



SCENARIO 4

SEPARATE SILOS

In 2040, the world is fragmented into several economic and security blocs of varying size and strength, centered on the United States, China, the European Union (EU), Russia, and a few regional powers, and focused on self-sufficiency, resiliency, and defense. Information flows within separate cyber-sovereign enclaves, supply chains are reoriented, and international trade is disrupted. Vulnerable developing countries are caught in the middle with some on the verge of becoming failed states. Global problems, notably climate change, are spottily addressed, if at all.

HOW WE GOT THERE

By the early 2030s, cascading global challenges from decades of job losses in some countries in part because of globalization, heated trade disputes, and health and terrorist threats crossing borders prompted states to raise barriers and impose trade restrictions to conserve resources, protect citizens, and preserve domestic industries. Many economists thought that economic decoupling or separation could not really happen because of the extensive interdependence of supply chains, economies, and technology, but security concerns and governance disputes helped drive countries to do the unthinkable, despite the extraordinary costs.

Countries with large domestic markets or sizeable neighbors successfully redirected their economies, but many developing economies with limited resources and market access were hit hard as both import and export markets dried up. Economic stagnation fostered widespread insecurity across Africa, the Middle East, and South Asia, fueling a retreat to subnational ethnic and religious identities, strained societies, fragmented states, and spreading instability. New waves of migrants headed to the developed world hoping to escape poverty, poor governance, and increasingly harsh environmental conditions. Their hopes were dashed when political pushback prompted destination countries to block most migration.

As physical barriers went up, dependence on digital commerce and communications soared, but a combination of information management challenges and repeated data security breaches led those states with strong cyber controls, like China and Iran, to reinforce their cyber barricades. Then states that once advocated for an open Internet set up new closed, protected networks to limit threats and screen out unwanted ideas. By 2040, only the United States and a few of its closest allies maintained the semblance of an open Internet while most of the world operated behind strong firewalls.

With the trade and financial connections that defined the prior era of globalization disrupted, economic and security blocs formed around the United States, China, the EU, Russia, and India. Smaller powers and other states joined these blocs for protection, to pool resources, and to maintain at least some economic efficiencies. Advances in AI, energy technologies, and additive manufacturing helped some states adapt and make the blocs economically viable, but prices for consumer goods rose dramatically. States unable to join a bloc were left behind and cut off.

Security links did not disappear completely. States threatened by powerful neighbors sought out security links with other powers for their own protection or accelerated their own programs to develop nuclear weapons, as the ultimate guarantor of their security. Small conflicts occurred at the edges of these new blocs, particularly over scarce resources or emerging opportunities, like the Arctic and space. Poorer countries became increasingly unstable, and with no interest by major powers or the United Nations in intervening to help restore order, conflicts became endemic, exacerbating other problems. Lacking coordinated, multilateral efforts to mitigate emissions and address climate changes, little was done to slow greenhouse gas emissions, and some states experimented with geoengineering with disastrous consequences.

KEY TAKEAWAYS

- ▶ Separating economies has dire consequences, including massive financial losses for countries and corporations, as supply chains fracture, markets are lost, and once lucrative sectors, like travel and tourism, decline. The resulting economies are less vulnerable to future supply chain disruptions but also less efficient.
- ▶ Larger countries with abundant resources, few nearby enemies, and defensible borders, such as the United States and Canada, are better able to adapt than most others. The focus on self-sufficiency makes some states more resilient even as others founder.
- ▶ To maintain domestic stability in this world, states adopt mixed political models combining elements of democracy and authoritarianism, increasing surveillance and potentially repression. Many states turn to exclusionary forms of nationalism to unify majority populations against perceived foreign enemies.
- ▶ Unable to attract talent globally or sustain international collaboration, technological innovation atrophies. Wealthy countries begin to compensate by shifting resources to domestic education.
- ▶ International organizations and collective action to tackle climate change, healthcare disparities, and poverty falter. Countries independently adapt to the catastrophic impacts, significantly increasing the incentive for risky solutions.
- ▶ Focused on internal security, the world's larger militaries avoid direct armed conflict. Rival blocs compete for control over scarce resources, leading to smaller wars or other means of diverting attention from domestic problems and rallying public support against foreign enemies. Nuclear weapons proliferate.