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Corporate Environment Program

RESEARCH MEMORANDUM #5

HUDSON STANDARD WORLD #1
(Projection and Commentary)

Herman Kahn
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September 1974



POLICY RESEARCH
IN THE PUBLIC INTEREST

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INTRODUCTION

Hudson Standard World #1 is an outline and discussion of the first of Hudson's "Ten Alternative Global Projections for 1975-2000," which will appear as Chapter 1 of Volume 1 in the forthcoming revision of Hudson's Corporate Environment Study. This speculative framework is designed to provide a basic surprise-free, largely business-as-usual projection of general political, economic and cultural trends for the next decade and--with somewhat greater margins for error--for the entire last quarter of the century.

It is most useful to think of this outline not as a prediction of the future, but rather as a heuristic device to be used for further exploration and explication of the trends it discusses. It is a framework for eliciting and structuring disagreements, as well as agreements. Several colleagues at the Hudson Institute share the expectations set forth in this outline; but there are others who express significantly different views on one or more of these trends. It is therefore best to view this outline as representing primarily our own judgment, as having gained some consensus on many of its items, and as having illuminated some interesting controversies. Yet even we would not be surprised if things turned out differently, but we would be much less surprised to see them evolve more or less as indicated here.

H.K.
L.M.

COMMENTARY

(Numbers and letters refer to 4 outline fold-out pages inside back cover)

1. WORLD POPULATION AND GROSS WORLD PRODUCT CURVES CHANGE (Outline P. 1)

There is great concern today (as expressed in the Club of Rome's study, The Limits to Growth) that growth in world population and gross world product is "exponential" (e.g., where the ratio of each value to its preceding value in a scale is always the same, as in the progression 2, 4, 8, 16, 32...). We project that in the next decade a point of inflection will be reached in both of these growth curves and that in the following decades, they will assume a flattened "S" shape. It is this projection that provides the demographic and economic context for Hudson Standard World #1.

The rate of population growth has been increasing steadily since the beginning of the industrial revolution and currently is about 2 percent per year. Based on U.N. population projections, this growth rate should peak somewhere between 1975 and 1985 (see Figure 1). Depending on whether a high, medium or low growth rate is projected total world population should stabilize at between 10 and 30 billion in approximately 100-200 years (see Figure 2).*

Gross world product, which grew at an average annual rate of 5 percent between 1950 and 1970, may continue to grow at an increasing rate (up to perhaps 6 percent) during the next decade; but after 1985 this rate should decline for the next century or two. In terms of total gross world product, we project around \$10 trillion (in constant 1974 dollars) for 1985, \$15-20 trillion for 2000 and an eventual stabilization level between \$100 and \$1000 trillion but more likely closer to the lower figure than the upper one. In per capita terms (GWP/cap.) we expect \$1,250 now, about \$1,800 in 1985, \$3,000 in 2000 and between \$5,000 and \$25,000 by the end of the 21st century, again most likely closer to the lower figure.

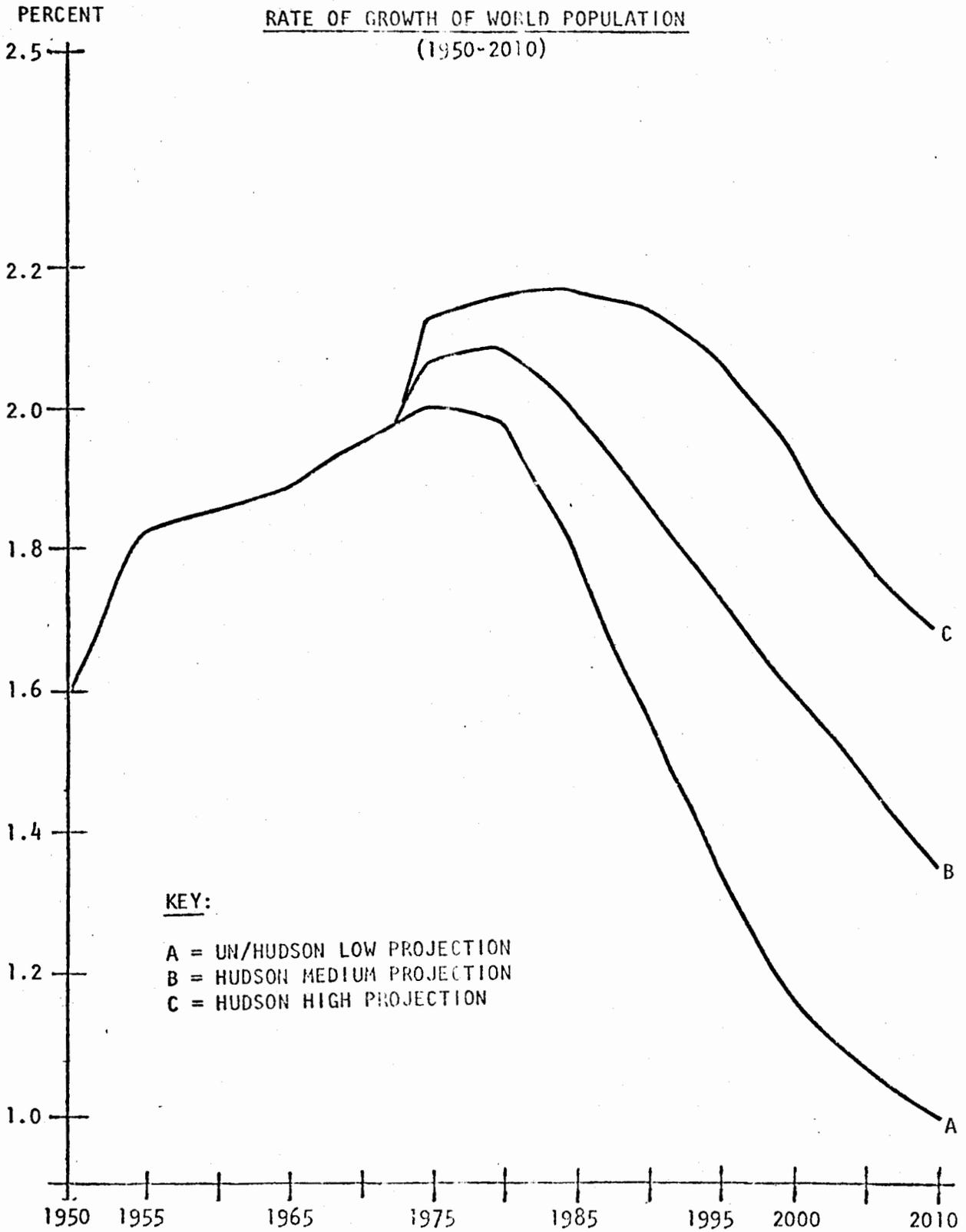
The major point we would like to stress about these curves is that they will not turn over because of lack of resources, starvation, pollution and so on, but because of affluence and safety, urbanization, "embourgeoisization" and so forth. Indeed the two curves are closely related, for it seems likely that economic development will lead to smaller families and declining rates of population growth which in turn will make more likely lower rates of growth in gross world product.

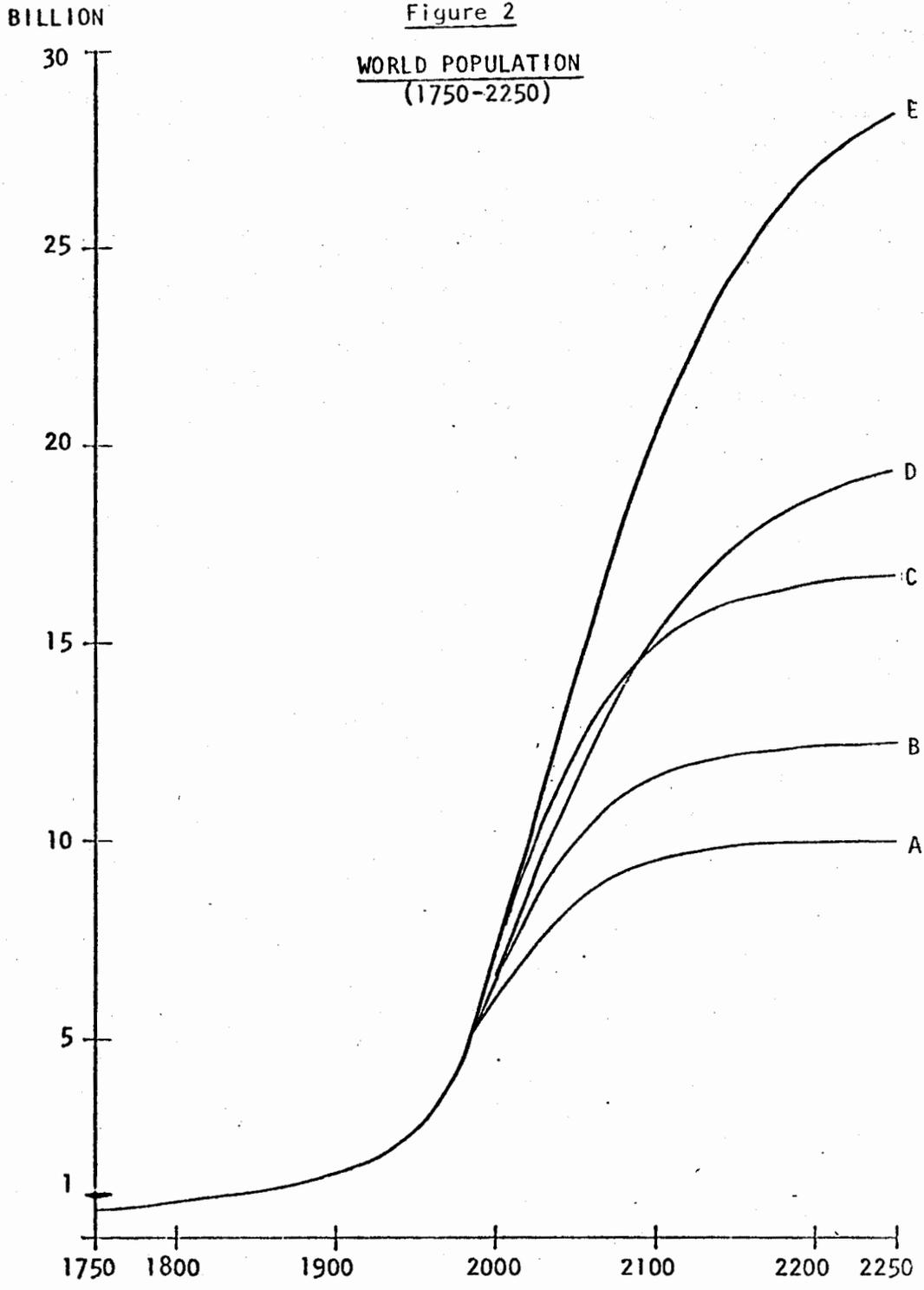
It also seems clear from this projection that the faster the transition to lowering rates of growth is made, the better and safer it will

*These are Hudson's extrapolations. Current U.N. studies suggest a range between 10 and 16 billion.

Figure 1

RATE OF GROWTH OF WORLD POPULATION
(1950-2010)





KEY:

- A = UN/HUDSON LOW (Asymptotic Value = 10 Bil)
- B = UN MEDIUM (Asymptotic Value = 12.5 Bil)
- C = UN HIGH (Asymptotic Value = 12.75 Bil)
- D = HUDSON MEDIUM (Asymptotic Value = 20 Bil)
- E = HUDSON HIGH (Asymptotic Value = 30 Bil)



be for all concerned. In this sense rapid economic growth by highly developed nations such as the United States and Japan is not necessarily bad for the rest of the world. In fact, just the opposite is more likely true. Their rapid growth will facilitate rapid growth in much of the world; if done correctly and used well, such growth seems likely to make it possible--within the next hundred years or so--for most of the world to reach a reasonably high standard of living. Furthermore, it can be argued that large economic surpluses and elaborate technological capabilities will be vitally important in order to meet problems which may come up in the future. For example, an article in the February 1974 Fortune magazine raised the possibility of relatively bad weather in the next 50 years, hence greatly increased difficulties for agriculture. If the world is rich enough and technologically capable, it will be able to deal with this; if not, then the occurrence of such a change in weather and climate would almost certainly mean widespread famine.

2. HIGH RATE OF WORLD ECONOMIC GROWTH (Outline P. 1)

While we do not feel that growth in gross world product will maintain the postwar average of roughly five percent for many decades, we do feel that the next decade will see a somewhat higher rate--barring extreme depression or extended recession, both of which are possible. We argue further that this period or if not this one, then one soon thereafter, will see a point of inflection in the entire history of gross world product--past, present and future.

Nevertheless, it should not be surprising if during this period of maximum growth rate all kinds of problems arose. For example, it seems clear that there will have to be a modification of the Bretton Woods international monetary system. In addition, a number of other problems could cause great difficulties, including increasing high prices for commodities, continuing monetary problems, worldwide inflation, and growing nationalism, minimizing disorderly and unreliable arrangements for production and marketing, and so on.

So many basic and important things seem likely to occur in this 1975-1985 decade that a historian might well focus on almost any one as the dominating development and make a reasonably good argument for his choice and emphasis. However, to truly understand this decade it is necessary to be multifocal and see it through several perspectives. We list here ten perspectives through which the 1975-1985 decade might be viewed.

A. The Demographic or GWP Transition (Outline P. 1)

This perspective emphasizes the point already made that the 1975-1985 decade--or the years immediately preceding or following it--will witness three unique inflection points for the rates of increase of world population and gross world product (GWP) and will in turn create an inflection point for rate of increase for GWP per capita.

These points represent such a momentous transition that one can really refer to them as the critical watersheds of world history. Conceivably a mean date could be selected for this transition and all history could be dated as BT and AT (i.e. Before Transition and After Transition). This of course is not an assured occurrence. The future is rich with possibilities and it might indeed be quite different from our simple "S" shaped curve. If, for example, there was a great expansion in space two hundred years from now, this would add another "S" shape on the long-term curve. Without foreclosing such possibilities we are arguing that one perspective through which to view history is to assume that the "S" shaped curve is actually realized in the foreseeable future and to discuss current issues and problems in this context.

B. Une Belle Epoque (Outline P. 1)

The 1975-1985 decade could also be viewed as another Belle Epoque, duplicating in growth and spirit the decade before World War I which experienced such a rise in international communication, capital flow and world trade in an era of relative peace.

However, it is worth remembering that La Belle Epoque was a label attached retrospectively to that decade. To many contemporaries these were years of excessive permissiveness and accelerating international incidents. In addition, the decade's prosperity was punctuated by a major depression and it was terminated by the first major global war in history.

C. Super-Industrial and Post-Industrial Economy (Outline P. 1)

By super-industrial economy we mean an expansion in scope and size to worldwide dimensions of the industrial economy that currently characterize the developed nations of the world. Participation in the super-industrial economy will not be uniform throughout the world, but almost everywhere there will be at least some understanding and major use of industrialization, technology, science, and the organized, institutionalized methods and attitudes associated with production of goods and services.

Post-industrial economy refers to a great emphasis on tertiary activities (services to primary or raw material industries and to secondary or manufacturing and construction industries) and quaternary activities (services done for their own sake and oriented toward ultimate consumption rather than production). It is clear that activities characteristic of post-industrial economy will be emerging in the super-industrial period and that there will be important dislocations accompanying super-industrial economic growth in the more developed.

We also feel it is important to make a distinction for both super and post-industrial among economy, society and culture. Economy indicates technological and economic activities and the issues closely associated with them. Society indicates the institutions, laws and regulations used to organize and control the super and post-industrial economies. Culture designates the superstructure of national character, values, attitudes and quality of life issues associated with these economies. We assume, in general, that economy comes first, society follows and then culture develops; though we also recognize that there is considerable overlap and that precise distinctions and sequences are not likely.

D. Technological Crises (Outline P.1)

We believe that there will always be problems and that the solution of any problem almost inevitably creates new problems, often as a direct

result of solving the old problem. However, we do not feel that the rate and intensity of problems will continue to increase exponentially. There is likely to be a very intense period in which we will have more problems than ever before, but this will be followed by a gradually lowering rate of onset of new problems (this conforms to the BT and AT periods of the "S" shaped curve described in A above).

Above all, we think that it is most important to recognize that the problems created by technology and affluence can also be cured by technology and affluence. Of course, this usually requires a different type of technology and the use of funds (which affluence makes available) to do this. For example, if one tries to reduce pollution by reducing the number of automobiles, it is hard to imagine doing so by a factor of more than 2 or 3. On the other hand, redesigning the internal combustion engine, or using a substitute for it, might easily achieve a reduction by a factor of 10 to 100. It seems generally true that technological solutions to pollution type problems in the next 10 to 15 years will normally achieve reductions by a factor of 10 to 100 while simply doing less of what contributes to pollution will most likely bring reductions by a factor of 2 to 10.

However, this does not mean that only technological solutions and the use of money are always feasible, or even to be preferred when available. The solutions to many problems lie in changing attitudes and influencing national character. Indeed new problems may not be very different from those that have always been faced by society, only made more intense and more dramatic by modern conditions. What is needed is a sensitivity and receptivity to solutions that combine both technology and the capacity for human understanding. An important part of this is an awareness that some things we label problems are not problems at all, but conditions that we must learn to live with and adapt to.

E. The End of the Postwar System (Outline P. 1)

This perspective, which encompasses a wide range of political, economic and social activities, is discussed more fully under POINT NO. 4 below.

F. Institutional Crises (Outline P. 1)

The emergence of the super-industrial and post-industrial economy will bring profound changes in our society. There will be important changes in the relative strength of major powers and there will be dramatic changes in both domestic and international organizations and institutions. Some of these in fact may create major disruptions, especially if they are allowed to go too far and countervailing forces do not arise to check them. The result may be institutional crises in every aspect of society--family, church, school, government, manufacturing, financial, mercantile, etc. A major perspective to view this decade might thus be this theme of multiple crises and the efforts of our social institutions to restructure themselves to meet them.

G. Period of Value/Attitude Transitions (Outline P.1)

One perspective on this decade might simply be a focus on the major changes that are occurring in values and attitudes in terms of intergovernmental issues, family behavior, attitudes toward work or the nation-state, the rise of new changes, etc. Some of these perspectives might be organized under the super and post-industrial rubric discussed earlier or under the multi-fold concept discussed as POINT NO. 5 below; or they might simply focus attention on the changes and transitions that are occurring without putting them under any overall conceptual umbrella-- or emphasize ideologies and attitudes associated with such names as Maslow, Marcuse, Ravel, or Leary, etc.

H. Emergence of East Asia (Outline P. 1)

This perspective shares somewhat the view of the historian Parkinson, who argues that the best way to view the world is to see its changing phases as a cyclical movement of power between the West (basically Europe) and the East (either India or China). We would argue that a slightly better way to look at the world in this perspective would be to think first of the Mediterranean as a center of modern-type activities (particularly economic and technological), to see this center moving to Northwest Europe, then to the North Atlantic and North America, and finally to the Pacific Basin. There the leader may very well turn out to be Japan, at least around the end of the 20th century.

We do not believe that Japan will pass the United States in total power or gross national product (though this could happen), but it is likely to pass the U.S. in GNP per capita by 1985. We do feel that Japan will probably be the most prominent power (or possibly share this power) in activities going on in the Pacific Basin. One result, as described in Chapter 6 of our volume, The Emerging Japanese Superstate (Englewood-Cliffs, N.J.: Prentice-Hall, 1970) might be the growth of a new hybrid culture, mixing elements of the West (mostly through American channels) and the East (mostly through Japanese channels and little sino-cultures, with some degree of Indian culture). Singapore, rather than New York or Tokyo, might well be the symbol of this new society or culture.

I. Nuclear Proliferation (Outline P. 1)

This perspective emphasizes the changes that will occur as additional nations acquire modern weapons technology (which is becoming steadily easier and cheaper to obtain) and to "go nuclear." If we think of the first world as being basically the industrialized non-communist world, the second world as the industrialized communist world and the third world as the non-industrialized world, then we can note that there are now three nuclear powers in the first world, one in the second world and two in the third world. One can argue that in the first two worlds there are enormous political barriers to further nuclear proliferation, but that in the third world

these are often relatively or even non-existent. Thus, little in the way of political barriers restrains the Pakistanis or the Iranians. This would be less true for Argentina or Brazil, but even these two nations would probably not regard the political barriers as overwhelming. There are important exceptions, however. An Egyptian nuclear test would be extremely destabilizing in the volatile climate of the Middle East, and there are many third world nations which have strong political barriers against going nuclear.

The above discussion on the relative use of proliferation in the third world should not be surprising. The first nuclear explosion was achieved in 1945; by 1985 it will be a 40-year old technology. Even the Polaris submarine will be a 25-year old technology in 1985. While granting the uniqueness of nuclear weaponry, it strains credulity to imagine succeeding generations restrained by the abhorrence to proliferation voiced by the generation that witnessed the first explosions--at least in the absence of effective institutions that force such restraint.

J. Other Perspectives (Outline P.1)

If in the spirit of Hudson Standard World #1 the surprise-free and largely business-as-usual projection is taken seriously, then it can be seen that there are many other things occurring which might be emphasized by historians as much or even more than the issues discussed above. We therefore simply note here that almost any one of the italicized or bold-faced phrases in the remainder of the Standard World #1 outline might be used as a central or organizing theme by a historian of the future.

3. CULTURAL AND POLITICAL DISUNITY AND DIVERSITY (Outline P. 1)

There does appear to be an increasing attitude that major war is unthinkable and an increasing movement--almost of necessity--toward a kind of "one world"--at least from an economic and cognitive point of view.* Thus, there are limits to movements for disunity and diversity, at least at the point where they might greatly disrupt worldwide economic activities or create "intolerable" levels of hostile world public opinion. Despite these two kinds of "unity" there will be very different degrees of participation in world affairs by the various groupings listed in this section of the outline, and very different attitudes, patterns of behavior, and susceptibility to various international pressures and forces. But despite the relative disorder and anarchy, we feel that over time an increasing number of the members of these various groups--especially the big powers--will not normally think in terms of force or the use of force.

*There are today, to reverse Chamberlain's words during the Munich crisis of 1938, "no faraway nations of which we know little."

4. END OF POST-WORLD WAR II POLITICS AND ATTITUDES (Outline P. 2)

One of the most peculiar aspects of World War II is that its political results have now lasted almost thirty years, from 1945 to 1975. For example, it is clear that the relations of Japan and West Germany to other countries of the world are still strongly influenced, and sometimes dominated, by the political and attitudinal legacy of World War II. It is true that earlier in history such legacies sometimes lasted a long time (France and England had what was in effect a five hundred year war), but in the 19th and 20th centuries we became accustomed to greater flexibility in the relations of nations.

Today, however, we finally see a liquidation of Post-World War II Politics and attitudes in the offing. One particularly important part of this "liquidation" is the normalization of relationships between the United States and the Soviet Union. This does not mean an end to their rivalry, but it does signify that they will treat each other more like two large powers and less like two Imperiums striving for mastery of the world. During the next decade a similar relationship will probably characterize the United States and China. But on the third side of the triangle, Russia and China, there may not be as much normalization. The two countries maintain diplomatic intercourse and they may continue to treat each other fairly normally, but their relationship will be touchy and the appearance of open ideological enmity will continue to be an active and dominating issue.

These changing relationships should not be confused with entente. Each side is simply conceding a right to exist to the other side, no one is treating their rival as an enemy soon to be exterminated or converted. None of these powers is at the moment really revolutionary and expansionary though this is presumably least true of some aspects of Chinese policies.

During the period of this projection the Post-World War II distinctions between victors, losers, and neutrals will be largely obliterated with the exception of the arms limitation legacies that the two Germans and Japan may still bear as the major losers in that conflict. The issues of decolonialization will begin to recede into the background especially as Portugal, the last major overseas colonial power,* grants independence to its African colonies. Their place will be taken by the more pressing problems of economic development and local and regional issues. It is

*We distinguish between an "overseas colonial power" and a "continuous colonial power." The Portuguese would be a good example of an overseas colonial power. The Soviet Union can be considered a continuous colonial power since about half of the U.S.S.R. may be thought of as colonized territory. The Ukraine, for example, has a definite national identity of its own and most of us believe correctly that the Soviet Union could never hold it, and the rest of the old Russian empire together as a parliamentary power; it has to have a secret police.

likely that the Sinic culture will be doing so well that current third world decolonization, or exploitation concepts will no longer be applicable to its members. Another part of the world that will be doing very well will consist of those nations that are profiting so hugely from oil sales and high commodity prices. Finally, we may have what some are now calling the fourth world, a group of nations suffering not so much from decolonialization issues as from basic economic backwardness. For the first time since 1950 we have a large number of nations who actually may be getting poorer.* Trapped between higher prices for energy, fertilizer, commodities, and manufactured goods and less rapidly rising prices for their own exports, these nations will feel severe economic strains.

A. The Twenty Large Nations of 1985** (Outline P. 2)

Total Gross World Product in 1985 is likely to be around 10 trillion dollars (in 1974 dollars). For the purpose of being specific we will think of it as being 10 trillion dollars. In the 1985 world there will also be about 150 nations. Of these, some 20 will account for 80 percent total gross world product, and simply because of this they can be reckoned as the most important and influential nations in the world.

It is clear, of course, that gross national product alone does not determine military power, political power, prestige, or other influence. In some ways countries like Taiwan or North Korea or North Vietnam can have an enormous impact on world history, as can nations in critical geographic areas such as Egypt, Jordan, and Israel in the Middle East. Yet it is also clear that the 20 (actually 21) nations listed here--partly because of the sheer size of their GNP--are going to be influential in many areas and circumstances. Furthermore, it does seem that in many cases there is a high correlation between GNP and influence.

We also find in our list of 20 nations a curious relationship. Each level differs from that below it by a factor of approximately two, and no powers appear in the gaps between the levels. We are sure this is accidental, and we mention it here not only as an interesting curiosity but also to dispel any suggestion that this ordering--and the gaps--have a theoretical significance.

*This fourth world, containing about 900 million people, is that part of the third world which is not gaining from higher commodity prices and higher oil prices. In terms of trade the prices it pays for its imports are rising faster than the prices it gets for its exports; it is, in brief, a melancholy case of the poor getting poorer.

**There are actually twenty-one in the list but the rounded-off number is more meaningful--i.e., there may actually be only 19 or as many as 23 nations in the \$60 billion or over category in 1985.

On the second level we rank Japan ahead of the U.S.S.R. because we feel it is very likely that by 1985 Japan will have passed the U.S.S.R. in GNP per capita. Note that this implies that Japan and the United States will have about equal per capita income and that the U.S.S.R. will have about forty percent of the per capita income of these two nations.

In the third level France is ranked ahead of West Germany, reflecting the possibility that France will pass West Germany in Gross National Product, particularly if a correction is made for a possible over-evaluation of the mark and an under-evaluation of the franc--a situation which we feel exists today. Whether or not France actually does pass West Germany we do believe that it is very likely to be a leader of Western Europe. (The reasons for this view are developed in Hudson Institute Report HI 1787 RR, "France and Its Future.")

At the next level we begin with China. We realize that many people would put China ahead of Japan, France and West Germany, and there are many reasons for justifying such an order: The Chinese have a nuclear establishment, and this has an important influence in world politics. They have the enormous prestige of just being China, the source of one of the most successful cultures in world history. They also have the current prestige of Mao Tse Tung, and they are of course the world's largest nations in number of people. However, we would argue that today there is a systematic tendency to overestimate China's role in the world, a tendency which will be at least partly corrected by 1985 when it will be generally recognized that Japan is, in most ways, more important than China--at least as far as the rest of the 20th century is concerned. On the other hand, we also recognize that in this particular case an emphasis on only GNP may be very misleading. In terms of power and influence China will undoubtedly be higher than it is listed here and almost certainly higher than the other nations on this GNP level.

The next level is extremely interesting because it includes some very dynamic--and in effect--new powers, particularly Brazil and East Germany. Brazil is important because its dynamism is likely to impress everybody and because it may be on its way to becoming a truly great power. Some of its potential future growth will undoubtedly contribute to its 1985 prestige and influence.

East Germany is important for several reasons. One of the most important is that of the six Eastern European countries it is the only one which in its terms of trade with the Soviet Union is still dominated by the Results of World War II. In other words, it is the only country which is systematically exploited by the terms of trade set forth in its treaties with the U.S.S.R. The other Eastern European countries may sometimes lose by being tied to the Soviet Union, but the Soviet Union does not get huge economic benefits out of these ties; when it sells things at higher than world prices it turns out that its costs are also higher than world prices. It is not at all clear that this pattern of economic discrimination toward East Germany will continue. Of this neo-colonial status, some East Germans may be saying in 1975 "thirty years are enough," and by

1985--if there is no change--it is certain that many will be saying "forty years are enough." East Germans are not notably less patriotic and nationalistic than other groups.

Many would argue that India should be higher than it is rated here, but this level seems appropriate given the relatively low rate of growth of its GNP--and its other problems.

Inclusion of Mexico and Poland at this level will surprise many. They simply belong here in terms of their gross national product. Only events can tell how important they will really be on the international scene, but it is easy to imagine that in 1985 they will be a good deal more important than they are today--in part because of their very high GNP. It may be argued that this is a relative matter and that they will be at only 6 percent of U.S. GNP and 12 percent of the GNP of Japan and the U.S.S.R. Nevertheless, a gross national product of \$120 billion, with approximately 5 percent devoted to military spending, represents a defense budget of \$6 billion. Under many scenarios this would be equivalent to that spent by most of the powers that are considered much larger than Mexico and Poland.

The last level, at \$60 billion, simply shows that by 1985 some quite large resources will be in the hands of nations not normally considered that large. To cite an example which is far-fetched, but still heuristic, if we think of a major weapons system (or even a doomsday machine) as costing about \$10 billion in 1985 technology, then each of these countries could finance such a project out of their own resources by expending about 3 percent of their GNP for approximately 6 years.

B. Rise of Japan (Outline P. 2)

As stated in The Emerging Japanese Superstate, the rise of Japan from 1970 on is likely to be as significant an event on the world scene as the rise of Prussia was from 1870 on. It is practically impossible to write the history of 1870 to 1970 of any country in Europe without including the impact of Germany on that history. We believe that something similar is likely to be said of most non-European nations in the world with regard to Japan, and possibly, to an increasing degree, even of European nations as well. The impact of Japan is much more likely to be economical, technological and financial as opposed to the impact of Prussia which tended to be military and political. Nevertheless, it should be very clear that there is a brand new actor on the world stage, one which probably has a larger range of possibilities and freedoms of choice than almost any other of the current major actors.

C. Re-Emergence of Both Germanys (Outline P. 2)

With the possible exception of Japan, many of the most interesting questions concerning the end of post-World War II politics revolve around

East and West Germany. These questions concern relations between the two countries, their relations with their respective political blocs and their relations with the rest of the world. The neo-colonial status of East Germany, because of its trade relations with the Soviet Union, has already been noted. One step away from this dependency and in the direction of autonomous East German re-emergence is the recent normalization of relations with the United States. During the next decade additional steps will undoubtedly be taken, each in the direction of greater autonomy in policy-making for both Germanys.

D. Emergence of France (Outline P. 2)

We have already mentioned that it is conceivable that France will equal or pass West Germany in gross national product by 1985. Whether or not it actually does this it is likely to emerge as the most dynamic economy in Western Europe. It may come as a surprise to many of our readers that in the last sixteen years, France, according to OECD figures, has grown 40 percent faster than West Germany. We tend to have a fixed image of West Germany as dynamic, modern and highly technological while France is thought of as frivolous, fashionable, almost feminine, old-fashioned and very inefficient. While it would not be correct to say that the opposite is true, it does need to be recalled that in many ways West Germany's strength lies in the industries of the early and mid-twentieth century--steel, heavy machinery, automobiles, etc., while relatively speaking France is ahead of West Germany in electronics, aerodynamics, nuclear power and so forth. In addition, France has traditionally been superior in such things as perfumes, fashions, the resort industry and the like--areas that are in a way very modern and even post-industrial. The basic point is that France has in important ways the richest and best placed area in Western Europe. It has about twice the land area of West Germany--almost all of it usable, and it is at the center of communications of Western Europe. Further, in many ways French culture is the core culture of Western Europe and in much of Europe (but not in the Atlantic Protestant culture area) and thus has great a-prior prestige.

E. Europe-Wide Security Arrangements (Outline P. 2)

The NATO alliance was a product of post-World War II politics. It was designed as a bulwark against Soviet expansion into Western Europe, a prospect that in the late 1940s seemed to many to be a frighteningly real possibility. In the context of the ending of post-World War II politics and the stabilization of European nations in their present borders this possibility is less real. The earlier defection of France from active participation in NATO and the more recent reduction by Greece of its role raise questions concerning the continued viability of the alliance in the form it was originally created. New Europe-wide security arrangements are now possible. They probably will not take a form that excludes U.S. participation, indeed they may become more inclusive in their membership than NATO, and most likely they may be weaker and more ambiguous in

the commitments they make and the organization they structure; but while the prospects are very uncertain, the likelihood of change is quite high.

F. The Four Divided Nations (Outline P. 2)

Among the most interesting and strangest of the very deep conflicts in the world are those between the two halves of the four divided nations. The outside world tends to regard these nations as eight separate countries and acts quite surprised--even annoyed--when it finds that in each case the two sides do not consider their separation in any sense moral, legal, or permanent. Thus many people have argued that the recent fighting in Vietnam was a civil war, by which they meant that the local VC was fighting the Saigon government. We would argue that it was a civil war all right, but between Saigon and Hanoi. Both sides conceive that Hanoi and Saigon are governing parts of the same country.

It is important to understand that in these divided nations both halves have an exaggerated sense of common nationality. The world as a whole underestimates this, as well as the accompanying desire for reunification. No one of the divided nations will easily accept a permanent division. We expect that by 1985 there will still be a certain amount of sentiment for reunification, either violent or peaceful, in these nations. This assumes that such reunification will not have already occurred, an assumption we accept with varying degrees of probability for each of the nations. The probability of German reunification is very low; it is a little less low in the asiatic countries.

G. Major Wars (Outline P. 3)

To some degree there is in the world today a peace which can be described more as a peace of satisfaction than of deterrence. An illustration of this is the increasing acceptance of current frontiers by most of the developed nations of the world and by many of the less developed ones as well. Part of this acceptance is a general feeling that nations no longer have a right to change frontiers by war. There are, of course, some exceptions to this, the most recent being Bangladesh. Nevertheless, the feeling is growing, particularly in Africa where the former colonial borders are frequently all that give legitimacy to a state, that current boundaries should not be changed. And one can certainly argue that in Europe, excepting the border between the two Germanys and perhaps East Germany's eastern frontier, there is a general acceptance of almost all borders. Thus few would be surprised if a map bought today was not quite useable and accurate, in terms of political boundaries, in the year 2000; there are very few 25-year periods in history in the last 1500 years in which such a test could be made.

H. U.S.-Soviet Strategic Equality (Outline P. 3)

We know that the Soviet Union has devoted enormous resources to increasing its strategic capability in the last five to ten years and now thinks of itself as superior to the United States in a way which is quite different from the so-called missile gap of the early seventies. Most people seem to make the assumption that this increase in Soviet strategic capability is not normally very useable, but it can be useable in certain kinds of crises situation. It can change a country's willingness to take certain kinds of risks and these possibilities can cast long shadows before them. It is very important to realize that the basic bargaining tactic in most crisis situations is something like the following: Each side says to the other, "Look it is absolutely insane to subject our two countries and the world to the awful risks of thermonuclear war. There is no issue between us that justifies this kind of behavior. One of us has to be reasonable and it ain't going to be me."

The basic technique is to construct a theory as to why the other side should be reasonable. One of the most plausible theories that one can think of is to note that one is stronger and therefore does not have to back down. Whether or not this is true, the mere fact that one side thinks it to be so can be a very persuasive reason for the other side to back down. Equally important is that this could be very persuasive to third-party observers. That is, often a third country is watching to see how the confrontation is going to come out. The knowledge that one country is much stronger than another is very likely to influence its judgment, and in many cases it is this judgment by a third party as to who is likely to back down first that determines the outcome of the crisis.

Furthermore, strategic strength is not meaningless in war. It is simply not true that both sides have "overkill under all circumstances." The actual fact is that if there were a war the potential outcome might be greatly changed by the kinds of strategic forces both sides had and the tactics they used. These latter in turn may well have been affected by the size of the forces that were available.

We make all these points rather strongly to make clear that we are making a basic assumption that may well turn out to be wrong. It is possible that increased Soviet strategic strength may turn out to be a useful insurance for the Russians and will also affect the events greatly.

I. An Evolving EEC (Outline P. 3)

There have been since 1958 (and even before) very high hopes that the EEC would develop eventually into a European political union and change completely the role of Europe in the world. Such hopes have largely eroded in recent years and we ourselves are not very sanguine about them. One can write scenarios for such a development, particularly one in which some medium-heavy Soviet pressure or other outside pressure forces unity, but none of these is seen at the moment to be very plausible. In fact,

one could almost imagine a break up of the current EEC, either because the English back out or because a conflict over energy, currency or some other important issue proves too great for the EEC's institutions to manage.

J. Eastern Europe EEC (Outline P. 3)

The Western European EEC has an enormous attraction to much of Eastern Europe and is one of the main reasons why there are strains within the Eastern European system. It seems likely that the current situation will not continue unchanged. These strains will either grow continuously larger, leading to greater and greater contact between Eastern and Western Europe, or new institutional arrangements may be created in Eastern Europe to make restraints more bearable or to cut down their intensity.

K. Pacific TIA (Outline P. 3)

We believe that the economic rise of the Pacific Basin is likely to prove one of the most exciting phenomena of modern history. The first phase of the rise was the economic development of the U.S. and Japan. During this first phase the economic basis was also being laid for future dramatic growth in other countries of the region through the political unification and infrastructure investments that came with European colonialism. After World War II, U.S. peace keeping, trade and investment replaced European. Beginning in the 1970s Japanese trade surpassed American, and Japanese investment became a key to economic growth in the region.

This economic progress has been facilitated by regional peace (despite subregional conflicts like Vietnam) and by modern transport and communications technology. Ocean transport is now so cheap relative to land transport that it is cheaper to ship cars from Tokyo to New York than from Detroit to New York, cheaper to ship coal from Hampton Roads to Tokyo than from Osaka to Tokyo.

Pacific Basin development could conceivably be disrupted by various conflicts, but the best guess is that these conflicts are not very serious. A big power war would disrupt growth, but no big power war seems likely--unless the Sino-Soviet conflict becomes more volatile. The political strength of the small countries, the rise of economic regionalism among the small countries, and competition between the U.S. and Japan, seem likely to moderate conflicts between big and small powers. Failure of the U.S. and Japan to pursue open trade and compatible monetary policies could disrupt growth (U.S.-Japanese relations have recently been troubled), but moderately competent policies in both countries can limit conflicts. Finally, income inequality among Pacific nations will increase--and this is both fortunate* and unfortunate--but the drama of successful growth will probably prove more important than resentment of inequality.

*It is the very disparities in income which foster rapid growth.

L. Other New Possibilities (Outline P. 3)

New alliances might include a Soviet-Taiwan alliance, an alliance between China and some part of Western Europe, an alliance between the Soviet Union and North Korea, and a much closer relationship between the Japanese and the mainland Chinese. In Italy, France or Japan a communist or coalition government might come to power that would make all kinds of changes, including the creation of new alliances. There might also conceivably be a very strong alliance between South Korea and Taiwan, these two countries--currently representing together approximately 50 million people and a total Gross National Product of about \$20 billion--would make a formidable grouping.

There are several possibilities for new arms races: India's atomic test could be the harbinger of a nuclear arms race among third world nations. The immense increase occurring in oil revenues makes all kinds of arms races conceivable in the Persian Gulf area. In Latin America there is the possibility of a Brazil-Argentina arms race.

Within the two super powers there could be profound changes. Dis-sension, repression and separtism could lead to a troubled and disinte-grating U.S.S.R. (as Andrei Amalrik predicted in Will The Soviet Union Survive Until 1984?). In the United States, widespread frustration and disenchantment over America's inability to influence the course of events outside its borders could lead to a new isolationism and a deter-mined effort to erect an impregnable "Fortress America."

5. A GLOBAL TECHNOLOGICAL ECONOMY (Outline P. 3)

World trade has been growing about 50 percent faster than gross world product, generally averaging 10 percent a year. As a result, the world has become increasingly tied together and even areas that we have been used to thinking of as more or less out of the world economy, such as the Soviet bloc or China, are becoming intimately tied to the world economy. In addition, in many parts of the world the activities of the traders are dwarfed by the activity of the transnational enterprises, which are even more dynamic agents of change and diffusion of accelerated development. All of these activities are more or less monitored, controlled and disciplined by an intricate web of international institutions, private and governmental, and by international law, customs and expectations. It would be completely wrong to describe the situation as anarchic, but it is not extremely orderly either, though the degree of order actually achieved is rather startlingly high. It should be noted that a good many of these interconnections, as well as the future growth of these interconnections, depend upon shared expectations concerning this order. It is often pointed out that the Japanese in Tokyo can get coal from Alabama at a transportation cost less than from Osaka. The main reason is that the coal itself is relatively cheap and available and they feel they can rely on the arrangements made to obtain it. The world has recently been through a shattering experience of broken expectations in regard to the oil-producing nations. At the present time there are many energy sources available in the world which are basically less expensive than the actual costs of the Middle Eastern sources (as opposed to their production costs). This dependence on the Middle East was only partly a question of pure comparative economic advantage. Much more, we feel, it was a belief that that comparative advantage would continue to operate in the future. Perhaps the biggest threat to orderly development of this economic and technological ecumene is the increasing anarchy and disorder of organizations. Whether this will occur or not is an open question, but we believe that the overwhelming probabilities are that such a tendency to be extremely disrupting will continue to exist without the disruption actually occurring.

A. Sustained Economic Development (Outline P. 3)

We have been told that at some point in the late 1950s David Bell was being questioned by a Congressional Committee and was challenged by one of the Congressmen to give, off the record, some examples of successful aid intervention in the Third World. David Bell said that Taiwan, Israel, and Greece could be thought of as successes. The Congressman then said "Ah, I see, Chinese, Jews and Greeks; all they needed was money. Do you have any other examples?" At the time he did not have them. Today the world is filled with other examples. And the story is a useful one (and Dave Bell tells me, a true one) because it illustrates that development is no longer a cultural monopoly of just the West or of even a few Sinic cultures (obviously, Japan first) which managed to learn from the West.

While it is clear that the whole concept and technique of industrialization was developed by the West, it is equally clear that the Sinic culture area, at least, seems to be superior to the West in adapting these concepts to their own needs, and that in the current world environment almost anybody can develop. It should be noted that this gets easier as time goes on. Karl Marx understood this very well and in a famous passage in The Communist Manifesto of 1848 said:

"The bourgeoisie...has accomplished wonders far surpassing Egyptian pyramids, Roman aqueducts and Gothic cathedrals... The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country. To the great chagrin of reactionaries, it has drawn from under the feet of industry the national ground on which it stood. All old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries, whose introduction becomes a life and death question for all civilized nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe. In place of the old wants, satisfied by the productions of the country, we find new wants requiring for their satisfaction the products of distant lands and climates. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal interdependence of nations. And as in material, so also in intellectual production. The intellectual creations of individual nations become common property. National one-sidedness and narrow-mindedness become more and more impossible, and from the numerous national and local literatures, there emerges a world literature.

The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most backward, nations into civilization. The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese walls, with which it forces the underdeveloped nations' intensely obstinate hatred of foreigners to capitulate. It compels all nations on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e., to become bourgeois themselves. In one word, it creates a world in its own image....*

* Karl Marx and Friedrich Engels, The Communist Manifesto, Washington Square Press, New York, 1954, pp. 62-66.

Under modern conditions the process described above has been greatly expedited and accelerated by a number of other processes which include:

1. The wide spectrum of examples of relevant techniques, institutions, and practices
2. Knowledge of scientific, technological, and other practical subjects
3. The wide spectrum of technologies and products for governments, producers and consumers
4. Easy access to 1 through 3 above facilitated by modern educational, informational and communications facilities and by international commerce and many governmental and private institutions
5. Private capital (direct investment, loans, credit, portfolio investment, etc.)
6. Easy access to useful institutional, professional, and personal services more or less as needed
7. Expanding markets for exports (including, increasingly, labor itself)
8. Foreign aid
9. Tourists, retired foreigners, and other foreigners often providing, important markets for domestic goods and labor.

This is not to say that everything about the modern world is good for development; there are, for example, many aspects of the current world environment which do not facilitate development. A partial list of these might include:

1. Excessive destruction or damage to indigenous social structures, morale, or traditional beliefs and character--generation of feelings of inferiority and of threat to the national and individual personality.
2. Irrelevant or harmful examples--generation of excessive expectations
3. Possible obsolescence or devaluation of some important actual or potential factors of production
4. Blocking or damaging of existing or potential opportunities
5. Harmful or excessive exploitation by foreigners

6. Foreign presence itself causes political and social unrest and other strains (e.g., a common effect of multinational corporations)
7. Misplaced benevolence
8. Harmful fashions or ideologies.

But it is clear that development is really relatively easy and getting easier all the time. Let us consider probably the hardest case of all--India. For a number of reasons it is difficult under current conditions to imagine rapid development in India. When outsiders want cheap labor they tend to go elsewhere; likewise for the other factors of production. But eventually the entire world or most of the world will have relatively high operating costs. Even the comparative advantage of development in India should become very great indeed, justifying almost any amount of effort to overcome various indigenous problems that make it difficult at present for both outside and domestic investors. It should be noted that if per capita income in India rose by just 2.3 percent a year this would be a factor of 10 in a hundred years and a factor of a 100 in 200 years. So the Indians, even with this very low goal--one which they should be able to achieve, should arrive at \$1000 per capita by the end of the 21st century and something like \$10,000 per capita by the end of the 22nd century.

B. A Worldwide "Green Revolution"
(Outline P. 3)

We have already discussed many of these issues and some of the problems in Point A above, but the most important single problem seems to be in the area of food. At the moment the production of food is becoming an increasingly capital intensive activity and thus rather paradoxically more suitable for the developed world than for the less developed world. But this is clearly an anomaly, and in many cases and for at least many foods and other commodities the reverse should be true. It seems to be mainly a question of education, capital and of government programs to make the Green Revolution successful worldwide. This is essentially true even with the recent increase in the cost of energy. As a matter of actual fact, there are about 6 trillion cubic feet of natural gas a year that are flared, and this by itself could be used to help supply all of the world's fertilizer needs for a number of years.

C. Importance of Multinational Corporations (Outline P. 3)

Here we would like to argue that one of the most abused institutions of today, the multinational corporation (or as we prefer calling it--the transnational corporation), is probably the most efficient social, economic and political institution ever devised to accomplish the following tasks for the less developed nations:

1. Raising, investing, and reallocating capital
2. Creating and managing organizations
3. Innovating, adopting, perfecting and transferring technology
4. Distribution, maintenance, marketing, and sales (including training personnel and providing financing)
5. Furnishing local elites with suitable--perhaps ideal--career choices
6. Educating and upgrading both blue collar and white collar labor (and elites)
7. In many areas, and in the not-too-distant future, serving as a major source of local savings and taxes and in furnishing skilled cadres (i.e., graduates) of all kinds to the local economy (including the future local competition of the TNC)
8. Facilitating the creation of vertical organizations or vertical arrangements which allow for the smooth, reliable, and effective progression of goods from one stage of production to another. In many cases, while such organization is a partial negation of the classical free market, it is still often a very efficient and useful method of stable and growing production and distribution
9. Finally, and almost by themselves, providing both a market and a mechanism for satellite services and industries that can stimulate indigenous local development much more effectively than most aid programs.

D. Renewed Role For Gold (Outline P. 3)

One of the most unsettling aspects of the post-war world is the lack of a reliable store of value, that is a place where somebody can in effect deposit money and then go back some years later and find the money still preserved. If he tries to do this in cash, inflation wipes out a good deal of the value. Gold has been a very erratic and unreliable store of value. One very real possibility is index financing instruments, that is, instruments whose interest or whose principal is tied to a cost-of-living or GNP price deflator or to something similar. There are a number of arguments for these discussed in Hudson's Research Memorandum No. 1, and a few of these arguments are so overwhelming that the need will probably be met. Another possibility is a renewed role for gold which will both help stabilize the world to some degree against inflation and also act as a store of value.

E. The Year 2000 and Futurology Ideologies (Outline P. 3)

It seems to be increasingly true that one of the problems of our age is a lack of inadequate conceptual schemes of the future. During most of the last two or three hundred years Western culture in particular, and eventually the world in general, have been propelled forward by the image of the so-called "revolution of rising expectations" and with various components of that image such as industrialization, affluence, urbanization, and so forth. This concept of progress has been much under attack in recent years and, in addition, has been shown in other ways to be inadequate. We believe that a very specific image of the future, possibly one such as that expressed in our volume, The Year 2000, or perhaps one more generally chosen, can play an important role as a quasi-ideology for the future.

F. Sustained Growth In International Intercourse (Outline P. 3)

One of the basic assumptions of this surprise-free projection is the assumption of la belle epoque which we associate with something like a 6 percent growth rate in gross world product. If this occurs we expect this growth to be both stimulated and led by what we call the "six dynamic areas", all of which seem likely to be experiencing growth rates of 6 percent or more in more or less sustained fashion. For these particular countries the gap between them and the other advanced countries is being closed in ratio terms and by the end of the century may even start to be closed in absolute terms. In fact some of these countries will be passing, or already have passed, some of the slower-growing countries of Western Europe. When this process has been accomplished there will be an enormous shift of power away from Northwest Europe to other parts of the world.

G. Increasing Worldwide Unity (Outline P. 3)

One very big issue is the degree to which this world ecumene, which operates as a unit in so many ways, can operate with relatively primitive legislative and legal institutions. We suspect that as long as a system is fundamentally based upon market mechanisms and relatively free enterprise an extraordinarily high degree of direction can be developed just on the basis of commercial law and commercial practice. But at some point even these are likely to be strained to the limit. However, we do not expect these extreme strains to show up in the period 1975-1985.

H. Problems Of Unemployment (Outline P. 3)

One of the most important problems that seems likely to emerge during this period and, in fact, to some degree has already emerged, is that of very high levels of unemployment in the less developed countries and very great labor shortages in the developed countries. Increasingly, we

are finding examples of men in their thirties and forties in the less developed countries who have never held a serious job and who are desperately anxious to work. There are two very obvious solutions to this problem--to move the labor to the work or to move the work to the labor; and we expect both these solutions to be adopted in relatively full measure. The outstanding example of moving the labor to the work has been Western Europe throughout the sixties in which almost 10 million guest laborers helped spur European prosperity. The outstanding examples of moving work to the laborer are the current policies of American and Japanese multinational companies and many Japanese entrepreneurs. We believe there will be much more of both and that there may be an extremely important use, even in Japan and the United States, for a kind of contract labor which is also part of an economic development program in which large numbers of workers are rotated to these two countries both to perform work and to receive an education.

I. 1985 Technological Crises (Outline P. 3)

By 1985 the following areas are likely to give rise to special technological dangers. At the same time we anticipate partial solution or adaptation to many of these crises:

1. Intrinsically dangerous technology
2. Gradual worldwide and/or national contamination or degradation of the environment
3. Spectacular and/or multinational contamination or degradation of the environment
4. Dangerous internal political issues
5. Upsetting international consequences
6. Dangerous personal choices
7. Bizarre issues.

(These are more fully discussed in Vol. II of Hudson's "1973 Synoptic Context on the Corporate Environment: 1975-1985.")

J. No Overall Long-Term Catastrophes With The Environment (Outline P. 4)

We believe that during this transition period many mistakes will be made and many problems will grow too rapidly to be adequately dealt with. This may cause serious regional or local problems with regard to the environment, and even worldwide problems with regard to the scarcity of specific resources, including scarcities which are likely to be caused by excessive demand or by the cartel-like actions of producers rather than by a basic

scarcity in the world's resources. These particular instances are likely to be taken by many as proof or indications of the most extreme "limits to growth" positions; but, as we have argued, such a conclusion would be misleading and basically wrong.

6. ALTERATIONS IN THE MULTIFOLD TREND (Outline P. 4)

We use the term "multifold trend" to label the sixteen trends given below:

1. Manipulative rationality increasingly applied to social, political, cultural and economic issues as well as to shaping and exploiting the material world, with increasing problems of ritualistic, incomplete or pseudo-rationality, as well as reactions against rationality.
2. Increasingly sensate (i.e., empirical, this-worldly, secular humanistic, pragmatic, manipulative, explicitly rational, utilitarian, contractual, and hedonistic) culture--recently an almost complete decline of the sacred and the morally binding, a relative erosion of prescribed taboos, totems, and charismas.
3. The rise of bourgeois, bureaucratic, technocratic and "meritocratic" elites.
4. Accumulation of scientific and technical knowledge.
5. Institutionalization of technological change, especially research, development, innovation and diffusion--recently and increasingly a conscious emphasis on synergisms and serendipities.
6. Worldwide industrialization and modernization.
7. Increasing capability for mass destruction.
8. Increasing affluence and (recently) leisure.
9. Population growth--now explosive but tapering off.
10. Urbanization and recently suburbanization and "urban sprawl"--soon the growth of megalopolises. Increasing concentration in urban areas as opposed to rural; decreasing densities within urban areas.
11. Recently and increasingly--macro-environmental issues (e.g., constraints set by finite size of earth and various local and global reservoirs) and increasing public intervention in markets.
12. Decreasing importance of primary and (recently) secondary and tertiary occupations.
13. Increasing literacy and education--recently the "knowledge industry" and increasing numbers and role of intellectuals.

14. Future-oriented thinking, discussion and planning-- recently some improvement in methodologies and tools-- also some retrogression.
15. Increasing universality of the multifold trend.
16. Increasing tempo of change in all the above.

As the reader can note these are a set of interacting trends in our culture. Many of them go back almost a thousand years, and together they represent the most basic trends of the Atlantic Protestant culture in particular, and of Western Culture in general. Of course today to some degree, the whole world shares aspects of this multifold trend. If one lumps together all of the desirable aspects of this trend, one gets a pretty good definition of what has been thought of by the term "progress" in the last two or three hundred years.

One of the crucial issues is the extent to which, a term such as "progress," is justified. Historically, a thousand year trend, such as above, has been observed in a number of cultures and many macro-historians believe that this is no accident. Many believe that the life story of a culture generally can be summarized by a sequence such as the following: about 500 years for the culture to form its basic character (at which point it is generally deeply religious), and then about a thousand years for the secularization of the culture. We have described elsewhere a number of different perspectives on this process or postulated process. We argue now that the institutions of technology and science and industry have really made a difference in this process, and that as a result there is going to be a unique one-way transition from a situation in which the world was everywhere poor and people relatively scarce to one in which humanity is very plentiful and almost everywhere rich. From this perspective one can look upon the multifold trend as the initial phases of the historical transformation as shown on the following page. This is of course the position we have taken in describing earlier many issues of Hudson Standard World #1. Whether or not this overall historical perspective is correct there is a great deal of ferment and change going on in much of the world and we describe some of this that is of particular interest below:

A. Erosion of "13 Traditional Societal Levers" (Outline P. 4)

Today, particularly among upper middle class elites in the Atlantic Protestant Culture there is a continued erosion of the following traditional societal levers:

1. Religion, tradition, and/or authority--i.e., respect for the legacy of the past, for continuity, and for the "social contract"
2. Biology & Physics (e.g. pressures & stresses of the physical environment and the frailty of life and health, the more tragic aspects of the human condition, etc.)

A BICENTENNIAL AND/OR REALISTIC PERSPECTIVE ON
PROSPECTS OF MANKIND
 (SEE P. 29 ABOVE)

WE DIVIDE MAN'S HISTORY INTO FOUR BASIC PHASES:

- | | | | |
|---------------------------------------|---|---|--|
| A. PREPARATION | } | $\bar{< 1750$
1750 - 1920 | ALL SOCIETIES ARE PRE-INDUSTRIAL .
170 YEARS OF INDUSTRIALIZATION OF
EUROPE AND JAPAN |
| B. BREAKING THE
BACK OF THE
JOB | } | 1921 - 1965
1966 - 1985
1986 - 2020 | WORLDWIDE INDUSTRIALIZATION
MASS CONSUMPTION SOCIETIES IN EUROPE
CREATION OF JAPAN

TWO DECADES OF RAPID ECONOMIC AND
POPULATION GROWTH; INITIAL EMERGENCE
OF SUPER-INDUSTRIAL ECONOMY, TECHNOLOGICAL
CRISIS, AND MANY OTHER HISTORIC TRANSITIONS

INITIAL EMERGENCE OF POST-INDUSTRIAL
ECONOMIES IN EUROPEAN AND SINIC CULTURES--
PERHAPS ALSO IN U.S.S.R. |
| C. PRELIMINARY
GOAL | } | $\bar{> 2021 - 2250}$

$\bar{> 2251}$ | FULL DEVELOPMENT OF SUPER-INDUSTRIAL
SOCIETY AND CULTURE
130 YEARS FOR FULL EMERGENCE OF POST-
INDUSTRIAL ECONOMIES ALMOST EVERYWHERE

FULL DEVELOPMENT OF POST-INDUSTRIAL
SOCIETY AND CULTURE ALMOST EVERYWHERE |
| D. WHATEVER COMES AFTER THIS | | | |

NOTE: IN THE ABOVE WE HAVE MADE DISTINCTIONS AMONG:

ECONOMY: ECONOMIC AND TECHNOLOGICAL ACTIVITIES

SOCIETY: LAWS AND INSTITUTIONS

CULTURE: STYLE, VALUES, NATIONAL CHARACTER, AND ATTITUDES

WE CAN SUMMARIZE THE ABOVE AS FOLLOWS:

1. 500 YEARS FOR THE (ALMOST TOTAL) TRANSFORMATION
2. 100 (1921-2020) YEARS FOR VERY ACTIVE TRANSFORMATION, AND
3. AT LEAST 20 YEARS (1966-1985) OF HYPERACTIVE TRANSFORMATION

3. Defense of frontiers (territoriality)
4. Earning a living--e.g., the five, six or seven guarantees*
5. Defense of vital strategic & economic interests
6. Defense of vital political, moral, and morale interests
7. Other appeals to economic and/or technological rationality and efficiency and/or economic and survival type interests, community or national
8. The manly emphasis--in adolescence: team sports, heroic figures, aggressive and competitive activities, rebellion against "female roles"; in adulthood: playing an adult role (similarly a womanly emphasis)
9. The "Puritan Ethic" (deferred gratification, work-orientation, advancement-orientation, sublimation of sexual desires, sobriety, good work habits, etc.)
10. A high (perhaps almost total) loyalty, commitment and/or identification with nation, state, city, clan, village, extended family, or secret society
11. The "martial" virtues--duty, patriotism, honor, heroism, glory, courage, loyalty, and pride
12. Other sublimation and/or repression of sexual, aggressive, aesthetic and/or "other instincts"
13. Other "irrational" and/or restricting taboos, rituals, totems, myths, customs and charismas.

B. Increasingly Revisionist Communist, Capitalism and Christianity (Outline)

As simple ideological systems, Communism, Capitalism and Christianity are all becoming very complex, diverse and self-contradictory. In particular, communism is burdened by the Sino-Soviet split, the relatively bad record of the Soviet Union, the destalinization legacy, a kind of absence of momentum, and the new conflict between the old and the new left. Capitalism is becoming increasingly a kind of state capitalism or at least a welfare state, characterized by lots of state intervention, a great deal of socialism, and a very wealthy capitalism where predictions of Keynes, Marx,

*Chinese communes often explicitly guarantee to their members: 1) adequate food, 2) adequate clothes, 3) adequate shelter, 4) adequate medical care, and 5) adequate funeral expenses. Sometimes they add: 6) adequate education or 7) adequate pregnancy leave and expenses.

and Schumpeter are increasingly relevant. Christianity is in extreme ferment. The United States, was, before World War II, perhaps the most secular country in Western culture; now except for Ireland and Spain, it is probably the most religious of the Christian countries. The effect of the Vatican II has been very deep and profound and the capture of the young priests by radical ideologies and radical movements is very strong, particularly among the Jesuits and Maryknoll orders.

The crisis of liberalism refers to the seeming bankruptcy of the liberal program. It has either already fixed the problems it worried about, or the problems have become irrelevant, or its prescriptions have become irrelevant. Nevertheless, the counterculture looks like it could stay influential. In this connection, we should point out that the first explosion of counterculture was in the form of transcendentalism in the U.S. in the middle-late 19th century and the second explosion came right after World War II, again in the United States. There was also an explosion in France in the late 19th century and again more recently. It is probable that in both countries the counterculture will reemerge in another 10 to 20 years.

C. Counterreformation Movements (Outline P. 4)

On the other hand, there are a lot of squares in the world and increasingly the dangers of the counterculture are becoming obvious to them. This has led to a variety of movements variously described as backlash, conservative and populist. Since Hitler was an extreme example of such a movement, many groups today are handicapped by the persisting legacy of his memory and are thus labeled fascist or neo-fascist; but this is very misleading since Hitler was an extremely pathological example in a very pathological situation.

D. Educated Incapacity (Outline P. 4)

This problem of educated incapacity seems to be a serious limitation on our capacity to formulate issues, discuss them properly, and, most important, make appropriate decisions to carry them out. It may well turn out that the limitation on the growth of our society will be determined not by the fact that it has become safe and affluent, but rather because there is less and less "reality testing," because policies get wilder and wilder, and because one ends up with a situation where society simply cannot furnish the kind of internal structure and discipline that is needed to cope with its problems. In effect, it becomes "degenerate". What we mean by the word is not any particular proneness to vice or corruption, but the inability to meet the problems that come up.

E. Further Reaction To Emerging Post-Industrial Economies (Outline P. 4)

The emergence of post-industrial economies and presumably eventually post-industrial societies and cultures in the most advanced economic sector

comprising about 20 percent of the world's population, as well as enclaves elsewhere, will have a number of different kinds of effects. One of the most important, as we have already discussed, is that the ideology, and the subsequent discussion emanating from these leading sectors may be completely inappropriate to the needs and conditions of the rest of the world. One of the most extraordinary things that one of our colleagues has observed is the presence in undeveloped nations of economists who have been trained by Harvard, Yale and Columbia. They tend to formulate their problems in a manner which might or might not be appropriate to the United States, but that have actually nothing to do with conditions of the less developed or underdeveloped countries. For example, there is enormous concern with the economics and justice of distribution when the crucial problem is production and investment, for which priority there is little or no understanding. Often these young, "well-trained," very bright individuals have a kind of guilt complex about misery, poverty, and the other problems of people who have not had the same "advantages" that they have enjoyed. They are thus morally incapable of the kind of reasoning and attitude that is required in a country which is trying to save, invest, grow and rationalize its productive apparatus.

- 1) As already mentioned, there is a kind of a new political milieu which seems to be very characteristic of the Atlantic Protestant culture area and its emerging post-industrial economy. How pervasive this will be when the Catholic areas achieve the same level of economic development is an open question. It is rather interesting that in Japan (though we believe this a very special case) the political milieu has more of the characteristics of the Atlantic Protestant culture area than this area does itself, though it seems that these were derived by copying and not as a reaction to any indigenous problems.
- 2) There is the emergence of "mosaic cultures," at least the U.S. By this we imply an enormous toleration of all kinds of behavior, particularly a live and let-live attitude and a lack of roots among many of the affluent middle class which makes it difficult for them to achieve a sense of identity without somehow creating a marked living style which distinguishes them very sharply from others and from their parents. Some of these "experiments" will presumably have some persistence and either continue as "communities" or alternate lifestyles that will provide examples and stimulation for others in their own thinking and their own experimenting.
- 3) The most interesting result, of course, would be a synthesis between the old and the new and we believe that this is a genuine possibility. But we feel that most experimenting that is going on in the Atlantic Protestant culture area is peripheral. It would not surprise us at all if the really interesting syntheses arose in France and Japan, or possibly in a place like Singapore. Still, the Atlantic Protestant culture has a long record of being successful and perhaps we should not underestimate its capabilities.

7. OTHER CHANGE IN BEHAVIOR AND ATTITUDES

A. Greater Attention To Humanistic Issues (Outline P. 4)

More or less irrespective of all the above, the basic trend in world culture to secular humanism has presumably reached its end point. We can not go much further without being anarchic. On the other hand, this trend can become more pervasive and eventually even become institutionalized. Whether or not this happens by the end of the decade the world should have a per capita income of almost two thousand dollars, and thus we can talk about the practicality and feasibility of some degree of a worldwide welfare state. In fact, it is very likely that at least three quarters of humanity will live in welfare states of one sort or another, states in which everybody has at least the Chinese-Communist commune guarantees (see Sec. 6A above). That part of the world which does not have this minimum standard of living more or less guaranteed to all, or almost all, will most likely be the Indian culture area and various enclaves in Africa and Asia. The rest of the world will likely achieve this very high living standard. The proper metaphor will no longer be an island of wealth surrounded by a sea of misery, but a largely wealthy, secure, safe, affluent world containing numerous areas and pockets of extreme poverty.

B. Discretionary Behavior (Outline P. 4)

Very likely the people that are poor are going to feel robbed (in some way or another), and very likely the guilt complexes of the radicals and the ruthless upper-middle class intellectuals and others will result in great sympathy for the claims of the poor; in fact, these groups might even formulate their claims in a much more dramatic and moralistic tone than the poor themselves will do. They may or may not succeed in talking the poor into believing their formulation, much less accepting it. The world will look basically secure, people will not think of order and safety as something that has to be achieved by arduous efforts, and all kinds of discretionary behavior will be thought of as compatible with current institutions. This will not be an explicit calculation but an unconscious one. Most cultures will not stand for behavior which really threatens them, but all kinds of behavior will be occurring which people will not be thinking of as threatening. Some of this behavior will be legitimate and constructive, much of it will not. This issue of legitimacy and constructiveness will be most dramatically seen in regard to what we might think of as worldwide law-and-order issues. One example will be the increasing willingness of individuals and groups, including political movements, to try terror and blackmail as their major instruments.

C. Bizarre and Ad Hoc Counter-Measures (Outline P. 4)

Very few readers would have been willing to accept the idea, say ten years ago, that everybody in the world would be searched before entering

a plane in order to control air piracy, but this is now happening. This is a kind of minimum and obvious measure; other techniques might work better, but in the absence of a willingness to try them this is the obvious thing to do. People by and large will protect themselves when it is necessary to do so. It has long been noticed that in insurgent type situations the fight for the hearts and minds of men generally involves who can supply security to the peasant. And very often peasants will go for the side one would expect they would oppose, simply because that side seems more likely to provide safety for their families. (We really should not be surprised that the average man will chose safety for his family over ideology or nationalism.)

D. Separatist and Anarchistic Movements (Outline P. 4)

In various areas--India, for example--separatist movements will continue to arise and attract fairly large followings of like-minded supporters. Some may even succeed in forming new breakaway states, as Bangladesh and Biafra did. There will also continue to be an attraction to anarchistic groups, particularly from counterculture advocates, but these will prove short-lived and will inevitably perish because of their basic incompatibility with highly-organized super-industrial society.

8. SOME IMPORTANT SURPRISES AND TURNING POINTS
(Outline P. 4)

These matters will be developed and discussed in future versions of Hudson Standard World #1 and in detailed commentaries on the other worlds described in our basic paper, "Ten Alternative Futures" (Chapter 1 of Vol. 1 of Hudson's Corporate Environment Study).

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HUDSON STANDARD WORLD #1: A DECADE OF BELLE EPOQUE

THE BASIC SURPRISE-FREE, LARGELY BUSINESS-AS-USUAL
PROJECTION (AS OF MID-1974) FOR THE NEXT DECADE

1. WORLD POPULATION AND GROSS PRODUCT CURVES CHANGE. A basic change will occur in the character of the two fundamental curves of world population and gross world product over time. Both curves should pass through a point of inflection (the population curve may have already passed through this point), so that from then on the metaphor of (worldwide) "exponential growth" will be increasingly misleading.
2. HIGH RATE OF WORLD ECONOMIC GROWTH. Barring extreme mismanagement or bad luck, the period 1975-1985 should be characterized by the highest average rate of world economic growth in history, perhaps six percent, though by 1985 or soon thereafter, the slowdown of the upper half of the distorted "S" shaped curve should begin to be felt. At least for a while, an increasing emphasis is likely to be placed on monetary problems, commodity issues (including food, energy and resources), and neo-Malthusian concerns--and, of course, some possibility exists of a depression.* Later historians may describe this period by a number of different names or phases, according to which aspect is emphasized:
 - A. The demographic or GWP transition
 - B. Une Belle Epoque
 - C. The relatively full emergence of the super-industrial economy (which is also an emerging post-industrial economy)
 - D. A decade of technological crises (or of technological solutions?)
 - E. The end of the postwar system politically, economically and financially
 - F. A decade of institutional crises (and of new developments and institutions to cope with these crises)
 - G. A (troubled?) period of value/attitude transitions
 - H. The continued emergence of East Asia (or of the Sinic Culture) on the Asian and world stages
 - I. Nuclear proliferation (particularly--or solely--in the third world)
 - J. Perhaps one of the other perspectives in the text below
3. CULTURAL AND POLITICAL DISUNITY AND DIVERSITY. While the world will be increasingly unified economically and politically, a number of major regional, political, economic or cultural divisions will also persist:
 - A. Usually, we think in terms of:
 - 1) A westernized and industrialized capitalist area (basically OECD)
 - 2) A European Communist Area (basically the Warsaw Pact)

*Hudson Institute has consistently predicted against a deep world depression in the '70s, but with ever decreasing odds: pre-Middle East War, 5 to 1 against; early 1974, 3 to 1 against; now 2 to 1 against. A depression alters many, though not all, projections for the future. This document does not account for a depression. Another Institute paper, Hudson Standard World #2, gives one scenario for such an event and some of its consequences.

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- 3) The Third World (and for the next few years perhaps a fourth world of about 900 million people who may suffer severely from high priced fuel, fertilizer and food)
- B. Sometimes it is more convenient to think in terms of ten areas or so:
- | | |
|---|--------------------------------|
| 1) OECD | 5) South East Asia |
| 2) Warsaw Pact (COMECON) | 6) Latin America |
| 3) A relatively isolated Indian cultural area (India, Bangladesh, Ceylon, Burma and Pakistan) | 7) Black Africa |
| 4) More isolated Communist Asia | 8) Middle East & North Africa |
| | 9) "White" Africa |
| | 10) The Remainder of the world |
- C. In considering "trading and investment areas" (TIAs*), we envisage six areas by about 1980:
- | | |
|---|--|
| 1) Western Europe, North Africa, the Middle East, and Central Africa | 3) COMECON (Warsaw Pact) |
| 2) Pacific Basin (excluding the Soviet Union and China, but including Brazil) | 4) Communist Asia |
| | 5) Indian cultural area (not a TIA) |
| | 6) The remainder of the world (also not a TIA) |
- D. In addition to regional or broad groupings, there are many important bilateral, trilateral, and higher group relationships, such as U.S.-U.S.S.R.-China or U.S.-EEC-Japan. Many of these relationships are currently as important as intra-regional relationships in explaining world events.
4. END OF POST-WORLD WAR II POLITICS AND ATTITUDES. An increasingly multipolar political world which should result in a steady, and nearly complete, erosion of World War II politics (e.g., Cold War; distinction between World War II victors, losers, and neutrals; colonialization/decolonization issues; and so on), with the following possible consequences and developments:
- A. Some twenty large nations in 1985 which can be ranked by GNP as follows (in billions of 1973 dollars and with an estimated range of plus-or-minus 20 percent around the indicated levels):
- | | |
|---------|---|
| \$2,000 | United States |
| 1,000 | Japan and U.S.S.R. |
| 500 | France and West Germany |
| 250 | China, Canada, Italy, United Kingdom |
| 120 | Brazil, India, Mexico, East Germany and Poland |
| 60 | Netherlands, Sweden, Belgium, Australia, Argentina, Iran, and perhaps Switzerland and Indonesia |
- B. Rise of Japan as an economic, financial and technological superstate (possibly a political or military superpower also)
- C. Also full re-emergence of both Germanys (but with some critical political disabilities remaining)
- D. Possible eventual emergence of France as the largest national economy (at least in terms of nominal GNP) in Western Europe
- E. Possible Europe-wide security arrangements
- F. Some degree of settlement or normalization of "national relations" between the two sides of the four divided nations, but the persistence of a high degree of separate national identity and a refusal to recognize such separation in permanent, legal and moral terms

*A group of countries who send and receive at least half their foreign trade and investments from each other.

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- G. An increasing feeling that nuclear war, or even large conventional war, is "unthinkable" (the divided countries, India/Pakistan, and Arab/Israel could be exceptions, but even these confrontations may seem increasingly stable) but low level violence persists or even increases
 - H. U.S.-Soviet strategic equality or possibly Soviet superiority, accompanied by a relative decline of both in power, prestige and influence
 - I. An evolving EEC (with perhaps a new role for France as the leading nation of the community)--also a possible breakup of the current EEC
 - J. Possible creation of an Eastern Europe EEC or other arrangements to deal with the West Europe EEC
 - K. The creation, at least ad hoc, and perhaps even self-consciously of an economically dynamic Pacific TIA--perhaps similarly for a Western Europe-North Africa-Middle East-Central Africa TIA
 - L. Many other new possibilities: e.g., new alliances, new arms races, politically unified Europe, intensely isolationist U.S., a deeply troubled U.S.S.R., etc.
5. A GLOBAL TECHNOLOGICAL ECONOMY. This economic and technological ecumene will set a context for further development of a unified but multipolar, partially competitive, mostly global and technological economy characterized by:
- A. A general understanding of the process and techniques for sustained economic development, also a worldwide capability for modern industry and technology, and the development (erratic and incomplete but still largely effective) of the necessary domestic and international institutions to sustain such economic growth
 - B. A worldwide "green revolution"; but, for the next few years, real difficulties in furnishing food, energy, and fertilizer to the poor at a reliable low price. By the end of the period, or even sooner, there should be, as a result of technological progress and huge investment (including the intensive exploitation of the Arctic regions, oceans, and many other currently unexploited areas) a surplus of resources and commodities
 - C. Continuing, even growing, importance of multinational corporations as innovators and diffusers of economic activity and as engines of rapid growth
 - D. A great development of indexed financial instruments or a renewed role for gold in the international monetary system as, at a minimum, a store of value, or perhaps both
 - E. Some development of Year 2000 and other "futurology ideologies"
 - F. As a result: sustained growth in international trade, communications, travel, investment, etc., and high (3-15%) GNP growth almost everywhere, especially in "the six dynamic areas" (Japan, Little Sinic Culture, Eastern Europe, Southern Europe, Brazil, Mexico, most OPEC countries)
 - G. Increasing worldwide unity in technology, private industry, commercial and financial institutions, but relatively little unity in international legal and political institutions
 - H. Increasing problems of unemployment in less developed countries and labor shortages in developed countries--some partial solutions of this (e.g., move the labor to the work or the work to the labor)
 - I. Full emergence and partial solution or adaptation to many aspects of the 1985 technological crises

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- J. But little or no overall long-term catastrophes with environment, pollution, or the scarcity of resources, though many temporary crises will occur and doubtless some regional catastrophes (particularly with respect to food or pollution)
6. ALTERATIONS IN THE MULTIFOLD TREND.* Some acceleration, continuation, and selective topping off of the multifold trend of Western culture
- A. Particularly among upper middle class elites in the Atlantic Protestant culture there should be a continued erosion of "13 traditional societal levers," a search for meaning and purpose, some cultural confusion, ideological polarization, social conflict, growth of discretionary behavior, etc.
- B. Increasingly revisionist communism, capitalism and Christianity in Europe and the Western Hemisphere, a continued crisis of liberalism, some persistence and even a new eruption of the counterculture
- C. Populist, conservative, backlash, or "counterreformation" movements
- D. Increasing problem worldwide of educated incapacity--i.e., illusioned, irrelevant, ideological or other impractical argumentation among intellectual elites accompanied by greater emphasis on feeling and emotion
- E. Further reaction to emerging post-industrial economies in developed nations (with about 20 percent of world's population), and in enclaves elsewhere, including:
- 1) "New" political milieus: continued great influence of "humanist left" in at least the high culture of developed nations (but particularly in the U.S. and Northwest tier of Europe)
 - 2) Emergence of "mosaic cultures" (at least in U.S.) incorporating esoteric, deviant, communal and experimental lifestyles. Some increase in anarchistic behavior and movements. Further ideological and political development of the counterculture
 - 3) Possible successful synthesis between old and new, especially in France, Japan, and some of the Atlantic Protestant areas
 - 4) Other developments of post-industrial societal institutions and post-industrial cultures
7. OTHER CHANGE IN BEHAVIOR AND ATTITUDES. A relatively anarchic but also relatively orderly and unified world, but with new issues of domestic and international stability:
- A. Much greater attention to humanistic issues, e.g., the Chinese Communist guarantees (adequate food, clothing, shelter, health care and retirement) and the Maslow hierarchy of goals
- B. Continuing growth in both desirable and undesirable discretionary behavior; corresponding worldwide "law and order" issues--possible unconventional or even bizarre use of terror, violence, subversion, unilateral change of international rules
- C. Some bizarre and ad hoc counter-measures may be taken
- D. Some trend toward separatist and anarchistic movements
8. SOME IMPORTANT (BOTH SIGNIFICANT AND NON-SIGNIFICANT) POSSIBLE SURPRISES AND TURNING POINTS. (See forthcoming paper with same title)

*See Year 2000 and/or Things to Come.

Introductory Proposal

FOR A

PROSPECTS FOR MANKIND

STUDY & FOLLOW UP

October 1974



POLICY RESEARCH
IN THE PUBLIC INTEREST

Hudson Institute

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PROPOSAL FOR HUDSON STUDY ON
PROSPECTS FOR MANKIND

For the past few years, many concerned intelligent people have developed a pessimistic feeling about the effects of current trends of economic and technological development. The long post-war era of widespread prosperity and economic growth in most developed countries is often perceived as drawing to a close. Until recently the most publicized and discussed reason for fearing trouble was a perceived pressure of glaring and sometimes growing disparities in material well-being, not only between rich and poor nations but even within the rich nations themselves. Growing awareness of this issue produced serious questioning of the possibility of peaceful progress towards economic equity in the world or indeed of any progress at all. More recently, rapidly mounting concern about pollution and the possible exhaustion of many natural resources has led to ever-widening doubts regarding the sheer feasibility of the richer nations continuing to consume a disproportionate share of materials which often originate in the poorer nations-- as well as their moral right to do so. In addition, a host of other issues such as increasing concern with stagflation, rising crime rates, disappearing amenities of life, inept governmental bureaucracies and leadership, and many no longer acceptable but "customary" industrial and commercial activities have called into question not only the possibility of stable, continuous growth, but also the impact of industrialization and economic growth as such upon the quality of life. The widely publicized ferment and agitation among young people, women and minority groups are sometimes taken as further evidence that a revolutionary

situation is imminent. Finally the current high prices of many commodity and threatening famines in many parts of the world.

A consensus has emerged among many scholars that a turning point has been reached in world history which portends a much more disciplined and austere, if not bleak, future for mankind or a dramatic and revolutionary change--perhaps both.

Adherents of this consensus argue that these ominous trends and increasing threats rule out any realistic possibility--under current or even reformed institutions--of continued worldwide economic development to a level much higher than that already achieved. Indeed they often view current patterns of development as endangering the prospects for mankind, and conclude that technological, economic, political, and moral imperatives require a basic change in the emphasis of mankind's activities, away from seeking growth toward austerity and anti-materialism and a more equitable distribution of a very limited product.

The Hudson Institute has been engaged for some time in the first phase of a major attempt to study and analyze the issues and attitudes which have led to the increasing prevalence and influence of the various schools of thought outlined above. We now believe that many of these positions, perhaps all, are largely based on a misreading of both current realities and the real prospects for mankind. In fact, Hudson's examination of the problems of world development in historical perspective suggests that the problems now causing such concern are, in large measure, the growing pains of success--perhaps combined with some mismanagement. It follows that if a reasonable amount of realism and intelligence is applied to current and future problems as they arise, economic growth can

continue for a considerable period of time. It is nevertheless quite likely that world population and economic (Gross World Product) indicators will follow the so-called "S" shaped or logistic curve (rather than an exponential one). Such S curves are typical of successful stable growth in almost all situations, even though at the point of inflection the process can easily be mistaken for an unstable, or even explosive, pattern of exponential growth.

Indeed, we have probably already passed through the inflection point (period of maximum rate of growth) for both world population and GWP, or soon will pass that point; from then on the metaphor of exponential growth will be increasingly misleading. Moreover, the potential wealth of the earth is sufficiently great that this transition is not going to occur as a result of a dramatic collision with physical limits forcing a catastrophic switch from growth to economic stagnation or decline. Indeed, we believe that growth will continue for many generations, becoming gradually slower. The leveling-off will result from affluence, urbanization, literacy, new birth control techniques, governmental policies, and changing values and priorities, rather than famine, resource scarcity and pollution. Furthermore, Hudson now believes that one scenario for worldwide disaster--perhaps the most likely one--would arise out of a self-fulfilling prophecy; i.e., the beliefs and attitudes associated with trying to impose excessive limits to growth could themselves contribute immensely to our problems.

In view of the profound significance and implications of this project, Hudson Institute proposes to broaden and deepen its next phase. This phase would have two parts: a series of conferences and publications,

backed up by a continuing in-depth study. The main purpose would be to critique, develop and revise the Hudson study and to promote more widespread understanding among relevant audiences in this country and abroad of the true nature of the events now taking place--and more than incidentally to create a firmer basis for relative world peace and harmony. The program is designed to encourage very substantial participation by advocates of various "limits to growth" positions, as well as by those neutral and opposed to such views. This process should serve to modify and elaborate the Hudson position, and, hopefully, will also prove persuasive to many who now reject it. Thus, we expect that certain Hudson intellectual, tactical and strategic concepts would facilitate this process of arriving rapidly at a partial consensus, helping to change the tenor of public discourse from resigned pessimism to reasoned optimism within a relatively short time. The ultimate result should be constructive programs to deal with very real problems in a realistic way--perhaps even a worldwide mobilization for this purpose.

The first conference in this program (early 1975) might involve 100 to 200 participants: scholars, scientists, publicists, and other distinguished citizens. They would be introduced to the work done by Hudson and others on the whole range of relevant problems, with particular emphasis on the following "hard" topics: various U.S. and worldwide scenarios; preliminary demographic, locational, and income issues; agricultural, husbandry and other food issues; energy; other resources; pollution, ecology and the environment. These issues would be discussed as thoroughly as time permits with the understanding that a later phase of the program will undertake more detailed analyses.

During the rest of 1975, experts in these "hard" areas from the initial conference would work alone or convene in ad hoc working groups or task forces on specific problems to write a series of papers for publication as a definitive book in its field. The half-dozen or more hard-bound books emerging from this process would cover all the main issues taken up by the first conference. These books should set a context for the Bicentennial discussions to be held in 1976, serving both to help focus this debate and raise its level. The program for 1976 would use the same conference-task force-publication technique to study and analyze some of the following "soft" issues: the emerging U.S. super-industrial economy and its ultimate effects on society and culture; the emerging U.S. post-industrial economy and its implications for society and culture; parallel developments in other countries and cultures; controversial environmental and ecological issues; models for rapid development; models for slow development; societal, quality of life, moral, morale values and attitudes, and political security issues; a program for tomorrow or facing the future and its policy implications.

The basic program and some of the basic concepts are outlined on the following pages.

Page 6: The basic perspective or image of the future we wish to document and then (assuming the documentation goes through) wish to promulgate.

Page 7: A more precise and complex (and more accurate) precis of how the study is likely to come out.

Page 8: The current Hudson timetable.

On Page 9 is a Fund Raising Schedule.



A BICENTENNIAL AND/OR REALISTIC PERSPECTIVE ON
PROSPECTS OF MANKIND

PREPARATION	}	< 1750	ALL SOCIETIES ARE PRE-INDUSTRIAL
		1750 - 1920	170 YEARS OF INDUSTRIALIZATION OF EUROPE, JAPAN AND NORTH AMERICA
BREAKING THE BACK OF THE JOB	}	1921 - 1965	WORLDWIDE INDUSTRIALIZATION AND CREATION OF MASS CONSUMPTION SOCIETIES IN EUROPE, JAPAN AND NORTH AMERICA
		1966 - 1985	TWO DECADES OF RAPID ECONOMIC AND POPULATION GROWTH; INITIAL EMERGENCE OF SUPER-INDUSTRIAL ECONOMY,* TECHNOLOGICAL CRISIS, AND MANY OTHER HISTORIC TRANSITIONS
		1986 - 2020	INITIAL EMERGENCE OF POST-INDUSTRIAL ECONOMIES* IN EUROPEAN AND SINIC CULTURES-- PERHAPS ALSO IN U.S.S.R.
CURRENT GOAL OF MANKIND	}	2021 - 2250	FULL DEVELOPMENT OF SUPER-INDUSTRIAL SOCIETY* AND CULTURE* 130 YEARS FOR FULL EMERGENCE OF POST-INDUSTRIAL ECONOMY ALMOST EVERYWHERE
		> 2251	FULL DEVELOPMENT OF POST-INDUSTRIAL SOCIETY* AND CULTURE* ALMOST EVERYWHERE

NOTE: By 1977 most intellectuals throughout the world should share the above position: 1) about 500 years for the (almost total) transformation of mankind's condition from being few and poor to being many and prosperous, 2) about 100 (1921-2020) years for very active transformation, and 3) at least 20 years (1966-1985) of hyperactive transformation.

*We distinguish between economy, society, and culture as follows:

Economy: economic and technological activities

Society: laws and institutions

Culture: style, values, national character, and attitudes

TWO KINDS OF ISSUES AND TOPICS: HARD & SOFT

THE BASIC "HARD" TOPICS INCLUDE:

1. PRELIMINARY DEMOGRAPHIC, LOCATIONAL, AND INCOME ISSUES
2. AGRICULTURAL, HUSBANDRY AND OTHER FOOD ISSUES
3. ENERGY
4. ALMOST ALL OTHER RESOURCES
5. MANY POLLUTION, ECOLOGICAL, AND ENVIRONMENTAL ISSUES--
PARTICULARLY THOSE ASSOCIATED WITH CLEAN AIR, CLEAN WATER,
AND AESTHETIC LANDSCAPES.
6. THE LIKELY EMERGENCE OF BOTH THE SUPER- AND POST-
INDUSTRIAL ECONOMIES

THE BASIC "SOFT" TOPICS INCLUDE:

1. EFFECTS OF U.S. SUPER-INDUSTRIAL ECONOMY ON SOCIETY
AND CULTURE
2. EFFECTS OF U.S. POST-INDUSTRIAL ECONOMY ON SOCIETY AND
CULTURE
3. PARALLEL DEVELOPMENTS IN OTHER COUNTRIES AND CULTURES
(INCLUDING ANALYSIS OF MODELS OF RAPID GROWTH AND MODELS
OF SLOW GROWTH)
4. COMPLEX, COMPLICATED, AND SUBTLE ECOLOGICAL AND ENVIRON-
MENTAL ISSUES
5. WORLDWIDE AND U.S. POLITICAL, STRATEGIC, ARMS CONTROL, AND
INSTITUTIONAL ISSUES
6. VARIOUS ISSUES RELATING TO VALUES, ATTITUDES , QUALITY
OF LIFE, MORALS, MORALE, ETC. FOR DIFFERENT GROUPS AND
NATIONS.

NOTE: THE OBJECTIVE IS TO GET FIRST ORDER AGREEMENT (AGREEMENT
ON THE REAL ALTERNATIVES AND THEIR SUBSTANTIVE MERITS) ON THE HARD
ISSUES AND WITHIN THE CONTEXT OF THIS CONSENSUS OBTAIN SECOND ORDER
AGREEMENT (AGREEMENT ON WHAT THE ALTERNATIVES ARE AND WHAT THE CONTRO-
VERSIES ARE ABOUT) ON THE SOFT ISSUES.

SCHEDULE

A. Late -74 and early '75:

1. A prototype food study
2. Formulation of the rest of the study
3. Mobilization and planning for both the study and the "action program"--e.g., formulation of a steering committee for the January '76 and July 4, '76 conferences and perhaps for the study and bicentennial exploitation of study as a whole.

B. 1975:

Studies and working conferences designed to develop the study further and to achieve first order agreement on the hard issues (defined as those on which a consensus can be achieved relatively easily)--and to a lesser degree agreement on what some of the controversies are about--i.e., produce some degree of second order agreement (a noncontroversial description of some of the more important controversies).

C. Late 1975:

Something between one Hudson soft cover report and a half dozen hard cover/hard issues books should come out of these studies and working conferences. These will be widely distributed in draft form. The following books will hopefully be available for "presentation" at the opening bicentennial conference in January 1976:

1. Prospects for Mankind: World scenarios (e.g., first, world population and GWP, then national populations, GNP, GNP/capita, emergence of super- and post-industrial economies in various places, etc.)
2. Demographic/land use issues
3. Food Issues
4. Energy Issues
5. Some other pollution and resource issues. (This may turn out to be two books.)

- D. Additional conferences to be held during the bicentennial year (since these would focus on the soft issues, discussion type rather than conclusionary books should emerge from them). Such conferences and books could include discussion of more controversial environmental and ecological issues; models of rapid and slow development; societal, cultural, quality of life issues; institutional issues; political/arms control/security issues, programs for tomorrow; etc.

- E. Follow-up "worldwide" conferences to be held in 1977. Singapore, Kyoto, Paris, Mexico and Brazil are likely sites.

FUND RAISING SCHEDULE1974

1. October - December \$100,000 for general study (to be raised)
\$100,000 for prototype food study (probably National Science Foundation and Rockefeller Foundation)

1975

2. January \$100 - \$200,000 for commitments to individuals and working groups
3. April - May \$300,000 to commit for "reasonable version" of January and July '76 conferences (National Endowment for the Humanities is possible source)
4. June - October \$100,000-\$500,000 to improve January '76 product and level of January '76 conference
5. January - February \$100,000-\$500,000 to improve '76 program
6. June - August \$200,000-\$1,000,000 for worldwide follow-up program

Only steps 1, 2, and 3 are "essential." The rest is very desirable but if necessary we can make do without.