

A venture in long-term forecasting

THE INTERNATIONAL ARENA IN THE YEAR 2000

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The International Environment

The cumulative impact of trends that are now gathering force will confront the United States with hard choices in the next 15 years involving major adjustments to a diffusion of world power, a decline of America's relative economic and political influence, and growing international economic interdependence. The world distribution of power will evolve from the postwar bipolar system into a rudimentary multipolar configuration by the end of the century. The United States, the Soviet Union, Western Europe, China, and Japan will be the principal powers in the new pentagonal constellation. By the end of the first quarter of the next century, a genuine pentagonal configuration will be in operation. The unique strengths and resources of the US and the USSR, however, will continue even then to confer on them the distinction of being the only true global powers. The other three members of the system will be essentially regional powers.

The term "modified bipolar structure" refers to the reality that the United States will remain the only authentic superpower until well into the next century, primarily because its long-standing relationships with Western Europe and Japan and its economic preeminence will give the US immense advantages which the Soviet Union will be unable to match. The USSR in the next 15 years will not achieve the economic capacity or global influence necessary to enforce its claim to full political, as well as strategic, equality with the United States. Nor will it be able to command a major role in the political management of affairs in any region outside Eastern Europe. The ascription of superpower status to the USSR has never been warranted by its strengths, achievements, and influence in the nonmilitary ingredients of national power. The Soviets achieved putative superpower status only because of the West's excessive preoccupation with the military dimensions of East-West competition. Apart from her strategic capabilities, the USSR will not acquire any of the essential attributes of true global power in the next decade and a half. Soviet influence abroad will continue to be restricted by its inability to play a leading role in an American-dominated international system in which the constant interplay of economic, political, and military power and presence distinguishes authentic global status from regional hegemony.

In the 1990s, the ability of the United States and the Soviet Union to control developments outside their alliance systems and, to a lesser extent, within them will diminish steadily. Second- and third-ranking powers will become more reluctant to subordinate their separate national interests to upholding the credibility and vitality of rival alliances or to support the global interests of the superpowers. American and Soviet relations with allies and clients will grow more interdependent and the superpowers will have to deal with allies more as partners than as dependents. This trend will reduce the scope for unilateral

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initiatives by Washington and Moscow and make the management of alliances more difficult. European members of both NATO and the Warsaw Pact will increasingly seek to distance themselves from superpower rivalry. The rise of interest in the "Europeanization of Europe" reflects a desire in both parts of the divided continent to reduce vulnerability to repercussions from US-Soviet competition and confrontation. Helmut Schmidt articulated widespread European reactions to US-Soviet polemics in the aftermath of the invasion of Afghanistan in his acerbic comment: "We can afford no gestures of strength and no doughty demonstrations of steadfastness. We've had a noseful of that sort of thing."

As the bipolar balance is gradually displaced by a multipolar system, simplistic notions of containment and zero-sum competition in both camps will give way to greater reliance on a diplomacy of flexible maneuver and to higher priorities for preserving maximum freedom of decision and action. The United States will increasingly encounter situations in which important friends will be on both sides of a given issue, and it will frequently have to perform the role of crucial intermediary rather than one of guaranteeing the security of allies and defending a rigid bipolar status quo. America's principal interest in managing a multipolar system will be to protect its privileged position as the hub of a shifting network of alignments.

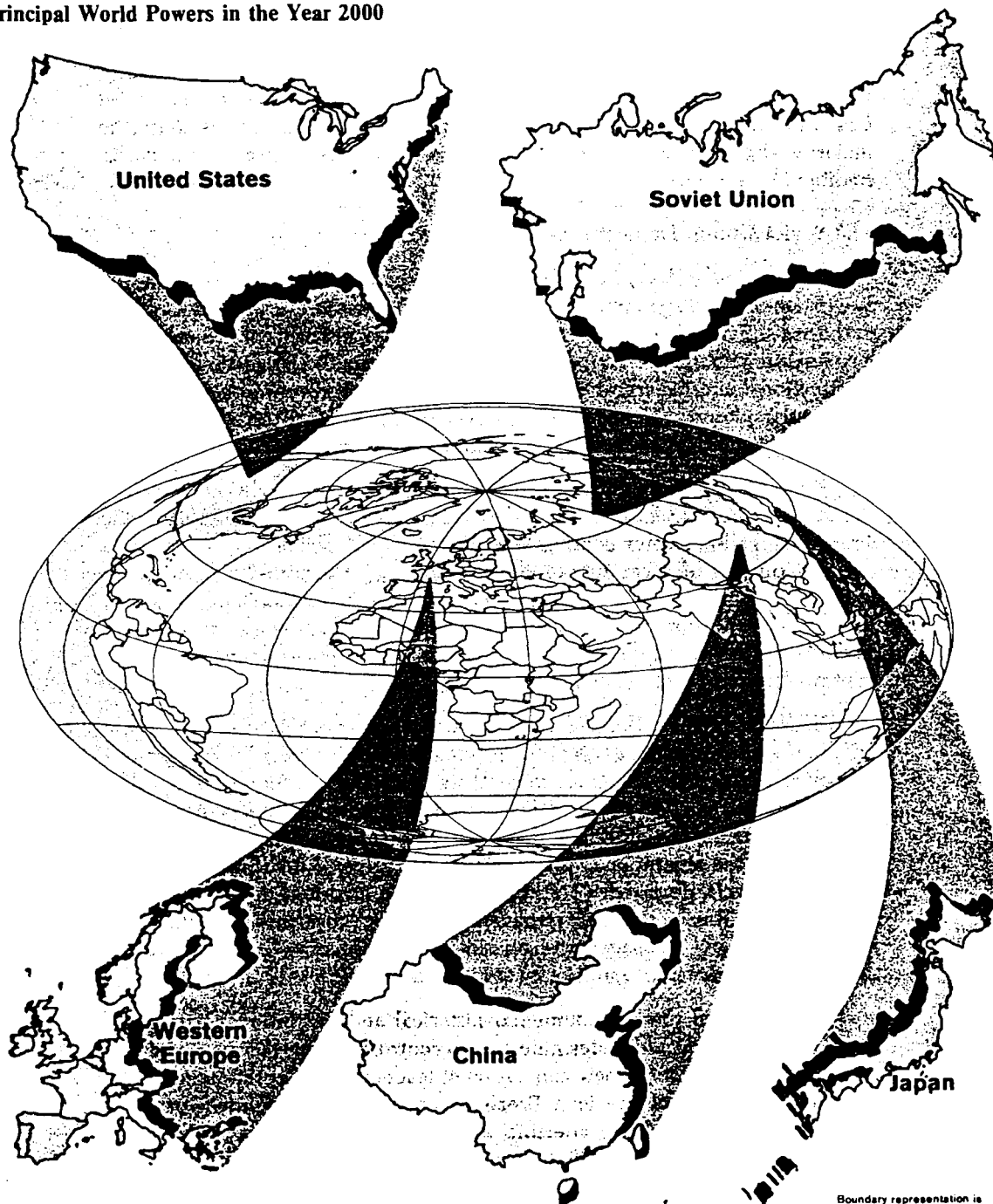
The advantages of the bipolar system—a shared interest in preserving the central balance, stability, calculability, and clarity of threats to the system—will be replaced by uncertainties and instabilities that are inherent in a multipolar configuration. With five principal players, there will be greater risks of miscalculation, unilateral initiatives, and a loss of control. The bipolar balance has not guaranteed stability, but it has been less subject to abrupt transformations and surprises than the multipolar structure will be.

The United States will continue to have a compelling interest in maintaining close relations with a more independent Western Europe and Japan not only because they will buttress America's superior position in a pentagonal system but also because they will have the incentive and capacity to forestall a destabilizing bipolarization into two hostile blocs in which one side or the other must lose in any confrontation. Bipolarization of a multipolar system has been the prelude to several major wars, notably the division of Europe into two rival alliances that collided in 1914. The dynamics of a multipolar system will center on competition among the major players for the advantages that will derive from leading a majority alignment within the five-power arena. The Soviets are already maneuvering to secure this advantage. Their efforts to arrange an accommodation with China and to strengthen leverage over Western Europe are aimed in part at achieving a pivotal role in the coming pentagonal system. Aleksandr Yakovlev, director of IMEMO, claims to discern a "relative leveling in the strength of the three centers of (capitalist) power: the US, Western Europe, and Japan." He contends that "in the historically foreseeable future the centrifugal tendency in the capitalist world will grow."

As inheritors of the European tradition of *Realpolitik*, Soviet leaders would endorse Bismarck's maxim for manipulating a five-power system: "One must not lose sight of the importance of being one of three on the European chessboard. That is the invariable objective of all cabinets and of mine above all others."

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Principal World Powers in the Year 2000



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Nobody wishes to be in a minority. All politics reduce themselves to this formula: to try to be one of three as long as the world is governed by an unstable equilibrium of five great powers." The grand stakes in the international politics of the next half century will largely hinge upon the capacity of American statecraft to preserve the enormous advantages inherent in postwar relationships with Western Europe and Japan, and upon the resourcefulness of the Soviet Union and an ascendant China in neutralizing these advantages by dissolving the majority alignment and securing the crucial pivotal role in a new majority coalition.

The Soviet Union: Domestic Trends and Prospects

The passing of the old guard will not herald an era of major reforms in the Soviet political and economic systems. Continuities will prevail over innovation in the next 15 years because the successor generation, just as its predecessor, will have to deal with the stern imperatives of managing and holding together a huge multinational internal empire in an age marked by the solvent forces of nationalism and modernity. The new generation of leaders will face the same dilemma of how to modernize economically without modernizing politically.

Domestic and foreign policies will continue to be conditioned by the Kremlin's perennial fear of losing control of powerful centrifugal forces in the empire. This all-pervasive political-security reality will oblige any leadership in the next quarter of a century to cling to orthodox Marxism-Leninism as an indispensable means of legitimizing the Communist Party's monopoly of power. Soviet elites will support, or at least acquiesce in, the supremacy of the party because the fear of chaos and disintegration will far outweigh yearnings for political freedoms and major reforms.

Since the 13th century, Russia has existed not as a nation-state but as a multinational empire maintained by formidable military forces and omnipresent police controls. The Soviet regime with its cant about enlightened nationality policies has concealed its dread of disintegration far better than its more candid Tsarist predecessors. Alexander I warned, "The least weakening of autocracy would lead to the separation of many provinces." Sergei Witte, finance minister under Nicholas II, declared, "The world should be surprised that we have any government in Russia, not that we have an imperfect government. With many nationalities, many languages, and a nation largely illiterate, the marvel is that the country can be held together even by autocracy."

In addition to these fundamental historical and institutional barriers to major reforms that would undermine central control and thus the survival of the empire, the latitude of the new generation of leaders will be constrained by the accumulated inertia of the long Brezhnev era. The basic political problem confronting the Gorbachev leadership will be how to restore the party's dominant role as the sole policy initiator and energizer of the ponderous party and state bureaucracies. Gorbachev alluded to this problem in his "acceptance speech" to the Central Committee on 11 March 1985 when he stressed that "the solution of the complex tasks we are faced with presupposes a further strengthening of the party and a rise in its organizing and guiding role." Under Brezhnev, the party gradually relinquished its unchallenged primacy and drifted into the

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role of arbiter among contending claimants to power and resources. The Brezhnev gerontocracy sought to avoid hard choices that would trigger disruptive tests of strength with powerful segments of the military and civilian establishments and threaten the delicate balance within the Politburo and party Secretariat. The price of preserving an untroubled status quo, however, was economic stagnation, a large degree of immobilism in both domestic and foreign policy, and a sharp decline in the managerial effectiveness of the party, state, and economic bureaucracies.

The entrenched inertia of Brezhnevism will circumscribe Gorbachev's options in the next few years. He will have insufficient authority to do much more than reinvigorate Andropov's campaign to restore work discipline and bureaucratic accountability. If Gorbachev, or a successor, succeeds in recovering the party's unquestioned dominance of policy and management, the Soviet economy, even without significant reforms, will resume a pattern of steady growth of four to five percent a year by the early 1990s, and the Soviet Union will become a more formidable and assertive competitor in the international arena than it was during Brezhnev's last seven years and in the Andropov-Chernenko interregnum.

The USSR will not experience anything approaching a genuine systemic crisis before the year 2000. The system commands immense reserves of social and political stability that will enable the regime to ride out the economic stagnation and civic malaise of the late 1970s and early 1980s. Even if marginal and incremental changes in economic policy and management do not overcome stagnation in the next decade, the economy will maintain an average growth rate of two to three percent—slightly above the growth of the population. The party apparatus will provide a reliable instrument for containing dissent and social frustrations. Although there will be growing labor unrest and more frequent but sporadic work stoppages, these will focus on local grievances and will not expand into a nationwide movement. The fundamental source of the party's authority and control will continue to be its effectiveness in co-opting successive generations of ambitious and energetic members of the social and national elites by offering them a substantial stake in the system in exchange for their loyalty.

The Soviet economy, even at annual growth rates of only two to three percent, will command sufficient resources to maintain a formidable military machine and to support an assertive foreign policy. It is the long-term implications of economic stagnation that will concern the Gorbachev leadership. The declining growth rate of investment in recent years will eventually erode the basis for future growth of defense spending in the late 1980s and 1990s. The reduction in the growth of defense procurement to about two percent since the mid-1970s represents only a short-term expedient to avoid even deeper declines in investment and consumption. The moment of truth for the Soviets will not come until the late 1980s and early 1990s. If the ratio of Soviet GNP to that of the United States worsens, the Soviet Union's capacity to maintain global competition will then come into question.

The most important stimulus for change in Soviet policy and prospects in the next 15 years will be a sweeping turnover of leaders and elites. This process will provide Gorbachev and his supporters with potentially decisive leverage to

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overcome the inertia of Brezhnevism. Not only most of the top party leadership but a large part of the central elite will be replaced in the next decade by a successor generation. There is no precedent in Soviet history for such a massive turnover in a short time span. The transition will act as a catalyst to release pressures for change and rejuvenation that have existed for the past decade but have been frustrated by the Brezhnev gerontocracy.

The rise of so many members of a new generation to senior positions in the party, state, and military establishments will generate sharp competition and conflict over power and policy. The departure of the old guard will end a prolonged period during which policy differences were contained, if not completely submerged, and the new leaders will find it much more difficult to preserve the usual facade of unity. Contention over economic priorities and defense policy has agitated Soviet politics since the last party congress in 1981, and these differences will break out in a more acute and open struggle in the next five years. This contest will reveal the presence of widespread support for Chernenko's insistence last year that economic development and consumer welfare should have higher priority than defense. Although Chernenko's prescriptions were rejected by the old guard led by Ustinov, Gromyko, and Romanov, they command considerable support in the present Central Committee, particularly among regional leaders who are more sensitive to the danger of public unrest than the remote hierarchs in Moscow. The departure of the old guard will erode the strength of the defenders of traditional priorities and enhance the political acceptability of the policies that Chernenko championed.

The Soviet Union: Foreign Policy Trends and Prospects

In the next five years, there will be no major changes in the foreign policy strategy that was outlined at the last party congress in 1981. The Gorbachev leadership's fundamental goals—especially as long as Gromyko continues to exercise preeminent influence in shaping foreign policy—will remain centered on achieving general recognition of the USSR's global political as well as strategic equality with the United States and altering the geopolitical balance in Europe by exploiting what the Soviets perceive as growing conflicts between American and West European economic and political interests. The Soviets will persist in their dual strategy of waging controlled cold war against the US while promoting selective detente with West European governments. They will continue to attach high priority to advancing an accommodation with China because this policy offers the quickest and least costly way to strengthen their leverage in dealing with the US, Western Europe, and Japan. A rapprochement with China, moreover, will be an indispensable means of protecting the Soviet Union's position in the "strategic triangle" during the next decade and placing the USSR in the most favorable position as the multipolar configuration of power begins to emerge in the late 1990s.

Moscow's international behavior and freedom of action will be constrained not only by the requirements of manipulating the strategic triangle but by a growing need to import foreign technology, industrial plant and equipment, and grain. A trend toward expanding economic relations with the West and Japan will be irreversible in the next 15 years if the Gorbachev leadership's efforts to reverse economic stagnation and, in Gorbachev's words, to "transfer the national

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economy to the tracks of intensive development" are to have any chance of success. The new generation will be bound as much as the Brezhnev leadership by the fundamental judgment made in the late 1960s that imports of grain and technology and joint development ventures with Western firms are vastly preferable to the risks and uncertainties inherent in any major restructuring of the Soviet economic and administrative systems. The Soviets will not abandon this basic, long-term national policy because they recognize that they cannot revert to a strategy of greater autarky and self-reliance.

In addition to these geopolitical and economic constraints, Gorbachev will avoid provocative and high-risk foreign adventures that might generate potentially dangerous public unrest and even open resistance in the Soviet internal empire. He shares the concerns expressed in the last two years by Andropov and Chernenko that public dissatisfaction, if unattended or mismanaged, could assume "crisis" proportions. In a speech last June, Gorbachev carefully coupled a call for stronger vigilance and defense with an assurance that "we certainly do not believe that the cause of international detente has been irreversibly undermined."

Soviet policy toward the United States in the next few years will be more active tactically but it will show little substantive change. Although the Soviets will not expect any significant modifications in the Reagan Administration's foreign and defense policies, Gorbachev will agree to a bilateral summit meeting in the next year, seeing this encounter as a useful way to strengthen his political standing at home and to advance the Soviet Union's international pretensions to full superpower equality. The Soviets will not alter their present negative assessment of prospects for arms control agreements in the next five years, and their view of economic and political trends in the United States will lead them to downgrade concerns four years ago that the President's program for modernizing US strategic forces might eventually tilt the balance against the USSR. They believe this threat has been averted for the foreseeable future. Authoritative Soviet commentaries recently have portrayed congressional and public opinion as turning against the Administration's defense policy and claimed that a "further increase in military spending is becoming intolerable because of inconceivable deficits that are placing the prospects for the development of the US economy as a whole in question." The Soviets, moreover, anticipate a further weakening in the US international trade and financial position that will erode the credibility and effectiveness of American foreign policy.

With this evaluation of a long-term secular decline of America's relative economic and political power as the basis for their calculations, the Soviets will perceive little incentive for genuine concessions in arms control negotiations in the next five years. The Gorbachev leadership will share Brezhnev's assumption following the failure of SALT II that an unmanageable arms race can be avoided by manipulating the political atmosphere and arms control issues to undermine the ability of US administrations to mobilize a sustained effort to restore America's strategic preeminence. Constant assurances that the USSR is not seeking military superiority will be accompanied by ostensibly constructive initiatives for resolving the arms control impasse. Summit meetings and arms control negotiations will be used to wage political warfare against the US, not

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to explore prospects for an accommodation. The long-term nature of the research phase of the Strategic Defense Initiative and the well-publicized reservations of West European governments regarding testing and deployment of such a system will encourage the Soviets to keep the "space weapons" issue at the forefront of international attention. They will continue indefinitely to hold agreements on offensive nuclear weapons hostage to a prior agreement prohibiting the "militarization of outer space."

This scenario for controlled cold war with the United States as a central element in Soviet foreign political strategy during the next five years will not be intended to foreclose collaboration with the US on matters of mutual interest in the longer-term future. The Gorbachev leadership will wish to keep the door open to expanded Soviet-American economic relations in the 1990s. By then, the Soviets will have growing incentives to arrange a limited accommodation as the basis for political consultations and cooperation in containing a more assertive and expansionist China, a resurgent Germany, and a nationalistic and ambitious Japan. They recognize that "centrifugal tendencies" in an emerging multipolar world will confront both superpowers with complex and potentially dangerous new problems, and they will want to keep their lines open to Washington.

Strategy for dealing with a revival of the German question will be the centerpiece of Soviet foreign and imperial policies after the mid-1990s. Propaganda about German "revanchism" in the past five years has been a device to keep restless clients in Poland and East Germany in line, but the Soviets have no illusions that the stable postwar line of division in Central Europe will be a permanent condition. When the expected West German challenge to the status quo matures in the late 1990s, the Soviets will have only two principal alternatives. They must either accept a potentially explosive showdown with a "revisionist" West Germany supported in varying degrees by its NATO allies, or seek early collaboration with the US, France, and Britain to defuse the threat to East Germany and to the Soviet strategic glacis in Eastern Europe.

The Soviets also recognize that a rapprochement with China will not remove the long-term prospect of Chinese expansionism to the north as well as to the east and south, and this will provide another powerful incentive to avoid an irreversible freeze in Soviet-American relations. If the leaders in charge of Soviet policy around the turn of the century lack the political foresight and resourcefulness to arrange timely collaboration with the United States in containing a resurgent Germany and an expansionist China, they will incur grave risks of stumbling into an unwanted war.

Eastern Europe

There is at least a 50-50 chance that crises in Moscow's East European empire in the next 15 years will overwhelm its political strategy toward the West and destroy its capacity to protect its global interests in a pentagonal world. Growing conflicts of interest between the Soviets and their Warsaw Pact allies will be compounded by an emerging Soviet-West German competition for influence in Central and Eastern Europe that will largely displace Soviet-American rivalry. As a new generation of leaders assumes key decision-making positions in the Federal Republic, the "national question" will increasingly

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override Bonn's traditional western orientation in foreign and security policies. West Germany's changing priorities will stimulate more aggressive economic, political, and cultural penetration of East Germany and other Soviet bloc states by capitalizing on their need for credits, technology, and expertise and their desire for greater autonomy in relations with the West.

Resurgent German nationalism and the resulting quest for a solution to the German problem will seriously aggravate Moscow's dilemmas in imperial management. In the absence of any effective and durable remedies, the Soviets will see no alternative but to plunge ahead with heavy-handed efforts to tighten economic and political controls in Eastern Europe. The non-remedy of promoting economic integration and specialization of production within CEMA will worsen the disease these measures are intended to cure. The Soviets will discover that the economic and political costs of this strategy will increase and its effectiveness will diminish. The policy of tightening imperial controls will cause significant declines in productivity and living standards, and the Soviets will then respond by pressuring their allies to suppress manifestations of public discontent and intensify political discipline and mobilization. These and other simple solutions will no longer work. East European leaders will protest that the stability and even survival of their regimes depend on improving living standards and that internal reforms financed largely by Western credits are absolutely necessary to avert unmanageable threats to public order.

Poland and East Germany will be particularly vulnerable to the political consequences of economic stagnation or decline. Their regimes will face growing pressures for major changes in economic policy and organization from reformists in party and managerial elites, and this will intensify frictions in relations with Moscow. In contrast to the crisis in 1980-81 when the Soviets feared that the Polish disease would spread into East Germany, Moscow's major concern in the next 15 years will be that disarray and instability in East Germany might fuel a chain reaction reaching into Poland and Czechoslovakia, as well as invite West German exploitation.

East Germany will experience increasing political ferment arising from the regime's inability to maintain its "consumer communism" which has contained public discontent in the last 15 years. The nonofficial peace movement—the strongest link between the two Germanys—will grow in size and visibility. It will be increasingly regarded by the regime and the Soviets as a potential political opposition similar to Poland's Solidarity and as a dangerous source of agitation for the reunification of Germany.

The Honecker regime will be unwilling to risk severing economic relations and dialogue with West Germany because these are the only available means of restraining public unrest. Without access to West German transit routes and other facilities through the Federal Republic and to Bonn's financial subsidies and credit guarantees, the regime will not be able to meet public expectations or keep prices of medical care, food, and consumer goods at low levels. The Soviets will become more and more apprehensive about the potential political consequences of Bonn's growing economic influence in East Germany. *Pravda* warned in the summer of 1984 that Bonn's guarantee of a \$350 million bank credit to East Germany would be used as an "economic lever" to "erode the

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foundations of the socialist system and to break the postwar peaceful structure in Europe."

The Soviets in the next five years will move to disarm this threat by increasing pressure on Honecker to reverse his dependence on Bonn. Soviet fear of losing control of the relations between the two Germanys will ultimately lead to a showdown with East Berlin. It may be precipitated by a judgment that growing public unrest had become a serious threat to discipline in East Germany's military and security forces and thus to the regime's capacity to maintain public order. If Honecker resists pressure to crack down, the Soviets will replace him with a more compliant proconsul. This blatant interference in East German affairs will trigger massive protest demonstrations that will be suppressed by Soviet troops.

A repetition of the East German uprising of 1953, but on a much larger scale, would compel a vigorous reaction from the Bonn government and entail high risks of rapid escalation. With their entire position in East Germany at stake, the Soviets would be obliged to react to West German demands on behalf of the East German population in the most forceful manner. This confrontation would signal the most serious and potentially fateful crisis in Europe since 1945. It would also precipitate dangerous public reactions in Poland that might threaten the survival of the Warsaw regime and force Soviet military intervention. Even if hostilities between Soviet forces in East Germany and West German and NATO forces were averted or at least contained, Moscow's European policy and prospects would be shattered. With nothing to lose in terms of future relations with Bonn and the other Western powers, the Soviets might move to expel allied forces and West Germany's official presence from West Berlin and incorporate the western sectors into East Berlin.

Any leadership in Moscow will view control of East Germany as the keystone of Soviet hegemony in Eastern Europe, which in turn is vital to the preservation of the USSR's global geopolitical position. The Soviets therefore will be prepared to commit any amount of armed force necessary to defend this stake. Their nuclear and conventional superiority on the continent will embolden them to believe they could prevail in a test of strength and nerves with West Germany and the US. They would reject the alternative of a retrenchment of Soviet power in Central Europe through a negotiated settlement involving the reduction or removal of foreign forces in the two Germanys and some form of neutralization of both states.

Western Europe

By the year 2000, the political, economic, and military face of Europe will have undergone far-reaching changes in both the East and the West. The trend toward increasing contradictions between Soviet and East European interests as Moscow's clients seek to loosen imperial bonds will be paralleled by a drift in West European attitudes and policies toward greater independence within an attenuated Atlantic alliance.

The security interests of the East European regimes will cause them to remain within the Warsaw Pact without pressure from Moscow, and West

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European governments will prefer to retain the Atlantic connection. The institutional machinery of NATO and its integrated military planning, however, will become little more than a formal facade, and the alliance will revert to a more traditional type of loose political-military coalition.

Western Europe's evolution into an autonomous, although far from cohesive, member of the emerging multipolar system will be powered by three main factors: West Germany's growing preoccupation with the search for a German national identity; a more pervasive public awareness of the political and military implications of the Soviet Union's achievement of strategic parity, which inevitably has put in question the credibility of the American deterrent for Western Europe; and the imperatives of maintaining domestic political and social stability in an era of economic stagnation or, at best, low growth rates. In the next five to ten years, Western Europe's economic vulnerabilities will be the principal force pushing these governments toward accommodations with Moscow. Such arrangements will increasingly be perceived as a prerequisite to gaining expanded access to Soviet and East European markets and resources. This thrust will be greatly magnified if protectionist measures by the European Community, the US, and Japan set off a damaging trade war.

Economic necessity will enhance the political attractions of an updated version of de Gaulle's vision of a "European Europe." In view of the prospect that Western Europe's unemployment rate will reach 12 to 15 percent by the early 1990s, governments will not have the option of curtailing expensive social welfare programs, the cost of which has increased from a fifth to a fourth or more of the gross domestic product in the last 15 years. These domestic imperatives will strengthen political incentives to disengage from the Soviet-American rivalry and to adopt the role of broker between the superpowers, with the goal of easing East-West competition and facilitating the integration of the Soviet Union and Eastern Europe into the European and international economic systems.

A gradual transition from the role of dependent allies to that of autonomous brokers will be feasible for the first time since 1945 because a majority of West Europeans no longer regard the Soviet Union as the menace it was perceived to be in the first 25 years after World War II. There is now much greater public confidence in the West's political, economic, and technological superiority over the USSR. This change in psychology is largely the product of demographic change. A majority of West Europeans alive today were born since World War II, and members of this generation already hold important second-echelon positions in political parties, ministries, and parliaments. By the early 1990s, many of them will occupy senior decision-making offices. Although there will be many divergent, even incompatible, outlooks among the new generation of leaders—particularly those in Bonn and Paris—they will generally be unwilling to view major international issues in a narrow context of East-West competition, and they will be much more inclined to act independently of the United States in promoting accommodationist policies toward the Soviet bloc.

West Germany

The new generation of West German leaders will be in the vanguard of autonomous European brokers. In addition to sharing their western neighbors'

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incentives for accommodation with the East in search of markets and resources, the West Germans will be motivated by political ambitions to relax the barriers created by the division of Europe and Germany. Their ultimate goal will be to bring about a confluence of the two Europes in order to open the way to a solution to the German problem in the next century.

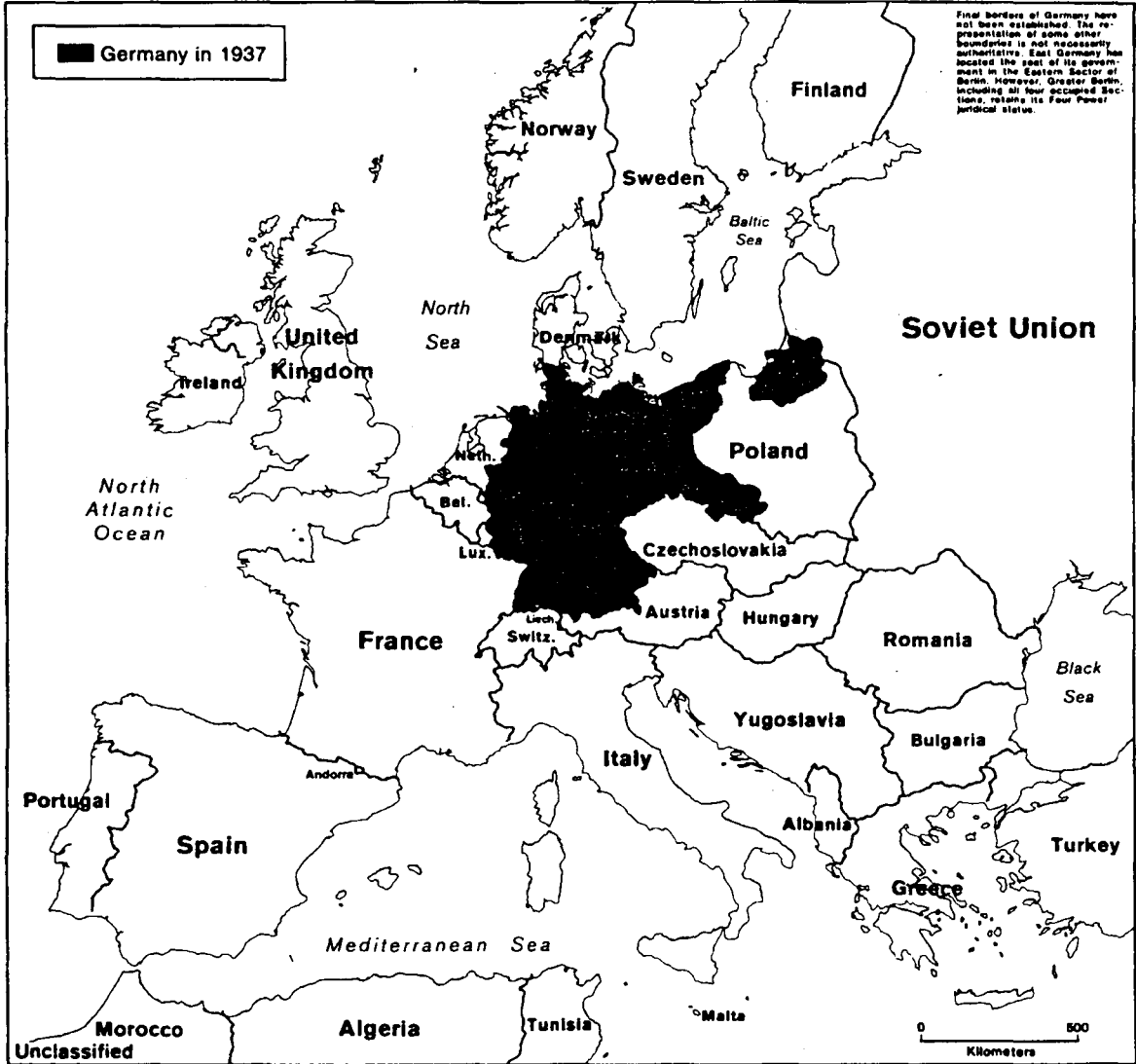
The Federal Republic is in the midst of a transition from the postwar western orientation to a more independent, nationalist outlook that will increasingly dominate national policy after the early 1990s. There is already a deep gulf in attitudes between the older generation and those born since 1945, with the latter much more favorably inclined toward policy changes that would expand intra-German relations, cultivate a new German national identity, encourage a discreet evolution of the East German regime, and prepare the ground for some form of confederation that would ultimately lead to a united state. All the West German political parties will be obliged to respond to this sentiment in the next decade. Even now, the Green Party and the extreme right favor withdrawal of the two Germanys from their rival alliances as the first step in this process. A poll sponsored by the Schmidt government five years ago revealed that almost half of the population viewed "military neutrality" of both German states as a useful way of safeguarding peace in Europe. Resurgent nationalism in the younger generation was reflected in a poll two years ago that showed that 64 percent of citizens age 18 to 24 blamed international tensions on American policies, compared with 41 percent of those in the middle-age category, and only 29 percent of those 65 or older. The director of the Allensbach polling organization recently described West Germany as "a psychological battlefield" in that the gap in values between parents and children is broader than in any other country in the West.

Pressures to redefine national goals in ways that accommodate shifting public sentiment are evident in the recent statements and actions of current leaders in Bonn. In outlining a future *Deutschlandpolitik* soon after the March 1983 elections, Chancellor Kohl gave first priority to the unity of the German nation, declaring that the "present circumstances are not unchangeable." Two months ago, Kohl ignored objections from his foreign policy advisers and agreed to address a rally of German exiles from Silesia in June. Franz Josef Strauss, a vehement critic of past *Deutschlandpolitik*, negotiated major loans to East Germany in 1983 and 1984, and was greeted on the streets of East German cities with the adulation of a movie star.

Any government in Bonn in the next 15 years will give much greater prominence to the obligation, mandated in the preamble to the Federal Republic's constitution, to work toward peaceful change in European borders that ultimately will bring territories now held by Poland, Czechoslovakia, and the Soviet Union back under one German domain. The Christian Democrats' Bundestag floor leader, Alfred Dregger, has declared that the partition of Europe is unacceptable and, in the long term, untenable and that the ultimate boundaries of Poland will be determined only when the Poles and all the Germans are free. Last November the CDU's youth organization rejected a motion accepting the Oder-Neisse line as Poland's western frontier.

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A Resurgent Germany: Potential for Confrontation



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Trends in public opinion could make the Bundestag elections in 1987 a historic turning point in West German politics. The decline of the Free Democratic Party in recent years could lead to its extinction as a political force and to its replacement by the Greens as the Federal Republic's third party. (Were this to occur, a Social Democratic-Green coalition government would be a real possibility.) The only alternative would be another CDU-SPD "grand coalition," but such a government would be incapable of pursuing coherent policies if the left wing achieves control of the Social Democrats. Oskar Lafontaine, mayor of Saarbruchen and a potential SPD candidate for chancellor in 1987, has called for a West German withdrawal from NATO's military infrastructure and advocated unilateral disarmament.

Revival of the German question by an energetic and ambitious new generation of leaders who will not be burdened by the traumas of the Nazi era will be viewed in Moscow as an ominous challenge to Soviet hegemony in Central and Eastern Europe and to the postwar status quo on the continent. West Germany will become a much more potent pole of attraction in competing for a larger share of influence in Eastern Europe, and the Soviets will deploy the maximum political and military resources to counter this threat. They will devise new "united front" tactics in appealing to France and other West European states to join in a common effort to contain German revanchism and remove the threat of a third world war caused by German chauvinism and expansionism.

The Bonn government in the 1990s will attempt to neutralize Soviet political initiatives and threats of military action to defend East Germany by asserting claims to the unqualified support of the United States and the other NATO allies. Walther Leisler Kiep, a member of the presidium of the Christian Democratic Union, has declared that "a change in the current state of affairs is a historical necessity" and that the task of German policy now is "to persuade the various governments (of the Western allies) of the practical value to them in making German unity a central element of their policies." West German demands for the support of its allies in advancing the Federal Republic's legitimate national aims will confront the United States with its most critical decisions since World War II. Unequivocal support for West Germany will lead to the ultimate test of strength and nerves with the Soviet Union. The stakes will be so high that Moscow will be unable and unwilling to back down. Unforeseeable incidents or provocations by one side or the other could quickly escalate out of control. On the other hand, American hesitation or a forthright refusal to support the Germans would result in a political upheaval in the Federal Republic that would bring down the government and alienate West Germany from the West indefinitely.

Over 40 years ago, Nicholas J. Spykman wrote, "A defeated nation that has not lost its vitality inevitably adopts a revisionist policy because national pride demands that the symbol of its defeat be destroyed." By the mid-to-late 1990s, the new generation of West Germans will have fully restored the nation's vitality and self-confidence, and the symbol of defeat for them will be the partition of Germany and its capital city.

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The Middle East

Long-term trends in the Arab world will be shaped by the competition between two major forces, the outcome of which is contingent on so many variables as to defy conjecture. On the one hand, the ongoing process of modernization and economic development will give most Arab governments growing incentives to pursue separate national interests and to disengage from the constraints imposed by the traditional mythology of pan-Arabism and the "Arab nation." These governments will gradually relinquish the time-honored game of manipulating the Palestinians as pawns in feuds with Israel and with rival Arab regimes. The modernizing trend will erode the political and psychological obstacles to emulating Egypt's example in coming to terms with the power and permanence of Israel.

On the other hand, the resurgence of "Populist Islam" will pose grave challenges to Arab ruling elites and reduce their latitude for maneuver on the Palestinian issue. Islamic fundamentalism in the 1990s and beyond will have powerful destabilizing effects throughout the region. It will increasingly become a vehicle for promoting various forms of revolutionary nationalism and the frustrated political and social aims of the middle classes as well as the dispossessed. Populist Islam will not be the exclusive property of the Shiites or the Iranian revolution; it will command equal attraction for Sunni Muslims. Fundamentalist movements will mount potent challenges to incumbent regimes, press for reforms of economic systems and rigid social structures, and campaign for the expulsion from the Muslim world of "imperialist intervention." The United States will be the principal target of Populist Islam because it is viewed as inseparable from Israel and as the main foreign defender of the status quo in the region.

The outcome of this contest between two powerful forces will be determined to a large extent by trends in world oil prices and consumption and by the policies of the Western powers in dealing with the Arab-Israeli question. There will be a direct connection between the fortunes of the oil-producing states and the power and prospects of Populist Islam. Saudi Arabia and the Sunni regimes in the six traditional Gulf states have managed to maintain the stability of their systems because oil revenues have enabled them to satisfy many of the economic and social demands of their populations. If the recent decline in oil revenues accelerates in the next decade, popular unrest in the oil states will escalate and the fundamentalists will become a more dangerous threat to the status quo defended by Establishment Islam. The near-term trend will operate against the status quo. OPEC's share of global oil production has diminished from 75 percent in the 1970s to less than 35 percent today. World demand is now almost 10 million barrels a day less than it was at its peak in 1979. If present consumption trends in the industrialized countries continue, OPEC in the next five years will have essentially lost its capacity to control prices and restrict production. If these trends lead to the collapse of the oil cartel, there will be far-reaching repercussions on the economic health and political stability of its members.

Saudi Arabia's influence in Arab politics, vastly inflated by its role in the 1970s as the leading source of US oil imports until 1981, will decline sharply.

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Its oil income fell from \$110 billion in 1981 to below \$40 billion in 1984, and it will decline further in the next five years. There is at least a 50-50 chance that the resulting economic retrenchment will fatally erode the political authority of the Saudi royal family and trigger a power struggle among contending factions. The outcome within the next decade could be a domestic upheaval, disintegration of the armed forces, and coup attempts culminating in the collapse of the present regime. The removal of Saudi Arabia's financial power would destabilize the politics of the Arab world, thereby affording unprecedented opportunities for Islamic fundamentalists and Iran's revolutionary regime to expand their power and influence throughout the region. A collapse of Saudi financial, political, and military influence would undermine the positions of ruling elites in the Gulf states and tilt the power balance in the Gulf in favor of Iran.

If economic expansion and a rising curve in oil consumption in the industrialized states remove or at least postpone these threats to the status quo, the power potential of Populist Islam will be tempered and contained. The opposing trend of modernization and development will then exercise greater influence on Arab psychology and national policies unless these effects are arrested or even nullified by the West's handling of the Arab-Israeli dispute. Assuming the challenge of Populist Islam is contained, the pace and prospects of an evolution in Arab policies toward an accommodation with Israel in the next quarter of a century will depend to a great extent on Western policies. If the United States and the European Community remain committed to the prescription for an Arab-Israeli settlement contained in UN Security Council resolutions adopted 18 years ago, the latitude for gradual changes in Arab attitudes and policies will be sharply circumscribed and Arab governments will have no choice but to persist in agitating the Palestinian cause.

The political-military order in the Middle East that was embodied in these Security Council resolutions after the Six-Day War in 1967 has long since been made obsolete by the enormous growth in Israel's military and political strength, by President Sadat's removal of Egypt from the Arab coalition in 1977-79, and by Israel's destruction of the PLO in Lebanon in 1982 as an autonomous political-military force capable of asserting itself as a quasi-independent power in Arab politics. These developments fundamentally altered the nature and stakes of the Arab-Israeli dispute. Western policies, however, have remained anchored to assumptions that were formulated in the late 1950s, namely, that this dispute is the major cause of instability in the Middle East that threatens the West's access to Gulf oil supplies and that the Palestinian question is the crux of the dispute. As long as the Western powers continue to insist that a solution to the Palestinian question is essential to an Arab-Israeli settlement, Arab governments will be obliged to press for unachievable maximalist terms. They cannot afford to appear less dedicated to the Palestinian cause than the West. The inability of the United States to deliver on unrealistic terms for a settlement will continue to provide opportunities for Arab radicals and the Soviet Union to capitalize on Arab frustrations and animosities toward Israel and the US.

If the United States and the European Community were to disengage from the futile enterprise of brokering an Arab-Israeli settlement, with a solution to

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the Palestinian question as the centerpiece, the long-term forces of modernization, economic development, and separate national interests will gradually move most Arab governments toward de facto acceptance of the impossibility of reversing the consequences of Israel's military preponderance. Under these circumstances, the PLO would rapidly lose its remaining, and highly artificial, status as a serious political force in the region; Arab governments, in their own self-interest, would eventually be free to adopt policies of assimilation of Palestinians in their countries as the only viable long-term solution. The Arab states, moreover, would undergo grudging adjustments to irreversible realities, and a new regional order would emerge in the next quarter of a century not through a grand, comprehensive settlement but through incremental accommodations to the requirements of dealing with a strong Israel in control of the West Bank, Gaza, and a united Jerusalem.

Even in the absence of change in Western policy, the Palestinian question will gradually be overshadowed in Arab politics by a new phase in the traditional struggle for preeminence between a coalition led by Egypt and a new version of the "Steadfastness Front" headed by Syria. This renewed rivalry will rule out any prospect of a unified Arab position on a formal settlement with Israel, and posturing on terms for negotiations will simply be one of the weapons used in the competition. Iraq will play an opportunistic role with the usual aims of overshadowing Syria and promoting the ambition of displacing both Syria and Egypt as the preeminent Arab power. This intra-Arab contest will be inconclusive until the balance of forces is altered to Egypt's advantage by the death of President Hafez Assad. His departure will precipitate an upheaval in Syria focused on a debilitating struggle between Alawites and Sunnis that will sharply diminish Syria's power and influence in the region.

Syria's reversion to its pre-Assad condition of internal division, weakness, and rapidly shifting governments will afford Israel a free hand to proceed with its formula of "full autonomy" for Palestinian Arabs in the West Bank and Gaza under de facto Israeli sovereignty. The Palestinians will not be granted Israeli citizenship because if the Arabs in the "occupied territories" were added to the half million already in Israel, more than one-third of the total population of the Israeli state would be Arab. Since the Arab population has been increasing at twice the rate of the Israeli, the proportion within a decade would be 50 percent.

Political trends in Israel in the next 15 years will increase the likelihood that the Israelis will deal with this Arab demographic problem by "exporting" a substantial part of it to Jordan. Israeli politics will become increasingly polarized between the Sephardis and the Ashkenazis, with both the Likud bloc and the Labor alignment growing more and more "ethnic." The prospective erosion of Labor strength and the rise of the Nationalist-Religious bloc will strengthen advocates of encouraging the emigration of West Bank and Gaza Arabs to Jordan. A majority of Israelis in the next decade will come to view Palestinian predominance in Jordan as an appropriate "solution" on the ground, as Foreign Minister Shamir has put it, that "Jordan and Palestine are identical and Jordanians and Palestinians are one and the same."

The influx of West Bank and Gaza Palestinians into Jordan—either voluntarily or under Israeli pressure—will produce an internal crisis that will lead

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to civil strife and the downfall of the Hashemite dynasty before the end of the century. The 1.1 million Palestinians in Jordan already comprise 60 to 70 percent of the kingdom's population, and the arrival of hundreds of thousands more will tilt the balance decisively against the traditional Jordanian clans and Bedouin tribes which form the real base of King Hussein's power.

The advent of a Palestinian government in Jordan dominated by the contemporary equivalent of the PLO will begin a new phase in the long war of succession to the British Mandate in Palestine. Israeli governments will have little choice but to conduct an aggressive strategy of coercive diplomacy in dealing with the new regime in Amman. The Israelis will respond to Palestinian subversion in the West Bank by greatly expanding Jewish settlements, expelling large numbers of the Arab population, and extending Israeli law and administration to the occupied territories. Repercussions from these events will bring the process of Arab accommodation to Israel's power and permanence to a halt for a decade or more, but an eventual truce between a Palestinian Jordan and Israel will open the way for the consolidation of a new regional order. The Palestinian question finally will have been resolved, and the emergence of a genuine inter-state system in the Arab world free of the disruptive grievances of stateless Palestinians will dissolve the barriers to a *modus vivendi*.

Iran

The Iranians will continue a war of attrition with Iraq as long as the Ayatollah Khomeini survives. The initial successor regime will be too weak and divided to make a settlement, but it will gradually liquidate the war by arranging tacit cease-fires and minor exchanges of territory. The fighting will subside in a year or so without a formal peace under conditions that closely resemble the terms of the Algiers Accord of 1975.

Khomeini's death will remove the only authoritative voice able to contain disputes among rival factions in the ruling Islamic Republic Party (IRP). A succession struggle will pass through several stages before a strong and charismatic figure emerges to impose an internal settlement. Ayatollah Montazeri, Khomeini's designated successor, will have neither the strength nor the ability to consolidate his authority. Contention over power and policy will deepen into sporadic open warfare between Khomeini's main supporters in the IRP's Maktabi faction backed by the bulk of the Revolutionary Guard, on the one hand, and a coalition of the traditional clergy who have never accepted Khomeini's primacy, rival IRP factions and elements of the Guard, and major segments of the armed forces, on the other.

After a period of virtual civil war, a stable successor regime will gain mastery by the early 1990s. At the outset, it will be more "pragmatic" only in the sense that it will have to represent a broader spectrum of political interests than the Khomeini regime. In foreign affairs, the new regime will continue to regard itself as the custodian of an ongoing Islamic Revolution with a messianic mission to export the revolution. It will persist in a hostile stance toward both the United States and the Soviet Union—the "Great Satan" and the "Lesser Satan"—and it will maintain the role of champion of oppressed Islamic and

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Third World nations. In prosecuting its messianic mission, the successor leadership will rely more on proselyting, subversion, and sabotage than on the overt use of military force. It will intensify efforts to compel Arab governments of the Gulf region to acknowledge Iran's preeminent leadership, and it will continue to host and subsidize revolutionary groups from these countries and other Arab states.

The new leadership will achieve a gradual but steady economic recovery and restoration of Iran's position as the most powerful state in the Gulf. The Revolution's influence in the Arab world in general, however, will continue to be limited by the long history of conflict and rivalry between Persians and Arabs. The unique political personality of Shia rule in Iran, moreover, will dilute the revolution's appeal even among Sunni fundamentalist movements which generally dominate Populist Islam in Arab countries. By the mid-1990s, the revolution will enter a Thermidorian period in response to urgent economic imperatives and the ascending influence of the professional and business classes. The xenophobic, messianic component will be tempered, and Iranian politics will partially revert to the pre-revolutionary tradition of rival domestic forces seeking foreign support.

East Asia

The far-reaching changes in the political and economic landscape of Europe will be matched by alterations in the East Asian configuration of power in the next 15 years. East Asian politics will be increasingly dominated by an ascending China committed to becoming the preeminent power in Asia early in the next century. In the mid-1990s, China will undertake a long-term career of geopolitical expansion that will coincide with the resurgence of German nationalism and a bid for preponderance in Central Europe.

China's initial moves to resolve long-standing territorial claims to the east and south will accelerate an evolution in Japan's foreign and defense policies toward greater independence and self-reliance. China's expansionism will cause Japan and the Soviet Union to discover common strategic, political, and economic interests, and they will draw closer to each other in order to counter China's challenge. These trends will confront the United States with hard choices in protecting its position in the strategic triangle and in managing its relations with a nationalistic Japan while dealing simultaneously with potentially explosive tensions between West Germany and the Soviet Union.

China: Domestic Trends and Prospects

China's aspirations to become the dominant power in Asia will ultimately prevail over the potential advantages of collaborating with the West and Japan in integrating the Chinese economy into an interdependent world system. In the medium-term future, however, China's economic and military priorities will ensure a continuation of the opening to the West. Barring a domestic political crisis triggered by a succession struggle after Deng Xiaoping's death, Beijing in the next decade will maintain what it describes as an "independent and self-sufficient foreign policy" in order to protect access to Western and Japanese trade, credits, and technology that are vital to achieving the "Four

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Modernizations" of agriculture, industry, science and technology, and the armed forces. Deng's departure will create serious problems since none of his principal lieutenants commands sufficient authority to perform his unique role in the party leadership. If Deng dies in the next year or two, there will be a 40 percent chance of a disorderly succession contest because General Secretary Hu Yaobang and Premier Zhao Ziyang would not by then have accumulated the power and support necessary to avert challenges to their leadership. If Deng survives another five years, Hu and Zhao would be in a stronger position to manage an orderly succession.

Even if China experiences a post-Deng period of political struggle and confusion, this will not result in sweeping policy reversals or derail the party's long-term programs for economic reform and the Four Modernizations. The pendulum will not swing back again to the nativistic and xenophobic China of Mao Zedong's Cultural Revolution. Deng's designated successors are acutely sensitive to the volatility of China's politics and they will manage to avoid another prolonged and costly upheaval. Hu Yaobang bluntly reminded high-level party officials last January that the party had "wasted 20 years" since the revolution in 1949 because of "radical leftist nonsense," and he warned, "We can never again afford internal chaos, or we will cause our own collapse and poverty."

China: Foreign Policy Prospects

China's geopolitical expansion will pass through four major phases in the next 25 years. Within two to four years, Beijing will reopen the issue of US arms sales to Taiwan as an instrument to compel movement on the broader question of reunification of the island with the mainland. The second phase will appear in the early-to-mid-1990s after China's land, air, and naval capabilities have been strengthened by imports of Western military equipment, weapons designs and technology, aircraft engines, and naval propulsion and air defense systems. The Chinese will move to enforce their claims to the continental shelf in the Yellow and East China Seas and to islands and shoals in the East and South China Seas that are in dispute with Japan, Taiwan, Vietnam, the Philippines, Indonesia, and Malaysia. In addition to obtaining control of vast reserves of offshore oil that are believed to lie at exploitable depths in these seas, China will seek to secure predominance in the strategic passageway through the South China Sea between the Western Pacific and the straits leading into the Indian Ocean. In this second phase, the Chinese will proceed on the assumption that the United States, in the interest of avoiding a disruption of bilateral relations, will offer no more than rhetorical resistance to their thrusts to the east and south.

After these objectives have been achieved, the Chinese will be ready in the late 1990s to launch the third phase of expansion. They will attempt to break Vietnam's ties to the Soviet Union and establish preponderant influence in Southeast Asia. They will also maneuver to bring Japan and the two Koreas into relationships of economic and strategic dependence on China and to reduce American influence and presence in East Asia and the Western Pacific. Throughout the first three phases, China will seek to neutralize Soviet power and resistance by cultivating normal and stable and mutually beneficial relations with Moscow. Beijing will gamble that the Soviets will concede Southeast Asia

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as a sphere of Chinese primacy in order to avoid a test of strength that would deflect China from challenging American interests in East Asia and the Pacific. China's aims in Southeast Asia will require the threat and use of major land, sea, and air power to cow Hanoi into submission and intimidate the ASEAN states into acquiescing in the establishment of preponderant, if not exclusive, Chinese influence throughout the region.

Beijing's strategy to displace the United States as the preeminent foreign influence in Japan and South Korea will rely primarily on securing decisive leverage through offers to supply vast quantities of energy fuels and raw materials and to expand joint production ventures in China and on the continental shelf. These initiatives will be reinforced by displaying superior air and naval power in the Yellow and East China Seas. This pattern of Chinese leverage was first illustrated in the Sino-Japanese \$20-billion trade agreement in 1978 which provided for an exchange of Chinese raw materials, especially oil and coal, for Japanese manufactures and industrial products.

As China's interests and ambitions expand along with her economic and military power in phase three, she will increasingly collide with American interests in East Asia and the Western Pacific. The United States will then revert to its status in the 1950s as China's "principal enemy" because the US will be the only country, aside from a temporarily neutralized Soviet Union, that has the strength to resist and contain Chinese expansionism. The Chinese, however, will endeavor to design and control their initiatives toward Japan and South Korea in such a way as to avoid risking direct military confrontations which would completely disrupt Sino-American relations and undercut the Four Modernizations as well as destroy China's chances of playing the US off against the Soviet Union in the fourth phase of its career of expansion.

This final phase will appear in the second or third decade of the next century when China turns the tables on the Soviets, confronting them with demands for a settlement of territorial disputes in Siberia and Soviet Turkestan on Chinese terms, restoration of Chinese primacy in Mongolia, and major reductions of Soviet military forces along the Sino-Soviet border. China's aims vis-a-vis the USSR will closely resemble its objectives with respect to the United States, namely, to bring about major retrenchments in the presence and influence of both superpowers in East Asia, thereby clearing the way for China to become the unchallenged dominant power in Asia.

Taiwan

Beijing's intentions toward Taiwan deserve special attention because the outcome of its initiatives in the next few years will have major effects not only on Sino-American relations but also on the long-term expansion of China's power in East Asia. A failure of China's policy on the highly-charged Taiwan question, moreover, could produce a domestic political crisis that would strengthen Deng Xiaoping's opponents—primarily senior military officers and party bureaucrats who remain loyal to Mao's legacy and stubbornly resist Deng's economic reforms and plans for smaller, more professionally competent armed forces.

The Chinese have elevated "reunification of Taiwan with the Chinese motherland" to the position of one of their three top priorities for the 1980s. They

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will be unwilling to live much longer with the ambiguous Sino-US compromise of August 1982, and they will soon resume heavy pressure on Washington to halt arms sales completely, or at least establish a definite date for their termination.

There is a direct relationship between Beijing's recent initiatives to improve the atmospherics of relations with the Soviet Union and its plans to reopen the arms sales issue. The Chinese are confident that the slow but steady movement toward a rapprochement with Moscow will strengthen their leverage with Washington on this question. Their initial move will be to sharpen private and public complaints that the US has neither acted on its August 1982 pledge to reduce weapons sales nor urged Taiwan authorities to take steps toward negotiating peaceful reunification. The Chinese may be awaiting another downturn in US-Soviet relations, calculating that Washington's incentive to avoid damage to ties with China would then be even greater. They will gamble that the US will be obliged to halt arms sales if confronted with an ostensible choice between satisfying Beijing's demands or risking the consequences of a disruption of relations with China. In sum, the Chinese are convinced that the improvement in relations with Moscow has already enabled them to secure the "swing" or pivot position in the strategic triangle—an advantage that affords them greater potential for maneuver than Washington possesses.

Japan

The reappearance of Great Han expansionism will have profound effects on Japanese foreign and defense policies. Critical decisions will be made during a period of generational change in Japan's political and business elites. The outlook of the successor generation will be similar in many ways to that of the new generation of West German leaders. As postwar Japanese leaders leave the stage, public and elite attitudes toward the United States, China, and the Soviet Union will undergo significant changes that will make the US-Japanese relationship much more difficult to manage. The new generation, having been raised in relative affluence, will carry no burden of guilt or inferiority expressed through deference to the United States. Younger Japanese now believe their nation's economic performance is superior to that of the US, an attitude that will make traditional American practices of wringing concessions on trade counterproductive. The last decade has witnessed a strong resurgence of national self-confidence and assertiveness that is reflected in a deluge of historical revisionism challenging the war-guilt thesis on which Japanese adults were educated. More than half of the population was born after the Japanese defeat in 1945, and young adults view the present generation of political and business leaders as too subservient to American economic and strategic interests.

US-Japanese relations will continue to be aggravated by Japan's deep-rooted obsession with maintaining a huge export surplus in order to finance vital imports of food, fuel, and raw materials. In the last half decade, exports have accounted for 40 percent of Japan's economic growth and 22 percent of its GNP. The nation's unique political-economic culture will preclude significant reductions in this explosive dependence on ever rising exports. If the European Community and the United States impose protectionist measures to curb these exports, the Japanese will focus greater attention on their markets and "export platforms" in Southeast Asia and seek new markets in Latin America and the

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Soviet Union. Western moves to reduce Japanese competition will also cause an emotional public backlash that will strengthen undercurrents of opinion that are already pressing for significant changes in Japan's foreign and security policies.

If a trade war and its damaging political repercussions can be averted, the new generation of Japanese leaders will not end the security relationship with the US or abrogate the Mutual Security Treaty, but they will act to recover full control over the nation's destiny and end what they view as the subordination of Japan's freedom of decision to American policy. In the 1990s, Japan's foreign policy priorities will diverge sharply from America's, and the Japanese will insist on a free hand in defining Japan's obligations under the Mutual Security Treaty. The desired freedom to pursue separate national interests will be expressed in an independent and more "equidistant" diplomacy that will seek to ensure cordial relations with both China and the Soviet Union. The growing Sino-Soviet rapprochement will give Japan more latitude for maneuver vis-a-vis Moscow and Washington.

As China moves into an era of expansion, the Japanese will increasingly rely on improved relations with Moscow to counterbalance Chinese power. Tokyo will be obliged to shelve its demands for the return of the Southern Kurile Islands as the precondition for a peace treaty and a complete normalization of relations with the Soviet Union. The Japanese, moreover, will find that the political benefits of investments and joint development ventures in Siberia will override their economic liabilities.

In dealing with sensitive issues arising from growing competition with China for political influence and markets in Asia and from China's efforts to bring Japan into a position of economic and security dependence, the Japanese will try to beat the Chinese at their own game. In order to secure leverage over China's policy toward Japan, Tokyo will seek to develop substantial integration between the two economies so that Beijing would damage itself if it attempted economic blackmail against Japan.

Japan's defense policy in the next 15 years will jettison the evasions and euphemisms required by the constitutional prohibition on the maintenance of land, sea, and air forces and the self-imposed defense budget ceiling of under one percent of GNP. A substantial rearmament program will command growing support in a climate of revived nationalism, and the public will support dropping the war renunciation article in the constitution.

If Japan's confidence and sense of security are threatened by trade wars or China's external behavior in the next two decades, the program advocated by aggressive nationalists on the political right will command general support—a power policy based on a Japanese nuclear *force de frappe* as the only reliable means to protect the nation's security, particularly the long oil lifeline through the South China Sea to the Indian Ocean. Almost half the public now believes Japan will have an independent nuclear arsenal before the end of the 1980s. A militant nationalism and self-reliance will also require the removal of American military and naval forces and bases from the main islands and Okinawa and abrogation of the security treaty.

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The Philippines

The United States in the next five years will face the kind of dilemma it experienced in Iran in late 1978: whether to throw full support behind a friendly authoritarian regime's efforts to suppress a rapidly growing mass opposition or to disengage from the Marcos leadership in order to protect American interests during a transition to a new political order. Marcos will not be able to arrest the erosion of public confidence in his leadership or the decay of his political authority. He confronts the familiar predicament of entrenched political machines in developing nations: he cannot implement sweeping economic, military, and political reforms without undercutting his political base. There is little or no prospect therefore of effective reform and revitalization of the Philippine armed forces.

There is an equally scant prospect that the political establishment will have sufficient time or command the quality of leadership necessary to develop a plausible alternative to the present regime. The authoritarian system Marcos has installed since 1972 has destroyed the foundations of the defective but relatively open democratic system that existed in the 1950s and 1960s.

The Philippines will enter a crucial period in the next two or three years. An election year in 1987 will be a critical turning point. If the communist New People's Army (NPA) continues to advance at its present rate, Marcos or his chosen successor will invoke the sixth constitutional amendment which authorizes the president to rule by decree. This action will be justified by the threat from the NPA and alleged foreign communist support for the guerrillas. Such a stratagem will provoke massive protest demonstrations that will far exceed the scope and violence of protest in the summer of 1984. These upheavals will afford the NPA and the communist National Democratic Front unprecedented opportunities to infiltrate urban areas and non-communist opposition groups. Break-downs in public order will also precipitate a massive capital flight and freeze foreign investments and loans, thereby bringing the urban economy to the brink of collapse.

Prevailing trends will facilitate an expansion of the NPA and its areas of control. Opposition forces will attempt to exploit spreading public hostility to America's identification with the Marcos regime by demanding the removal of US bases at Clark Field and Subic Bay, and guerrilla groups will stage terrorist attacks on these installations.

There will be a 70 percent chance that the Marcos regime or its immediate successor will fragment and collapse within five years, and a 50 percent chance that a regime controlled by the NPA and the National Democratic Front will take power largely by default.

Central America

The political dynamics of the region in the next 15 years will continue to be driven by a confused and often violent transition from the political-economic order that evolved during the first five decades of the century toward a new distribution of power. Except for a relatively stable Costa Rica, domestic conflicts will ebb and flow until the present polarization of forces is gradually

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replaced by monolithic orders ruled in the Bolivarist tradition either by dominant figures or by small elite groups. Most of these new regimes by the year 2000 will be variants of the pattern established by the Mexican Revolution from 1911 to 1929—an authoritarian elite governing in the name of the whole people. Political, economic, and social conditions in the next two decades will not provide congenial environments for the growth of pluralism or pseudo-liberal democracy.

The Sandinista revolution will prove to be a uniquely Nicaraguan phenomenon, not the wave of the future in Central America. Its messianic impulses will be neutralized and contained by the regime's limited competence, by deterrent pressures exercised by the United States and other states in the region, and by sporadic multilateral efforts by Mexico, Colombia, and Venezuela to promote regional accommodations. The Sandinista government will settle into an erratic and precarious existence, sustained largely by subsidies and advisory assistance from Cuba and the Soviet Bloc. Recalcitrant problems of governing in the next five to ten years will divide the Sandinista Directorate into competing factions, with periodic power struggles and purges leading ultimately to the rise of a dominant leader in command of a new monolithic order. This system, like the present one, will lack the reserves of economic competence and political credibility essential to a career of exporting revolution.

The Soviet Union and Cuba will retain a substantial presence in Nicaragua, but Moscow's interest in the region will be confined to demonstrating its capacity as a global power to exercise influence in any region of the world, particularly one located in the traditional US sphere of influence.

The conflict in El Salvador will gradually subside in the next three to five years without a formal settlement. Remnants of the FMLN insurgents will be confined to scattered and isolated areas along the Honduran border and they will persist indefinitely in sporadic and largely ineffective guerrilla activity. Shifting coalitions among centrists in the political and military establishments will consolidate sufficient authority to provide tolerable internal order and national administration. The FMLN-FDR will fragment, dividing non-communist leftists from hard-core communist cadres. Revolutionary nationalism, however, will persist as a potentially decisive force in El Salvador, as well as in Honduras, Guatemala, and Panama, and a new incarnation of this force will emerge again in the next 10 to 20 years.

Panama will become the principal focus of US concerns in Central America in the late 1980s, overshadowing Nicaragua and El Salvador. Economic stagnation and explosive population growth will lead to an unmanageable political upheaval which the government will try to contain and deflect through chauvinistic demands that the Canal Treaties concluded in 1977 be revised in ways that would grant a much larger financial settlement (now \$50 million a year) and move forward the date for transferring canal territory to full Panamanian sovereignty. By the end of the 1980s, the transition to full sovereignty will be only half complete, with a final transfer only in the year 2000.

Panama's population will increase by half by 1990, and the economic and social pressures this growth will generate will be well beyond the government's capacity to control. Public discontent will fuel strong revolutionary nationalism

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that will quickly focus on the alleged inequities of the Canal Treaties. There is already a large reservoir of dissatisfaction and resentment toward the United States. Nearly one out of three Panamanians voted against the treaties in a plebiscite staged by the late President Omar Torrijos seven years ago.

Public chauvinism will escalate beyond control, resulting in attempts to sabotage and occupy canal locks and other facilities in canal territory. Closure of the canal, if prolonged, could have a catastrophic effect on fuel supplies and shipping costs within the United States. Some 70 percent of all ships transiting the canal have US ports as their destination, and many of these are oil tankers. The canal, moreover, is a vital lifeline to Japan and Australia, as well as to countries on the west coast of South America.

Conclusions

The United States in the year 2000 will command a superior geopolitical position and immense advantages over its principal competitors as the multipolar era unfolds. The resources available to the Soviet Union and China will be no match for the formidable American assets that have accrued from 40 years of close relationships with Western Europe and Japan and from the US role as the hub of the international economic system. The only way Moscow or Beijing could undermine this commanding position would be to draw Western Europe and Japan away from the American-led majority coalition into a new majority under their leadership.

In order to maintain this privileged position, however, American foreign and security policies will have to adjust to a very different international distribution of power than that which prevailed during the first 25 years after World War II in which basic political and strategic assumptions were formed. The international arena is now at mid-point in the transition from an essentially bipolar structure of power to a genuine multipolar system. The new configuration will be more difficult to manage and potentially more susceptible to surprise and loss of control because threats to the equilibrium will be more ambiguous than they have been in the bipolar world.

On the other hand, a pentagonal balance in which the two superpowers are flanked on one side by a China and a Japan capable of maneuvering between them and, on the other, by Western Europe acting as an East-West broker will have the potential of being a more durable configuration. This system, moreover, will provide a vital margin of time to temper the Soviet Union's traditional ambition to overturn what it has long viewed as an unsatisfactory international status quo and to protect the global equilibrium from the disruptive influence of an expansionist China. There would then be at least a theoretical chance in the second quarter of the next century to move toward a genuinely global international political and economic system.

In the mid-1990s and beyond, the single most volatile potential for a US-Soviet military confrontation will reside in resurgent German nationalism and a quest for reunification and primacy in Central Europe. Both superpowers will be under enormous pressures to support and protect their respective German allies. West German efforts to penetrate and subvert the East German regime could propel the United States and the Soviet Union into an explosive game of

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"chicken" in which neither could risk a retreat without incurring unacceptable damage to its global position.

This potential flashpoint underscores the emerging reality that the United States in a multipolar age will no longer be free to identify its national interests and security with the routine management of its alliance systems, or to assume that there can be no fundamental conflicts between American interests and those of Germany and Japan. Central Europe and, to a lesser degree, the East Asian periphery of an ascendant China will be the main focal points of conflicts of interest that will be particularly susceptible to loss of control and to maneuvers by West Germany or Japan to play the United States off against the USSR or China. The greatest danger in a multipolar world will not be a deliberate initiation of war but rather a heedless drift into an irrepressible conflict.

One of the most perceptive American students of foreign policy, Robert Gilpin of Princeton, has defined the "bottom line" as follows:

It must be recognized that the thesis that nuclear weapons have made hegemonic war or a system-changing series of limited wars an impossibility has yet to be seriously tested. In their many confrontations, the vital interests of the two superpowers have not been directly at issue. Whereas the existence of nuclear weapons must be credited for this restraint, the real test will come if a vital interest of one or the other superpower becomes involved and events threaten to get out of control. The avoidance of such a situation must be a major responsibility of contemporary statesmanship.