



Essay by Robert L. Gallucci
MacArthur Foundation President

Philanthropy and the Future





Looking Forward

It has been a great privilege for me to lead the MacArthur Foundation over the last five years. The mission of the Foundation around the world, our areas of work, and our dedicated staff have all challenged and inspired me.

My interaction with grantees has been deeply rewarding. The people who serve in civil society organizations are among the most visionary and hardworking I have encountered. I learned a great deal from them, and was encouraged by their commitment and effectiveness.

Living and working in Chicago, I came to have a deep affection for the city, its people, and the organizations that work together in this place. I know that MacArthur's commitment to Chicago will strengthen and endure.

Since 1978, the MacArthur Foundation has grown, changed, and reinvented itself several times—as healthy organizations must. I will remain keenly interested in the Foundation's evolution and the fresh challenges it will undertake.

All organizations need to grapple with their roles in the future—as do nations and individuals. Prediction, while inherently risky, is nevertheless indispensable. Recently Morton Schapiro, president of Northwestern University, asked me to consider what the world would be like in 2040 from the perspective of a foreign affairs veteran. (That essay will be published as part of a collection, tentatively titled *The Fabulous Future? America and the World in 2040*, that aims to describe the kind of world we will live in 25 years from now.) In what follows, I share the main threads of this thought experiment—continuity, changes, and challenges that America and the world seem likely to face, and the context within which philanthropy must operate.

Future planning must take into account a range of possibilities, rank them in probability, and calculate how best to respond to the possible risks and opportunities. In my analysis, I adopted a simple formula that employs three categories: what is likely to remain the same, where current trends might take us, and what events (though extremely unlikely) are possible game changers—the so-called “Black Swans.”

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Stability

The international system—how nation-states relate to one another—will remain an ungoverned “state of nature” for the foreseeable future, despite globalization and other internationalist trends.

The United States will retain its global preeminence in military power. No other nation in world history has been so uniquely capable of projecting force with such lethality and precision virtually any place on earth. The U.S. government, with popular support, will continue to develop and deploy the most technologically advanced weapon systems in the world.

Much of our military strategy will be essentially unchanged, depending on traditional priorities such as superiority in weapons sophistication, logistics, communications, and intelligence. But a heavy reliance on new technologies may also lead

to vulnerabilities. Adversaries unable to confront the United States directly will be tempted to attack cyber and space assets — at present inadequately protected — and so immobilize the defense infrastructure. A real defense of America’s connective tissue would make more sense than the current default strategy: the threat of direct crippling “kinetic” counterattack, which could lead to potentially disastrous escalation.

There is a persistent threat of war, even nuclear war, between India and Pakistan. Religious rivalry, persistent territorial disputes, and power imbalance make the relationship between the two countries inherently unstable. Conflict could be catastrophic, undoubtedly with consequences for the United States and the world.

Only one rival, however, could upset America’s global position: China. Already a great power, China is likely to continue its peaceful rise, hold together as a nation, and come to a competitive accommodation with the United States in the Asia-Pacific region. But other scenarios are possible.

America then faces few threats from abroad. But there are risks for national security at home related to our dysfunctional political system. We face severe systemic fiscal problems, an increasing concentration of wealth that may undermine both equality and opportunity, and public discourse that is rancorous and divisive. A deep disagreement within American society about the role of government, the freedom of individuals, and how to ensure the common good remains unresolved. If this situation does not improve, the United States may become weaker—a far less cohesive society and less attractive in terms of quality of life or social justice. This outcome would erode the nation’s “soft power” as an example and inspiration for the rest of the world.

I hope that America will remain a world leader in democracy, opportunity, and freedom — not only as a military power. For that to happen, we need an interested and informed citizenry, responsive and effective governance, and a sophisticated appreciation by our leaders of the risks and opportunities open to the nation.

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Trends

I see a set of powerful global trends that are destined to drive significant changes. The full dimensions of these changes are still unclear.

Climate change will likely alter food production patterns and the availability of fresh water, and increase the competition for scarce resources. Rapid industrialization and development, and growing populations have already put a premium on commodities around the world. This trend will intensify if weather patterns disrupt production and supply patterns, and may lead to conflict.

The rapid urbanization of the world is unprecedented. By 2040, the number of those who live in cities will double to six billion, comprising 65 percent of the world's population and 84 percent of Americans. Virtually every aspect of life will be impacted—our security, privacy, access to food, health care, jobs, transportation, energy, environment, and recreation. City planning, government, and needed public services have a daunting transformation ahead, and the intellectual work required is only beginning.

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The world's population is aging rapidly—most obviously in the developed world, where there will soon be, as one analyst puts it, “more walkers than strollers.” But the consequences of demographic change will be felt most acutely in the developing world, much of which will grow old before it grows rich. The burden of supporting the old will be felt by the young in disproportionate ways. Though there are no easy solutions, the longer reform in tax, welfare, health, and other systems is postponed, the more painful the consequences will be.

Technology continues to revolutionize the collection, transmission, and analysis of information. We will reap many benefits—more useful data, quicker communication, ubiquitous access to news, more efficient management and governance. But privacy in our actions and communication, as we have understood it for centuries, will be gone.

This is a trend to watch and to manage.



It seems likely that the “wave of democracy” will wash over more countries in the coming years. What this will mean, in practical terms, is less clear than we may have expected a few years ago. More, and freer, elections constitute a promising trend. But genuine liberal democracy flourishes in a complex ecosystem that includes freedom of expression, the rule of law, respect for individual rights, and responsive, effective governance in the best interest of citizens. The retreat from democracy in Russia, the chaotic aftermath of the Arab Spring, and the uneven course of events in Latin America and Africa are useful reminders that the path to good government is not direct. Complex cultural and historical factors are at play, not easily amenable to “universal principles.”

Black Swans

In 2007, Nassim Nicholas Taleb popularized the term “black swan” in his book of that title. Before real black swans were found in western Australia, the term implied something mythical and entirely impossible. Afterward, it came to stand for a commonly held assumption that is dramatically overturned by evidence, or by events.

For Taleb, a genuine Black Swan event must be truly surprising (like the emergence of the Internet or the fall of the Soviet Union), have major impact, and be rationalized after it happens as if it could have, in fact, been expected. Almost by definition, such events are not predictable—but, undeterred, I will suggest some possibilities.

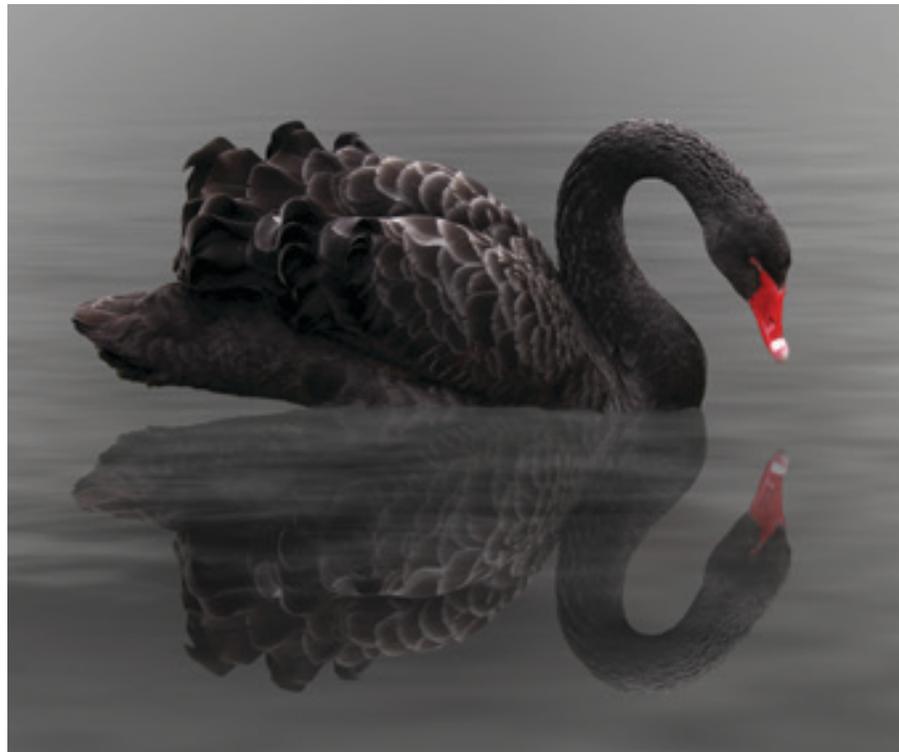
The Palestinian-Israeli conflict could be suddenly resolved. A lethal pandemic like the Spanish Influenza could sweep the globe. We could suffer

a massive natural disaster, such as a meteor collision or the eruption of the Yellowstone Caldera. But two possibilities, for me, stand out as demanding attention.

First, China may disintegrate rather than become the world’s preeminent power. If economic growth falters, the centralized authoritarian state could crumble, undermined by ethnic and regional divisions, weakened social bonds, an aging society, and the lack of a unifying ideology or religion. States facing this kind of dissolution may seek survival through an aggressive nationalism, even provoking war in order to survive. The United States or Japan would be the most probable adversaries.

Second, terrorists could destroy an American city—or more than one—in an attack using nuclear weapons. A million citizens could die in the blast, with more dying later of injuries or radiation. The economic and social costs would be immense, and the psychological and emotional impact potentially traumatizing, transforming the nation’s sense of itself and its way of life.

This is entirely plausible: only a small amount of material is needed to deliver a devastating attack to multiple cities, and the technology for delivery is not complex. Terrorists could obtain fissile material from rogue states or from inadequately secured military, research or energy facilities. Though presidents and presidential candidates have repeatedly acknowledged this threat, many relatively simple steps to reduce its probability have not been taken.



Philanthropy and the Future

During my time in philanthropy, I have been impressed by the rigorous way foundations try to think ahead. Having freedom of action and ready resources, they can address emerging issues and spark significant innovation. This early engagement can create a comparative advantage: modest investment at the right time can influence public perception, shape policy responses, and spur creative solutions.

Foundations, however, are often at their best when oriented toward the future.

I know that MacArthur will continue to have an eye toward the future. The Foundation will remain a place of thoughtful analysis, an incubator for new ideas, and a steadfast proponent of the common good—whatever lies ahead.

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