines for Scenarios

Alongside the two previously presented mixed-method-scenariornarratives, the following ideas could be used to produce more mixed-method scenarios to the theme.

- Tension between China and Taiwan/the United States at the Malacca Strait leads to provocative accident⁷¹ which leads to local military conflict and diplomatic and trade cut between the United States and China.⁷²

⁷¹ C.f. Bateman, Sam (2010): Terror in the Malacca Strait: The Risk of Overreaction. RSIS Commentary No. 31. <http://www.rsis.edu.sg/publications/Perspective/RSIS0302010.pdf>. And Ho,

- U.S. economy remains strong, but China's economy starts to steadily cool down, ending in recession.
- Rising sea level causes floods especially in South-Asia. Millions of refugees who try to enter China cause tensions between Asian countries, resulting in a local war between India and China. The United States supports India in the war. Food and energy prices are rocket high.
- China suddenly imitates western style of democracy, and humanistic and liberal values, abandons communism, and allows private land ownership.
- The United States is run by the regime which follows fundamental dogmas.
- Famine and societal tensions lead to militarization and partial protectionism of China. Globalization, as we know it, ends.
- NorthKorea starts a war against SouthKorea, as the regime believes that the war would be the only chance to keep the nation united and under their control. China supports the North and the United States and Japan the South.
- The United States and the EU merge and establish a new federal Union.
- Russia and China establish a new economical area which evolves into the world's strongest political Union.

Joshua (2010): The Malacca Strait: Will it Continue to be Safe? RSIS Commentary. No. 30.
<http://www.rsis.edu.sg/publications/Perspective/RSIS0312010.pdf>

⁷² According to Niall Ferguson, the most obvious sign of the U.S. Empire's decline and collision course with China is China's major naval construction program, featuring next generation submarines and up to three aircraft carriers. There is no other way of interpreting this than as a challenge to the hegemony of the U.S. in the Asia-Pacific region. For analysts like Stratfor's George Friedman, who downplayed China's naval ambitions, Ferguson notes: British experts—including Winston Churchill—were similarly complacent about Germany at the dawn of the twentieth century. Ferguson is not predicting World War III but he thinks we have to recognize the following. "China is becoming more assertive, a rival not a partner, he says, adding that China's navy does not have to be as large as America's to pose a problem. They do not have to have an equally large navy, just big enough to pose a strategic threat and cause trouble for the U.S. Navy." See <http://finance.yahoo.com/tech-ticker/article/357319/Niall-Ferguson:-U.S.-Empire-in-Divide,-on-Collision-Course-with-China>.

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