After the fall of the Soviet empire and the emergence of the United States as the undisputed world leader, the United States plays a role unparalleled in its history. It has no significant opponent, is allied with most states that could compete with it on equal terms, has the largest and most robust economy in the world, has the largely dominant ideology, and has a military that provides for the security of the homeland from any major conventional threat. The dominant thinking in the U.S. defense community about the potential rise of a peer competitor is that (1) only a few states could emerge into peer competitors and still have a long way to go, and (2) there will be ample time to see such a competitor coming and to prepare for such a challenge. In the words of the former Secretary of Defense: “There is no peer competitor—and unlikely to be a peer competitor anytime soon.”

No matter how reasonable such views may seem, experience teaches caution. The prevailing pattern in modern history has been that, eventually, competitors to dominant states emerge, and sometimes the emergence alters the hierarchy in the international state system. Even though the current U.S. predominance has no parallels in modern history, the stakes are too high to permit complacency. Moreover, although current planning does not see a peer competitor

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The Emergence of Peer Competitors: A Framework for Analysis

appearing for at least a decade, long-term assessments are murkier, with some candidates for peer-competitor status on the horizon.²

In the long term, the most important national security problem is the potential appearance of an adversary that challenges the United States on its own terms. Contemporary debates about weapons modernization and the possibility of “skipping a generation” in weapons technology³ or about the proper balance in the U.S. military between long-term deterrence and near-term transformation to deal with regional conflicts and peace operations implicitly keep the emergence of a peer competitor as a fundamental rationale for guiding the development of U.S. armed forces. No issue is more fundamental to Army planning, research, development, and acquisition than the prospect of a peer competitor. The expectation or reality of such a competitor would be a watershed in the threat environment, forcing adjustments across the board in the Army’s plans and policies. Since the Army’s planned Objective Force is not scheduled to be in place for 20 years, thinking about the emergence of a peer competitor has direct relevance to the Army’s evolution.

Given the importance of the issue, the United States must monitor closely the prospects of a peer competitor emerging and deter threats to vital U.S. interests that such an emergence would entail. Long-term intelligence assessments are key. Identifying indicators of potential peer competitors is vital to the timely allocation of the Army’s modernization resources and to the development of the


³The widely shared view in the U.S. defense community of an unchallenged dominant military position for the United States is often combined with a concern that the situation may not last in the long term. Thus, some have argued that to prevent a challenger in the long term, the United States should focus on extending its dominant position by pursuing aggressively emerging technologies that have the potential to thwart any potential challenger in the long term rather than expanding resources on weapons systems in the near and medium terms. The argument is that by forgoing some weapons procurement that offers mostly incremental gains, the resources should instead be concentrated on developing the potential for “breakthrough” capabilities.
Army’s capabilities for deterrence and decisive force at the high end of the spectrum of future operations. Too late a commitment to programs necessary to deter an emerging peer could be disastrous. But committing resources to meet a potential peer too soon would detract from forces and readiness for other contingencies and operations.

This report addresses the issue of early identification of the circumstances for the rise of a peer competitor to the United States. The research sought to improve the Army’s anticipatory skills by providing a framework, grounded in current theory about the emergence of rivalry at the apex of the international hierarchy, to aid in thinking about the interaction between a proto-peer (a state that is not yet a peer but has the potential to become one) and a hegemon (the dominant global power) that eventually might lead to competition and conflict. Under what conditions are proto-peers likely to turn into competitors? When are proto-peers more likely to accommodate rather than compete? Given the crucial role of long-term forecasts in shaping the policy toward a proto-peer, under what conditions can errors in assessment lead to hegemon policies that overemphasize conflict and may actually hasten the emergence of a peer competitor? In an overall sense, the project researchers tried to think about the emergence of a peer competitor systematically, pulling together the existing scholarly knowledge about the issue and transforming it into a tool useful for guiding policy and intelligence assessments.

The exploratory modeling effort that follows the framework is currently more a reasoning tool than a forecasting tool. The results are not empirical. Instead, the insights stem from logically deduced sets of causal statements about the structure of and processes governing the interaction between a proto-peer and the hegemon. The results and insights produced by the framework, as exercised in the modeling effort, are encouraging, and the framework and the model could be developed into an operational tool to support intelligence analysis and decisionmaking.

**ORGANIZATION**

Chapter Two begins by defining the peer competitor concept. The term is used primarily within the Department of Defense. The schol-
arly literature uses terms that approximate it but do not have the
same meaning. Clarifying the concept is important because drawing
on the scholarly literature has the potential to add insights to the
debates within DoD on the topic of peer competitor. The chapter
then elaborates four pathways that a proto-peer could take to evolve
into a peer and perhaps a competitor. The chapter draws on insights
from social science (political science, economics, and history). This
work also builds on recent Arroyo Center research, especially an
assessment of the indicators of state power in the contemporary
world and an examination of the relationship between economic
growth and rise of military power. The goal of this chapter is to
introduce the concepts and strategies that are then developed fur-
ther with the exploratory model.

Chapter Three looks at the issue from the perspective of the hege-
mon. Since the hegemon’s problem is how to remain one for as long
as possible at an acceptable cost, it too has a limited number of
strategies to follow. The four main strategies are based mainly on the
extent of potential threat that the hegemon assesses. The differences
between them lie primarily in the extent of sanctions that the hege-
mon might use to thwart the power growth of the proto-peer. The
chapter concludes with a presentation of the concept of rivalry
among the principals in the international system. Should the hege-
mon fail to prevent the rise of a peer, competition between such a
new principal and the hegemon might result. The challenge for the
intelligence community is to identify a potential peer competitor
before it becomes a rival. The chapter draws on insights arising pri-
marily from political science and, like Chapter Two, is intended to
introduce concepts for the overall model.

Chapter Four presents the model. Based on the interaction of the
various strategies, the authors constructed a game-theoretic repre-
sentation of the rationale for decisions by both the hegemon and the
proto-peer. The decision rules in the game then served as the foun-
dation for an exploratory modeling effort. The modeling starts with
the idea that projections and assessments of relative power growth

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lead to strategy choices, and that the four possible strategies each side can employ interact to produce their own dynamics. The model assumes both ground truth and assessment (perception represented as ground truth and probability error). The model provides insights into the conditions that lead to competition, which attributes are pivotal, the potential policy results from different assessments, and the variation in value of intelligence assessments across alternative situations.

Chapter Five summarizes the main findings and draws out some inferences for long-term defense policies.

The report includes three appendixes. Appendix A presents the decision rules for the modeling effort, and Appendix B contains the code for the model. Appendix C provides a critical review of the literature on democratic peace (the proposition that democracies do not wage war on each other). Evidence generally supports the proposition, but enough uncertainties surround the logic behind it to warrant caution. Although the probability of a democratic peer competitor to the United States seems low, the blanket statement that such an outcome is impossible is, as yet, insupportable.