

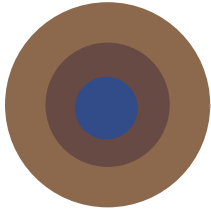


Global security and economy

EMERGING ISSUES REPORT



Strategic Foresight Group



Preface

This report identifies emerging issues that in our view will have an impact on global security and economy during the next decade. The objective of the report is not to anticipate developments in all sectors and all geographies. Rather our effort is to identify the most important issues across sectors and geographies that will influence the period approximately from 2011 to 2020.

The report builds on similar efforts made by other institutions. Our team undertook a survey of surveys to understand emerging issues identified by credible institutions around the world, using a variety of methods including workshops, conferences, polls, and in-house research. In addition, we took into account signals of change noticed by us in the course of our interactions around the world. We analysed findings from our external and internal search efforts to focus on issues that will most significantly impact our life in the foreseeable future.

While we have tried to rank the identified issues in terms of their impact and probability, to some extent such ranking is artificial. All issues are so interlinked that a major development with respect to one issue can drastically upset calculations on all other fronts. The complex web of linkages leads to one simple conclusion: We live in a world where globalisation of opportunities and risks requires global norms, a global institutional framework and a shared global philosophy. The report therefore raises a critical question: are we, the people of the world, willing to create a global architecture of security and economy that can deliver fairness, freedom, justice and happiness to most people in the world?

The objective of this report is not to search answers to the emerging dilemmas. Our intention is confined to draw attention to signals that may miss the attention of policy makers, since they are normally over-occupied with their daily concerns. The nature of our work provides us the luxury of looking ahead. We have used this opportunity to raise questions that will seize us before long. If this exercise inspires policy-makers around the world to review some of their assumptions, it will have made a contribution to policy discourse. If it leads to the search for answers to some of the key concerns, it will be a bonus.

1 January 2008

Sundeep Waslekar
President





Executive Summary

Strategic Foresight Group has identified 20 emerging issues that will influence global security and economy in the next decade, approximately from 2011 to 2020. The first five are ranked on the basis of impact potential and probability. The remaining 15 are mentioned thematically.

Most Significant Issues

- 1. Prosperity of the Periphery:** Globalisation has enabled wealth creation at a fast pace and will continue to do so in the next two decades. The question is whether prosperity will be concentrated in urban centres, coastal areas, and certain other privileged geographies or whether it will spread to the periphery.
- 2. Competitive Extremism:** The world is entering an era of competitive extremism where extremist belief systems – based on religion, ethnicity, nationalism, sub-nationalism, and ideology – compete with one another in all parts of the world, gradually replacing the threat of terrorism, but creating a much, much larger monster in its place.
- 3. Rise of Multi-Polarity:** The United States, which has been at the centre of global affairs for much of modern history since Second World War, will still continue to occupy the centre-place but will see its role as a single great power being replaced by a multi-polar world driven by the resurgence of Russia, China, Iran and independence of the European Union.
- 4. Global Financial Crisis:** The financial imbalances between major debtor and creditor nations pose the risk of the collapse of the global financial system, leading to extreme protectionism,

autarchy, trade wars and perhaps a worldwide military confrontation.

- 5. Water Scarcity in Emerging Economies:** The scarcity of water in emerging economies like China, India, South Africa and Turkey may put breaks on their growth, create food insecurity, have a destabilising social impact and impair the world economic growth.

Technologies and Resources

- 6. Revolution in the Cell:** Will major breakthroughs in biology, biotechnology and genetics, initially in North America and Western Europe, spread to emerging economies through a high rate of technology diffusion? Or will they provide a new platform for North-South politics, new political debate based on bio-ethics and bio-terrorism?
- 7. Spread of Clean-tech:** Climate change is an established concern. The debate of the future will be about sustainable response to climate change, with Clean-tech leading the way. Currently concentrated in North America and Western Europe, will the new economies leap into the new economy with astute investment strategies and R&D efforts? Or will there be a North-South divide on this issue?
- 8. Fear of Pandemics:** The sensitivity of political leaders to the fear of one or more pandemics breaking out globally is expected to be heightened. Will such a pandemic ever happen crippling the world economy or will the fear divert health budgets from chronic diseases affecting millions of people to an unknown future disease that might never threaten humanity in any case?



- 9. Critical Information Infrastructure:** With global networks integrating critical information infrastructure, the security of our information systems is crucial. The consequences of an accidental or a planned attack on critical information infrastructure will be monumental.
- 10. Competition in Space:** Will space be a sphere of competition between the United States, Russia, European Union and China, along with new entrants like Japan and India? Or will we rather see cooperation in our celestial exploration?
- 11. Spread of Nuclear Weapons:** With the spread of nuclear energy and an increase in illicit trade in fissile material and technologies, the proliferation of nuclear weapons will be a natural consequence.
- 12. Energy Security:** As not only hydrocarbon resources but also uranium reserves face the risk of depletion in the next three or four decades, energy security, already in public discourse, will occupy a much more significant place in global politics.

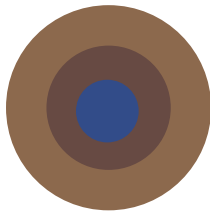
Troubled Geographies

- 13. US-Iran Strategic Cooperation:** The hostile relationship between the United States and Iran may see a gradual thaw, rapprochement, development of strategic cooperation, if a war does not provide a permanent setback in the meanwhile. Just as the US-China relations suddenly made a U-turn, similar breakthrough in the US-Iran relations might be on the anvil.
- 14. Arab and Islamic Renaissance:** Despite apparent despair, many new initiatives may turn the Arab and Islamic countries into spheres of dynamism, progress, knowledge, providing a new win-win basis for relationship between the Western and Islamic countries.
- 15. Middle Eastern Drama:** Until a decade ago, the conflict in the Middle East was between Israel and the PLO. Now new players (Hamas, Hezbollah) have entered the arena and Iran is moving from margins to the centre. China and Russia are also likely to join the fray. The drama seems set to get more and more complicated with the entry of new actors.
- 16. Chinese Countryside:** China's history is replete with examples of how peasant revolutions have brought down the empire from time to time. Will the simmering discontent in the farm sector in today's China lead to the repetition of history? Or will the policies of 'harmonious society' articulated by the current leadership be able to pre-empt such a risk?

Concepts and Ideas

- 17. Demographic Imbalance:** Since rich countries will experience an ageing problem and poor countries will have youth bulge, innovative global policy tools, including managed migration, will be significant.
- 18. Erosion of Sovereignty:** The concept of sovereignty of state, carefully nurtured since the Peace of Westphalia in 1648, is undergoing change – due to assault from above and below and due to voluntary surrendering of sovereignty at the horizontal level.
- 19. Spread of Soft Power:** Since most countries realise the devastating consequences of military confrontation – especially one involving nuclear weapons – there will be dramatic increase in the use of soft power to further national goals. While advanced and industrialised countries are familiar with this strategy, in the future we will see emerging countries like China, India, South Africa, Turkey, Saudi Arabia, and others using it.
- 20. Dominant Global Philosophy:** For decades socialism Vs capitalism dominated the global philosophical debate. Since the early 1990s, the clash of civilizations theory influences intellectual basis of the current policy discourse. Will it be relevant in the future? Or will there be return to socialism-capitalism discourse? Or will there will a new philosophical framework, such as Nature Vs Machine, or humans Vs post-humanism? The basis of our philosophical debate will underpin the architecture of global governance, security and economy.





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