

Geopolitics

This collection of blogs examines some of the changes that are occurring in geopolitics.

New World Disorder: Welcome to the Diplomatic Kaleidoscope

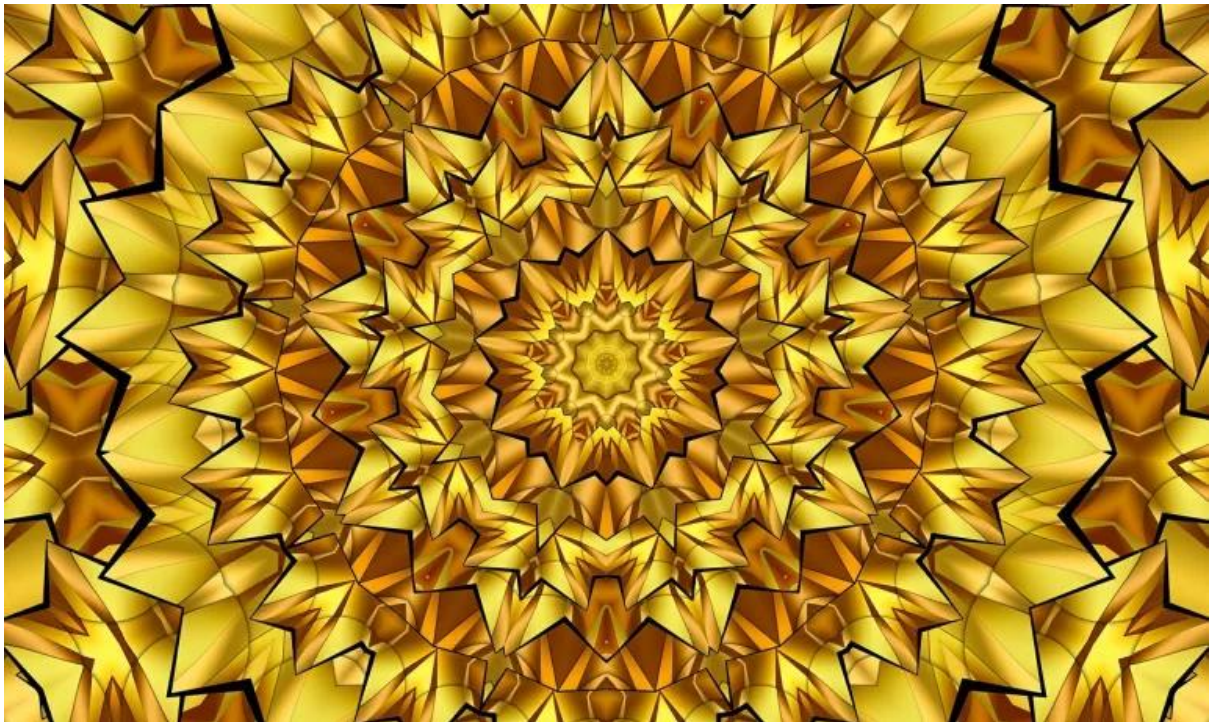


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Our recent blog looked at the emerging concept of “polycrisis” – how in a polynodal world, different problems collided, often with the effect of amplifying each other.

The replacement of the “New World Order” of 1991, by a world of rising (and declining) powers, and a shifting geopolitical hub moving from the West to the Pacific Rim is changeable and unpredictable. It resembles a kaleidoscope, where every twist of the cylinder reveals a different picture. One twist produces the pandemic, a second twist highlights the global recession, a third the polarisation of global powers, with war in Ukraine and the possibility of war over Taiwan, and that further twist itself leads to a fragmented system, where the “New World Order” becomes an “old order” that no longer applies.

Any global forecast is made much more difficult by the twists of the kaleidoscope, which causes interactions between different powers and blocs in an already-volatile world. In fact, if predictions of the global future were to be accurate, the accuracy would be purely a matter



of luck than judgement. The best we can do is to work within the uncertain environment to envisage possible scenarios for the future. So here are some thoughts on what *might* happen in the next generation.

The Context

Before setting down those thoughts, we always need to remind ourselves of the context, and in particular three globally significant “givens”:

- Population – we know that fertility rates are still rising in sub-Saharan Africa and the Indian sub-continent, but are falling, or starting to fall, elsewhere. India’s population is forecast to grow from 1,380 million to 1,668 million in 2050. China’s is projected to fall from 1,439m to 1,317m. Russia is projected to fall from 146m to 133m (this is before the impact of deaths and emigrations as a result of Putin’s War is taken in to account), Japan from 126m to 104m, and South Korea from 51m to 46m. The USA is projected to rise slightly from 331m to 375m. Looking forward to 2075 India’s growth is projected to tail off; the USA’s modest growth is forecast to continue, and the others listed above are projected to continue to fall. Populations are ageing, and families have fewer children, if any.
- Turning to the environment, shared socioeconomic pathways (SSPs) developed by climate scientists from around the World have produced a set of scenarios, all of which point to continuing rises in global temperatures due to climate change. These indicate that the notional ceiling of 1.5% will be exceeded significantly, so that the impacts of global climate change will be felt everywhere.
- Technology is about to take its next “great leap forward”, as applications make maximised use of AI. Intel’s Pat Gelsinger is quoted as saying, “Algorithms and data allow us to write software in the cloud in minutes....our devices can hear everything, see everything, and sense everything”. This will lead to advances in all sectors, for example predictive, preventive and personalised health care and medicine. It will also allow “bad actors” to find ever more ingenious ways of committing cybercrime and conducting warfare.

Other drivers of change – political, economic – are less predictable, and will depend much on the decisions that individual states, or blocs decide to take.

USA

The mid-term Elections saw a slight tilt towards the Republicans, though not as steep as many had expected. But 2024 will see a Presidential Election in which the return of Donald Trump – or a rival Republican – would undermine any assumptions about US strategy and world view. A “Make America Great Again” regime might both change its approach to its perceived enemies: more aggressive to some, but perhaps less hostile to others, and less reliable to its historic “allies”, thus leading to uncertainty all round, and greater risk of



instability and confrontation, given America's power. Thus the world's leading economic and military power is an uncertain driver of change.

China

China wants respect, and it wants to be a superpower, equal (at least) to the USA. It seems to aim to achieve power through its economic might, but it has rapidly built up its military capacity as well. History teaches us that rising powers use military might to enforce their economic will, and secure advantageous terms of trade. Indeed China itself has been subject to such use of power, by European powers in the 19th and early 20th centuries, and by Japan in the mid-20th century.

There is a strand within the ruling Chinese Communist Party that favours a confrontational approach to the USA and other pro-Western powers, exemplified by China's "wolf-warrior" diplomacy, the ramping up of rhetoric and military exercises over Taiwan, and joint military exercises with Russia. In early February 2022, Xi Jinping and Vladimir Putin made a public declaration of partnership, just days before Putin ordered the invasion of Ukraine.

However, although the CCP often seems impenetrable, it is clear that the "wolf-warrior" world view is not the only view in China. As early as March 2022, a senior policy analyst questioned China's support for Putin's war, and his essay was widely shared.

China, while refusing to condemn Putin's war, has been careful not to do anything that might be seen as supporting it. More recently, China has appeared to tone down its wolf-warrior stance, by reassigning former foreign affairs spokesman Zhao Lijian.

While China is unlikely to switch sides, it may be that it is growing weary of Putin's war, and the economic consequences for the world, obstructing trade, and disrupting global supply lines. China is an importer of food, fuel and raw materials. It also relies heavily on exports. Continuing disruption of trade is unhelpful. While it continues to see the West, and in particular the USA, as a rival, it is interesting that it has toned down its aggressive rhetoric, and is talking up its desire to trade.

Looking at other regions, the war in Ukraine, and the aggressive rhetoric towards Ukraine has led others to respond. Europe has taken a robust stance, which may have surprised Russia. While divisions remain within NATO, the alliance is just about managing to present a united front in condemning the Russian invasion of its neighbour, and in helping Ukraine to resist the invasion.

In the Pacific, Japan and South Korea are expanding their defence capabilities, South Korean President Yoon Suk Yeol has even raised the possibility of seeking nuclear weapons capability, although he has since appeared to back away from this.



India's rising (and relatively young) population might be signals of an emerging global power. India has recently overtaken its former colonial master, the UK, to become the fifth largest economy in the world, but it does not yet have the wealth or the military strength to make it a superpower. And it faces several major challenges. It needs to import much of its fuel; global warming is likely to have severe consequences in terms of temperature rise, and access to water. And India has in China a global superpower on its northern doorstep. India has a long-standing friendship with Russia, and has been a major purchaser of Russian fuel and military equipment. Although India has been diversifying its sources of such equipment, it has a large "legacy" of Russian hardware. It has accordingly "sat on the fence" on the question of the invasion of Ukraine. As an aspiring great power, it is likely to look to the West and to the Pacific Rim, and will be keen to find ways to counter balance the real and growing power of China.

Russia's greatest priority is the Ukraine War. Defeat in Ukraine would be likely to lead to regime change – or even regime collapse, which presents its own global problems in a country with a huge nuclear arsenal. But it is also reaching out to Africa, where many states have chosen to "sit on the fence" in UN votes on the Ukraine War. The question, for Russia, is how far it has damaged its ability to exercise global power, and its economic prospects. If it can recover from its war, how long will it take it to do so? And how will twists of the kaleidoscope affect it in the meantime – for example demand for its oil and gas.

Europe faces a diminution of its global influence as the global strategic focus shifts to the Pacific Rim – and perhaps also to the Indian ocean. But it remains economically powerful.

Sub-Saharan Africa has been hit by the pandemic and its economic consequences, and by the impact of the invasion of Ukraine. However, it will see a surge in its population, and some countries' economies are forecast to grow strongly. Six countries are projected to enjoy growth in excess of 6% this year – Senegal, Niger, Cote d'Ivoire, Rwanda, DRC and Benin.

Even in a polynodal world, there is also scope for collaboration. As we noted in last week's blog, the planned creation of the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) may become a vehicle for wider co-operation in the Pacific Region, which will be of huge strategic importance. Its members account for some 16% of global GDP. It could be an important player as the World seeks to evolve towards a more constructive and collaborative future.

China has expressed interest in joining. The USA's position is ambiguous, and would be profoundly influenced by the outcome of the 2024 Presidential Election.

Conclusion

We start the year with an uncertain future, both in terms of the global picture, and individual countries and regions. Making sense of this uncertainty will require careful attention to



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unfolding events, and flexible thinking, adapted to the twists of the kaleidoscope. For better, or for worse, the image in the eye piece changes with every turn.

Written by David Lye, SAMI Fellow

Published 1 February 2023



A New National Purpose: Innovation Can Power the Future of Britain



Image by pencil_parker from Pixabay

February saw the publication of a joint report by Tony Blair and William Hague, advocating nothing less than a “fundamental reshaping of the state”. “A New National Purpose” seeks to provide a blueprint for Britain in a “new age of invention and innovation”.

The recommendations are a strange mixture of the breathtakingly ambitious (‘a reorganisation at the centre of government’) and the apparently mundane (‘incentivising pensions consolidation’) – all aiming to create a Britain which “can innovate rather than stagnate in the face of increasing technological change”.

The report’s brief reviews of emerging technologies are exemplary – well-researched, referenced and, at least for a short while, up to date. Artificial intelligence, biotech, climate tech are all covered – the “international standing” paragraph of each identifies Britain’s place in the wider scientific ecosystem.

It is, irritatingly, in the document’s main recommendation – the comprehensive rewiring of the state – that it is least convincing. Mostly, this is because the whole project can be summarised as “the future is tech and government must be set up for it”. Improving the quality of management, speeding up funding, anticipate better and micromanage less, set



up delivery units – these do not feel like the fundamental rewiring that the identified aim seems to promise.

Partly, that's because the report has been written by people with profound and thoughtful long-term engagement with the state itself. No-one could argue that Mr Blair or Mr Hague lack experience of government. Both have impressive, some would say intimidating, intellects. And so both want to fix things, especially those that frustrated them in their respective roles. I suspect that is why the report has such a collection of macro- and micro-recommendations. Particularly striking is the sheer number of recommendations around un-sticking processes, borne out of a clear frustration with both speed and focus of delivery. As they say, "Devising and delivering a complex, inter-departmental science and technology agenda requires bringing science and technology to the very heart of the British state."

So much, so very obvious. The very welcome creation of the Department for Science, Innovation and Technology hopefully goes a long way to provide that – particularly if organisations like the Government Office for Science can bring the skills they showed in the coronavirus pandemic to address other, equally pressing, science and technology issues. An increased tolerance of risk, and a preparedness to spend for future results rather than for immediate gain, would certainly help, and the recommendation to create an Advanced Procurement Agency is intriguing.

Some will challenge their desire to "treat data as a competitive asset", especially when that data comes from the NHS; and the desire to "embed AI across public services" is perhaps too soon for a technology which is, as we have seen from ChatGPT, prone to hallucinating facts.

Perhaps the most significant section, though, is the recommendation to "educate, train and retrain talent to power the science revolution". Nothing will happen unless the people are there to make it happen, and it is unfortunate that the "fundamentally change the state" argument has been allowed to outshine this need to 'train and retrain' in the public reporting of the report. The UK has suffered badly in the skills race – simply compare the number of engineers and computer scientists being trained here per capita with China or India – and concrete, solid, sustained action to regain our position is vital.

SAMI's work on the future of skills over the last few years has encompassed various industries and regions in the UK. We have consistently found a mismatch between ambition and reality – there are simply not enough people with the right skills to get to the futures that people say they want. The corollary, of course, is that with the current skill distribution, we will get to where we don't want to be.

"A New National Purpose" is interesting from the futures perspective. It feels like the authors, and their team, have used at least three of our standard methodologies – backcasting, roadmapping, and futures wheels. Backcasting starts with where you want to be in the future and moves you back in time to the present, identifying the actions you need



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to take to get to the preferred future. Roadmapping gives you a path from the present to the future. And futures wheels allow you to identify second and third-order impacts of actions.

So the report gives us an ambition – and works back from that ambition to highlight actions. It identifies those actions in a structured development path. And it takes the basic steps, but also identifies those additional supportive second- and third-order actions that need to be taken to support them.

That may explain why the report ranges from broad to narrow, from whole-of-government changes to single policy recommendations covering individual agencies. Blair and Hague want not only to present an approach but want to include every step that would support that approach. That’s a brave thing to do in a society which increasingly finds it difficult to focus on many things at once, and perhaps it’s not a surprise that some of the more interesting recommendations get lost in the reporting.

Were the “new National Purpose” executed in its entirety, it would indeed fundamentally rewire the state. It would probably have at least some of the impact the authors anticipate. It would be a pity if the report were to be ignored. It identifies many of the issues we have seen in our practice, and provides actionable responses to them – if nothing else, it would be a useful “ideas mine” for future governments. Perhaps not the full rewiring the authors advocate – but incremental improvements would be a start.

Written by Jonathan Blanchard Smith, SAMI Fellow and Director

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No Limits? How will China and Russia's alliance develop?

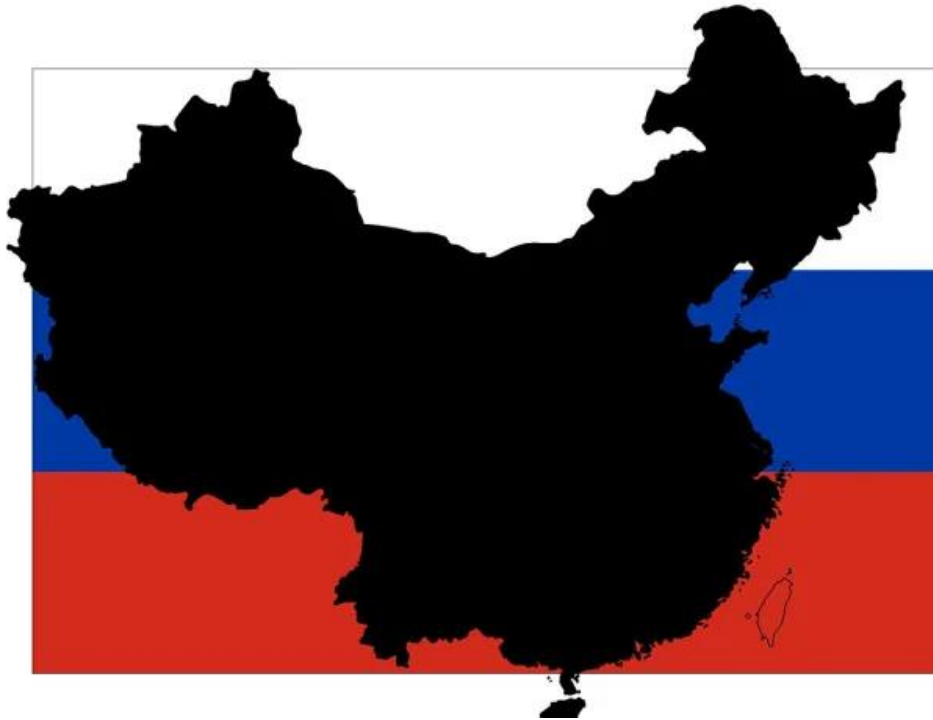


Image by Gerd Altmann from Pixabay

In February 2022 Vladimir Putin flew to Beijing to meet Xi Jinping on the eve of the Winter Olympics. The two leaders announced to the world that they had agreed a “no limits” partnership. They would work together on strategic issues to do with economics, energy and climate, as well as science and technology, and space. The two leaders announced a major new gas deal, valued at \$117 billion, including the opening of a new gas pipeline, as Russia sought to shift its trade away from Europe. Strategically, the two leaders jointly voiced their opposition to further expansion of NATO, and support for China’s assertion of sovereignty over Taiwan. Despite the reported presence of almost 200,000 troops on its borders, President Putin denied that Russia planned to invade Ukraine.

The announcement signalled to the world that China and Russia were determined to provide a counterweight to western global power, both strategic and economic.

What a difference a year makes. Russia is bogged down in the war that Putin launched in Ukraine. And when Xi Jinping travelled to Moscow in March of this year, there was a notable reduction in the warmth between the two leaders. China declined to sign off the “Power of Siberia 2” gas pipeline, to the apparent surprise and discomfort of Russia. And while China



continues to express its support for, and confidence in, President Putin, there are other indications that China may be taking a more rounded view of its relations with Russia.

A future built on a bitter legacy

In this blog, I will look at Sino-Russian relations, and possible future scenarios. But, as ever, when looking to the future, it's essential to look to the past. First, a picture – which, of course, is worth 1,000 words. This French cartoon from 1898, shows an appalled Qing Dynasty mandarin looking on, while a gang of foreigners carve up China as if it were a cake. The foreigners are, Queen Victoria, Kaiser Wilhelm II of Germany, Marianne, the personification of the French Republic, a Japanese warrior and Tsar Nicholas II of Russia.

The cartoon encapsulates the humiliations heaped on China in the previous half century, as foreign powers overrode its sovereignty, and imposed a series of “unequal treaties”, allowing them to seize control of Chinese territory, and impose their own terms of trade.

When we hear the angry rhetoric of China's “wolf warrior” diplomats, or read the posts on Chinese social media, we need to remind ourselves why there is such anger and hostility to foreign powers. China's ambition to become a global superpower owes a great deal to the historic humiliations inflicted on China. We should remember that the list of foreign powers includes Russia.

Vladivostok was established as the major city of the Russian Empire under unequal treaties imposed on China in 1858 and 1860. Chinese maps show the modern Chinese name (Haishenwai) in Chinese characters. The annexation of this region still rankles with Chinese nationalists, just as much as the slights their country suffered at the hands of the western powers and Japan. In the prevailing spirit of co-operation, Russia has opened up Vladivostok to Chinese shipping and trade, and Chinese businesses and agencies are moving back in numbers, at the same time as Russia's population declines, especially in the East. Will this be enough for China, as it becomes the dominant partner in the relationship?

As recently as 1969 there was armed conflict between China and the former USSR involving disputes over the borders imposed in the unequal treaties. Although there was no declaration of war, and hostilities were ended after negotiations between Alexei Kosygin and Zhou Enlai, the conflict drove China to seek to strengthen its position by opening diplomatic channels to the USA. This obscure not-quite war led to the historic trips to Beijing by Henry Kissinger in 1971, followed by President Nixon a year later.

China's ambition to be a superpower does not depend on its relations with others. It suits China to be allied with Russia for geographical, strategic and environmental reasons. But it is increasingly clear that the alliance is not one of equals. China seeks to match the USA as a superpower in its own right. Xi Jinping made this clear at the Chinese Communist Party Conference in 2017, and repeated it in the next one in 2022, where he spoke about China



and Chinese power. The poor performance of the Russian military, and Russian equipment in Ukraine will also be leading China to review its own military infrastructure, much of which has been based on learning from its neighbour.

Two recent developments underline China's willingness to take action that seems to run counter to its alliance with Russia. As mentioned earlier, China chose not to sign off the "Power of Siberia 2" gas pipeline, and seemed to decide this without consulting Russia. [This linked article concisely sums up the dominance of China in the relationship.](#)

On a related theme, China is developing closer economic and strategic links with its Central Asian neighbours. In the process it is supplanting Russia as the dominant power in that region – which was until 1991, part of the USSR.

Five Scenarios

Looking forward, what might this historic legacy mean for the relationship between China and Russia. It needs to be understood that the future will not be decided by the two parties exclusively: the future will depend on other factors, none of them entirely in either power's control, including:

- The outcome and the duration of the Ukraine War: a quick win for Russia seems unlikely, and a defeat would weaken it, both at home, and in its relations with China: its best hope is to avoid defeat;
- The state (and stability) of the global economy: further economic shocks would be destabilising, and the damage to food supplies of a continuing Ukraine War will lead to pressure for a settlement of some sort, which may or may not help Russia;
- The impact of climate and environmental change on the world, which may accelerate demand for renewable energy – China already leads the world in investing in wind and solar, which is not helpful to Russia's strategic economic interests; and
- Relations between other powers and potential and actual blocs, including NATO, ASEAN, the AUKUS strategic alliance, and the rise of India.

The likelihood of each of the scenarios listed below will be influenced by these uncertain, but key drivers.

Scenario 1 – Osmosis

The pull of China is stronger than the pull of Moscow. China is the biggest market for Eastern Siberia's timber, oil and gas, and Chinese trade dominates Vladivostok/Haishenwai. Chinese people continue to move into Siberia in search of opportunities. China runs everything, and Chinese infrastructure keeps it working, even if the names on the doorplates are still Russian. Young Siberians can either choose to go to China to study, or move west to remain in a more culturally Russian culture.



Scenario 2 – Nova Alaska

The growth of Chinese investment and settlement in Eastern Siberia, added to a combination of economic, military and strategic problems affecting Russia, lead China to make Russia “an offer it can’t refuse”: a massive cash sum, and access to a Belt & Road investment programme in return for a transfer of historic territories back to Chinese sovereignty. Lands that transferred under the unequal treaties revert to Chinese rule and identities.

Scenario 3 – Secession

The effects of Russia’s war in Ukraine lead to a collapse of central authority. Russia’s outlying regions use this as an opportunity to secure greater autonomy for themselves, fed by resentment at the use of local natural resources for Moscow’s gain, and the loss of many thousands of young men in what appears to be an unending war in Ukraine. Eastern Siberia concludes that it would be better off if it tilted towards China, and begins to develop its own relations with Beijing, and encourages inward investment from China.

Scenario 4 – The Emperor’s Revenge

The temptation to avenge historical injustice grows as Russia becomes weakened by the war in Ukraine. Reunification becomes a one-word slogan across Chinese media and social media. Nationalists within the Chinese Communist Party see recovery of Eastern Siberia as a potential gain for China in terms of power, prestige and access to natural resources. China presents this as a blow against historic colonial injustice. Russia is not happy, but there is little sympathy for it.

In conclusion, the No Limits Alliance provides no real indication of how Chinese and Russian relations will evolve. China would no doubt prefer a stable and friendly Russia, but it may be beginning to wonder whether this is realistic, given events since Putin’s invasion of Ukraine. Russia will be wondering how far it is able and willing to submit to Chinese overlordship without being swallowed up, at least in parts.

Written by David Lye, SAMI Fellow and Jonathan Blanchard Smith SAMI Fellow and Director

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Four Scenarios for EU Net-Zero



Image by Almeida from Pixabay

The EU Policy Lab has published a report “Towards a fair and sustainable Europe 2050: Social and economic choices in sustainability transitions” in which it explores possible and necessary changes in the European social and economic systems as the European Union engages in managing sustainability transitions towards 2050. The study builds on a participatory foresight exercise, which generated four foresight scenarios for a climate-neutral EU in 2050. It builds on these scenarios to identify strategic areas of intervention and sustainability transition pathways.

It adopts an interesting methodology with some innovative aspects, though there are some areas for concern – of which more later. It has three key elements:

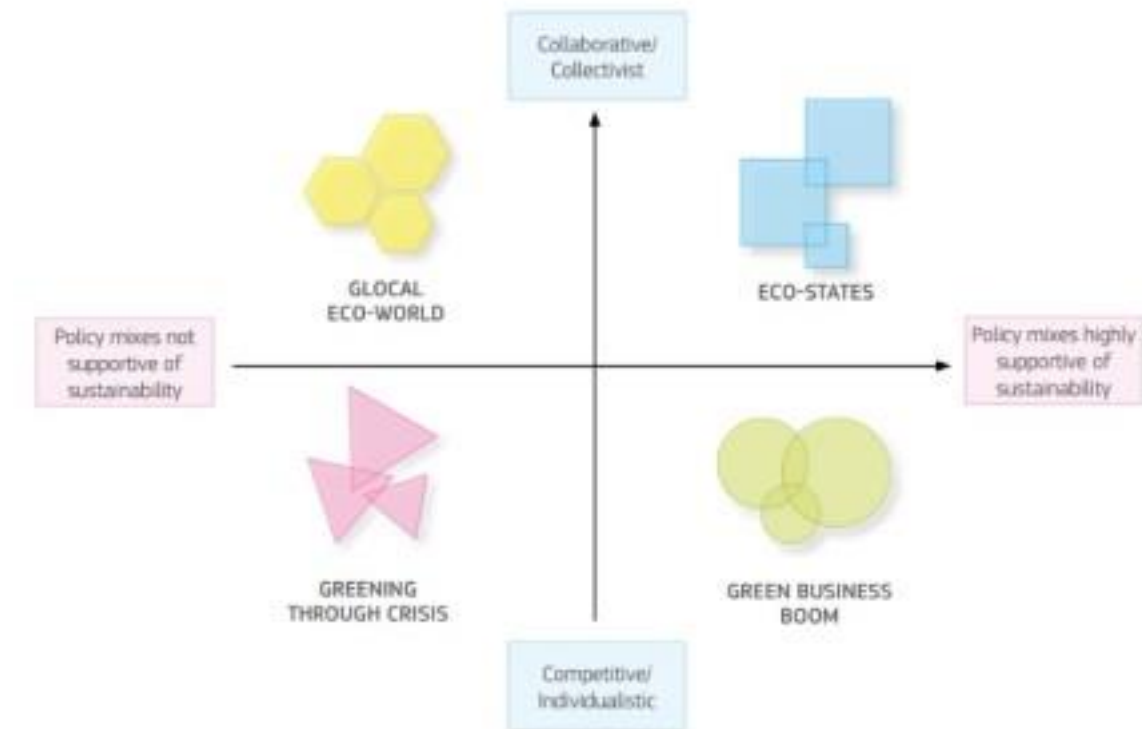
- Scenario Building
- Transitions Pathways and backcasting
- Strategic areas of intervention

Scenario Building



The four scenarios are built on a classic scenario cross, using other pre-existing work – a 2015 JRC study on the sustainable economy and recent [European Environment Agency \(EEA\)](#) ‘imaginaries’ for a sustainable Europe in 2050. The axes of uncertainty were:

- whether society would become more collaborative/collectivist or more individualistic/ competitive
- whether broad policy mixes supportive of transformative change for sustainability would emerge or not.



In each scenario, the necessary transitions in production and consumption happen through a change in lifestyles that leads to a drastic reduction in consumption and phasing out of unsustainable practices. However, this comes about for different reasons and through the actions of different actors.

The key features of the four scenarios are:

Eco-States – Government-driven sustainability: Member States’ governments are the key actors, responding to and shaping public concern to introduce strong Net-Zero policies. They shape a social and economic transformation of the EU by improving the effectiveness and efficiency of their government action. As well as national reforms, they strengthen their coordination to jointly address challenges that countries cannot tackle alone. This is clearly an optimistic scenario relying on some heroically positive assumptions – social inequalities have been reduced through redistributive policies; taxes, energy and some social policy shifted to the EU level; “persisting” world order.



Greening through crisis – crisis-response-driven sustainability: at the other extreme, successive crises unfolding at the global and regional level push national governments to devolve competences and power to the EU to ensure security and protection. The European Commission is proactive in steering the process and is gradually backed by all Member States. The EU in 2050 works as a federal state. Probability – low!

Green business boom – business-driven sustainability: as resource costs surge, corporations find ways to decouple profits from resource consumption. They engage in a circular economy, renewable energies and in sustainable bio-economy. Innovation helps accelerate market opportunities for sustainable businesses models. In this way, the economy promotes sustainable behaviour while generating added-value. A more plausible scenario, if it were supported by clear government targets and investment.

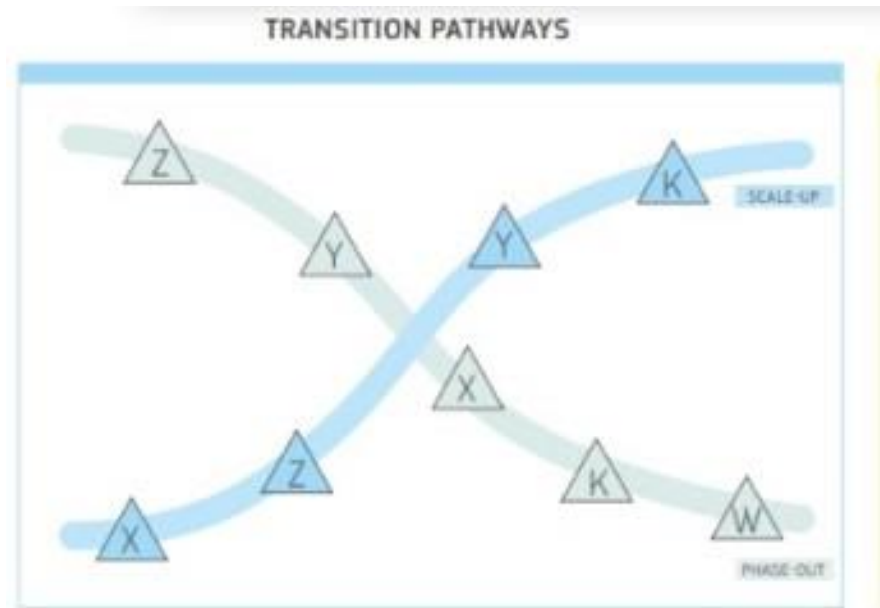
Global Eco-World – people-driven sustainability: policymakers fail effectively to respond to the major havoc wrought by climate change, forcing people to find new ways to adapt to more difficult circumstances. In this new paradigm, people discover, through the pressures they endure, the value of human relationships, connections, community help and the possibility of a dignified life with much lower levels of material prosperity. This one is close the Second Coming.

Admirably the report includes much greater detail on each of the scenarios structured around the STEEP factors:

- social: national identity and social inequality
- technology: predominantly digital technology in various forms
- economic: taxation, regulation, financial sector, labour markets
- environmental: attitudes to nature, monitoring, agricultural practices, lifestyles
- political: relationships between EU and Member States, geo-political situation, migration.

Transitions Pathways and backcasting

An innovative approach (at least in my experience) is the development of **transition pathways** developed by combining the X-curve and the three horizons approach.



Each comprises:

- signs of the new, which point to current developments that are compatible with the given pathway.
- main patterns of change, which indicate the main change processes that define each pathway
- transformative elements – trends, trade-offs, synergies and conditions that can be identified along the transition pathways from today to 2050.

The transition pathways are developed by combining the X-curve and the three horizons approach. The pathways indicate the processes of change towards sustainability going from today to each scenario in 2050. The X-curve is a sense-making tool that enables the co-creation of collective narratives about system change.

Key insights from the four pathways, common to all, are:

- people as a driver for urgent action
- strong shift to a new EU model of multilevel governance
- a systemic mix of actions requires joint efforts
- the urgency to act can be guided by the search for resilience and strategic autonomy

Strategic areas of intervention

Areas in each pathway consistently deemed to be significant to sustainability transitions, and in need of intervention, were grouped into four clusters:



- a new social contract: covering democracy and social cohesion, inter-generational fairness and wellbeing; leading to a social contract based on sustainability
- governance for sustainability: including public finance, investment for transformative change, public governance; leading to improved governance models for sustainability
- the people and economy cluster talks of sustainable lifestyles and business models, and improved skills and competences enabling sustainable societies
- all within a global context of partnership and changing value chains to achieve sustainability in complex geo-politics.

In the final section, the report concludes: **“It emerges clearly from the foresight process and analysis that the necessary systemic changes require collaboration across all of society”**. No small challenge then.

Areas of concern

Looking at the report as a futures project, we can see a number of clear areas of concern.

The most obvious is the assumption in all four scenarios that Net Zero is achieved. In fact this is really a visioning exercise with four different routes to a common outcome. This is the task that was set. The Joint Research council has also developed ‘reference scenarios’ of the global standing of the EU in 2040, in which only one scenario will lead to a future where the EU is on track to reach climate neutrality.

Putting that to one side, we might also question the choice of axes of uncertainty. The “Policy mix” axis lacks definition, and contains many nuanced differences.

We would also doubt the viability of the scenarios, from their descriptions. Clearly, scenarios should challenge the status quo, but the assumptions within them have to be seen as credible and internally consistent. Ceding tax, energy and some social policy to the EU level or extended EU federalism are well into the far-reaches of plausibility. A social nirvana where crisis engenders a continent-wide rush to value human relationships is far beyond that. Adopting a stance of relentless positivity means that barriers and challenges are not properly identified.

The report’s conclusion that achieving Net Zero requires systemic change is welcome. Whether it is possible in many, less optimistic but perhaps more realistic, scenarios remains an open question.

Written by Huw Williams, SAMI Principal

Published 6 September 2023



Twisting the Diplomatic Kaleidoscope: India, China and polynodal policy

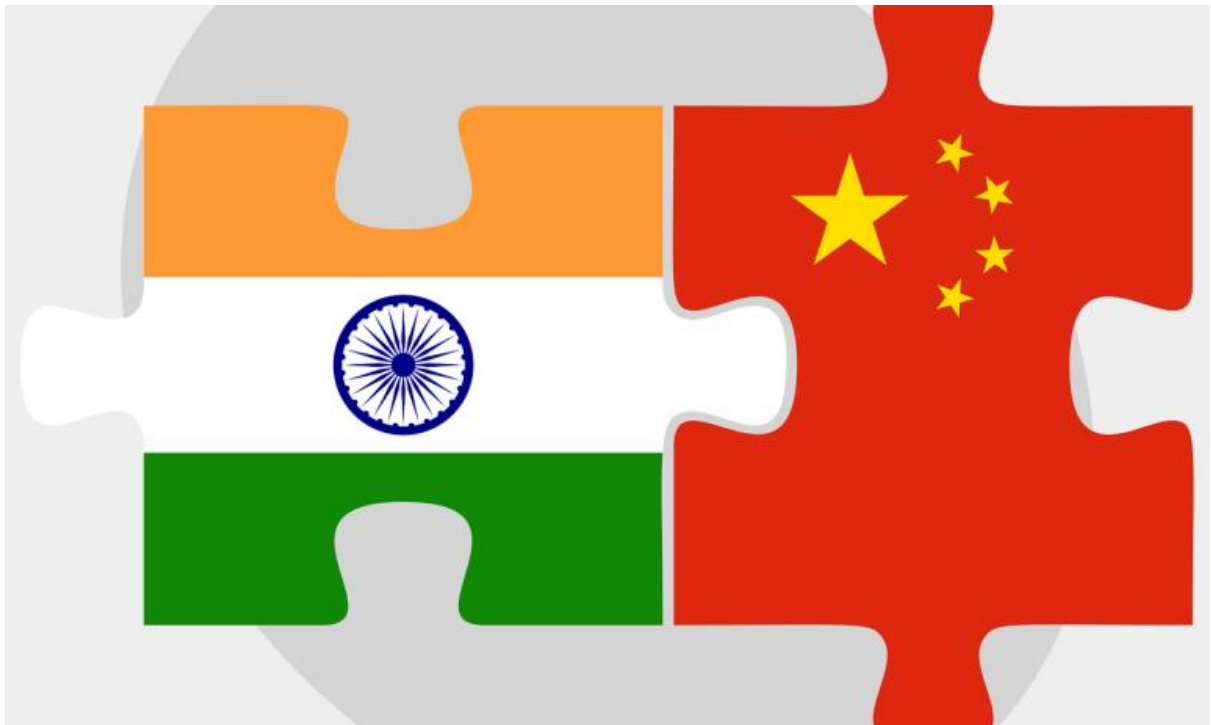


Image: BedexpSTock from [Pixabay](https://pixabay.com/)

[In February we used the analogy of a kaleidoscope](#) to describe the polynodal world, which replaced the “New World Order” of 1991, with a world of rising (and declining) powers, and a shifting geopolitical hub moving from the West to the Pacific Rim.

This article gives the kaleidoscope a turn, to look at how the global picture changes. It is prompted by developments in India, China, and following the recent BRICS Summit in South Africa, and the G20 meeting, hosted in India.

India is a good place on which to focus. It represents very well the rapid and growing shift in global power and influence from West to East, and the emergence of new nodes of power and influence in the polynodal world, which has replaced the “New World Order”.

Moving at Pace

In 2008, just 15 years ago, Aravind Adiga published his prize-winning novel, “The White Tiger”. In the book’s opening chapter Balram Halwai, its amoral, antiheroic narrator imagines himself writing a letter to Wen Jiabao, Premier of the People’s Republic of China on the occasion of a planned visit to India.



Halwai writes, “Apparently, sir, you Chinese are far ahead of us in every respect, except that you don’t have entrepreneurs. And our nation, though it has no drinking water, electricity, sewage system, public transportation, sense of hygiene, discipline, courtesy, or punctuality **does** have entrepreneurs. Thousands and thousands of them. Especially in the field of technology. And these entrepreneurs – **we** entrepreneurs – have set up all these outsourcing companies that virtually run America now”

Adiga’s novel was a mordant satire on India. 15 years on the problems afflicting the India he wrote about are still visible, but much has changed and is changing: and the pace of transition is fast. Starting with its economy, [India’s GDP is now the fifth biggest in the world](#). Although GDP per capita is very low, India as a nation is an economic force to be reckoned with. Measured by [purchasing power parity, India is ranked third](#), behind only China and the USA.

From a historical perspective it is worth noting that the rise of India along with China takes the world back to a similar economic position that existed before the rise of the West, [as this graphic shows](#).

India’s population has overtaken China’s. India’s people are younger on average than China’s and the population gap between the two is likely to widen. [The two nations between them account for over a third of the total global population](#).

On 23 August, India’s Chandrayaan-3 mission successfully landed on the moon, making India only the fourth nation to have achieved a successful landing, and the first to land in the moon’s southern polar region. This has been [welcomed by Prime Minister Narendra Modi as a clear sign of India’s rapid technological development](#), and Indian social media has been flooded with posts celebrating the achievement.

At the same time, [India hosted the 18th meeting of the G20 group of countries](#). This provided an opportunity for India to put itself in the limelight, and for it to show its aspirations for its role as an emerging global power. The theme of the Conference was “Vasudhaiva Kutumbakan” (One Earth, One Family, One Future). In addition to the members of the G20, the Group agreed to invite the African Union to join, and Bangladesh, Egypt, Mauritius, Netherlands, Nigeria, Oman, Singapore, Spain and the United Arab Emirates (UAE) were invited to attend. India was clearly setting out a case for greater inclusion in global forums, especially for poorer and developing countries. This reflects India’s own history of regaining its independence, and becoming a leading influence on the “non-aligned movement” of the Cold War era. This also followed the BRICS summit, which saw the admission of Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the UAE to the group.

In addition, India gave some indications of its future role in relation to other powers. India continues to have close relations with Russia, despite the latter’s invasion of Ukraine, but it was also notable that at the G20 India announced plans to build global rail and ports links



between the Middle East and South Asia and eventually to Europe, working with the USA and Saudi Arabia.

China

Of course China is India's most powerful neighbour. As the linked statistics show, although India's population has overtaken China's, the latter clearly outweighs India in measurements [such as GDP](#) – 5.2 times in terms of actual spending, [and 2.5% in PPP terms](#); [China's spending on R&D](#) exceeds India's by 8.5 times, and [China's defence spending is three times](#) greater than India's.

This latter statistic is relevant in the sense that Indian and Chinese troops have clashed twice in recent years in the disputed border between the two countries, which was also the cause of a short (and for India unsuccessful) war fought in 1962. [India is wary of China: both Pakistan and Sri Lanka](#) have been members of China's Belt & Road Initiative, and both have seen Chinese investment in building deep water ports, which would potentially reinforce Chinese presence and influence in the Indian sub-continent.

China has made clear its aspirations to be a superpower on a par with the USA. As such, it seeks strategic power in the Asia Pacific Region. [Xi Jinping's non-attendance at the G20 in Delhi](#) was taken by many as a "snub" to India – although China has made no formal comment about the reason why Xi chose to concentrate on domestic business instead of going to Delhi. As an aspiring global superpower, China will wish to maintain order in what it sees as its "backyard".

This may not be a sign of a renewal of actual conflict between the world's two most populous nations – China's main military priority probably remains Taiwan, and India has a large military and nuclear weapons. But the risk clearly exists of further confrontations and skirmishes in the future. Relations between the two are likely remain prickly, and subject to bones of contention – to give one example, it seems most unlikely that China would accept an proposal for India to be admitted to the UN Security Council. Despite India's rapid progress, China looks likely continue to enjoy economic and strategic advantages – at least in the short-to medium term. However, some experts see China's current economic and demographic problems as a potential sign of deeper problems. In which case India may make up ground more quickly on its powerful neighbour.

One area on which India and China might collaborate to mutual advantage would be climate change and access to water. Both countries rely substantially on water from rivers that flow from the mountainous regions to the North of India and the South West of China. But this might just as easily become a serious cause of disagreement, given the tensions outlined above.



In the defence sector, [Russia has been, and remains, India's largest arms supplier](#), but India is diversifying its sources of armaments – understandably given Russia's own military challenges. India will continue to wish to import fossil fuels from Russia (and elsewhere).

Polynodal Politics, introducing mini-lateralism

It is to be expected that an emergent India will seek to build relations with other countries to counterbalance Chinese power – such as the agreement with the USA and Saudi Arabia announced at the G20. The inclusion of the African Union at the G20, and the admission of Ethiopia (which hosts the AU) to the BRICS+ bloc signal an intention to widen global engagement.

Many western commentators have tended to be sceptical about BRICS+, citing the strategic differences between the members of the bloc – for example India and China, or Iran and Saudi Arabia. One commentator who takes a different view is Fiona Hill, former White House policy adviser to three US Presidents. [In her address to the Lennart Meri Conference](#), she observes signals of a trend towards “mini-lateralism” and the sceptical – and sometimes hostile – view countries in the global south have of the West.

Conclusion

The development of India into a global economic power, and an influencer through the BRICS+ and its chairmanship of the G20 – in which it reached out to the poorest regions – should perhaps be seen of a pattern of strategic change, where the focus of the world is slowly and steadily moving away from the USA and Europe to the Asia Pacific Region. For India a “good” outcome would see it cultivating strong bilateral relations with different regional powers and blocs, and being respected as a player on the international stage and as a developing power to rank with the other major powers. But it would be wrong to ignore the risk of a discordant and ill-tempered rivalry with China, especially as India grows, and China faces its own economic and strategic challenges.

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China – A Superpower’s Growing Pains



Image by Joe from Pixabay

In January 2022, we published a [blog looking at possible futures for China](#). This was part of a series of blogs based on the scenarios developed as part of the [European Commission’s SAFIRE report](#), which set out scenarios for the World in 2040, along with matching scenarios for 10 key Regions, of which China was one.

This blog notes some interesting developments, reflecting on China’s path to superpowerdom, and some of the obstacles on that path. We must begin by acknowledging that while China receives media and political attention befitting its status as the World’s newest superpower, there is a great deal that is hidden from foreign eyes. Speculation about China has become a political participation sport that rivals, or perhaps even surpasses “Kremlinology” in the Cold War era of 1945-1990. Accordingly we start with what we know, before adding in the uncertainties and speculations about China’s longer term future.

Economic Superpower

To begin with an obvious positive point, China has fully emerged as a global economic power. Its GDP is \$17.9 trillion in absolute terms, second only to that of the USA, and far ahead of any other competitor. Its share of global GDP is 17.9%. Measured in terms of



purchasing power parity (PPP), China outstrips everyone. Its GDP is \$33.1 trillion, against the the USA's \$26.9 trillion.

China, like the rest of the world, was forced into isolation by the Covid-19 pandemic. The country's rapid economic growth had already shown signs of slowing down. In 2020, China's reported GDP was 2.24%. After a reported recovery in 2021, its reported GDP for 2022 was 2.99%. And China remains a middle income country, based on its GDP per capita (\$12,720).

This patchy performance is not only due to the impact of the pandemic. Russia's invasion of Ukraine sparked inflationary pressures around the world, and has led many economic powers to review their trade and supply lines. Additionally, some of China's neighbours have become more competitive in seeking investment. And investors, especially Western ones, are keen to diversify their markets: the impact of the Covid-19 pandemic, and the disruption of the Russian invasion of Ukraine, have persuaded other countries of the need both to look to develop alternative trading partners, and bring some production home. Security of supply has become a strategic priority. Last year's ESPAS (European Strategy and Policy Analysis System) Conference devoted much of its time to this, and "friendshoring" was one of the buzz-words of the event.

The USA has very clearly signalled a shift towards reducing its reliance on China as a supplier of its manufactures, in what the Cato Institute has described as "polite Trumpism".

In response to the fraying of the post-Cold War New World Order, and the rising tensions between countries and blocs, we are seeing the emergence of international groupings designed to foster new arrangements for governance of trade. In the Asia-Pacific Region, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has revived former US President Obama's idea of a TPP. The CPTPP is still taking shape. The USA is not a member, and neither is China, although the latter has indicated its interest in joining.

China continues to build its own trade networks. Over 150 countries are now involved in the Belt & Road Initiative. Despite reports of some local difficulties, there seems to be no shortage of interest from all parts of the globe. And, perhaps related to this, China's trade is growing in some quite surprising places, including Latin America – the USA's back yard. Europe, given its wealth, remains an important trading partner for China, but the balance of global power has shifted to the Asia-Pacific Region, and away from the Atlantic. The dismissive remarks about the United Kingdom by Victor Gao, vice president of the Centre for China and globalisation, very clearly express China's attitude.

It remains to be seen how individual countries, as well as regional blocs, will line up in what is currently an ungoverned global trading environment. But for now, it is clear that China has strengths which counterbalance the challenge of fiercer competition and greater western caution about reliance on its manufacturers.



To give two examples, China dominates the global market for electric vehicles (EV). China is the world's dominant player, and best placed to exploit the dash for carbon neutrality in the developed economies. Similarly, China is by far the world's leading producer of equipment for renewable energy generation.

China's Military Power

Global Firepower ranks China 3rd as a global military power, behind the USA and Russia – though the latter may be open to question given the cost in lives and equipment of Russia's invasion of Ukraine. China has been building up its military muscles at the same time as other powers and blocs have been allowing theirs to reduce. Again, the invasion of Ukraine, together with Chinese military exercises and aggressive rhetoric, have now led others to take steps to develop their own military capacity.

While the size of China's military is clear to see, its power and effectiveness is less so. China has used its size to assert itself in disputed areas of the South China Sea, and local fighting has broken out on China's mountainous border with India. China of course has also made clear its aim of bringing Taiwan under Chinese rule, and again has used military exercises and fierce rhetoric to emphasise the point.

However, the actual power and effectiveness of China's military is unknown. China has not fought a major military campaign since it invaded Vietnam in 1979 – a brief war that is most accurately described as "indecisive".

The most likely active military engagement would be if China were to launch an operation to take over Taiwan. Although China's armed forces are many times bigger than Taiwan's, Taiwan is an island, with a challenging coastline, and a mountainous interior. Seizing it would be a complex and risky operation, and Russia's misadventures in Ukraine may be giving China pause for thought.

China Flexes its Muscles

China has given plenty of signals of its dominant position in its own back yard. As well as the abovementioned assertion of control over disputed islands in the South China Sea and the confrontations with India, China has used diplomatic means as well.

The China Asia Summit earlier this year involved the five "stans" – the former Soviet Republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. Russia did not attend, suggesting a significant shift away from the five Republics' historic links to Russia. When Xi Jinping travelled to Moscow in March for a summit with Vladimir Putin, the two leaders made statements of friendship and hostility to the West, but China offered Russia no help in Ukraine, and Xi Jinping did not sign off the planned Siberia 2 pipeline, which he had been expected to do – to Russia's surprise. It seems to be the case that China calls the shots in its relations with its neighbours, and is prepared to assert itself diplomatically.



It remains to be seen how Chinese relations with India will develop. As noted in last week's blog, India's size and growing economy and population represent a potential rival to Chinese regional dominance, and India will seek to build its own profile as a regional and global presence – as it did in last month's G20 summit, which India chaired.

Young Power, Aging Dragon

China's population has now begun to reduce. Its fertility rate is one of the lowest among the world's major countries, such that even rising life expectancy is not enough to prevent the population from declining. The linked report contains information on this. During protests in China last year, some young protesters took to referring to themselves as “the last generation”.

India is reported to have overtaken China as the country with the highest population, and India's average age is significantly lower than China's (28.1 versus 37.4), which suggests the gap will grow. China faces the prospect of rising numbers of pensioners, with reducing numbers of younger workers to bear the cost of pensions and health & social care.

Purges

Since taking power as General Secretary of the Chinese Communist Party (CCP) and Chairman of the Central Military Commission in 2012, Xi Jinping has taken steps to centralise political power. Hong Kong has been brought firmly under central control. At the 2022 CCP Congress, Xi's power was ratified; and former President Hu Jintao was physically removed from the closing ceremony – a very visible sign of the concentration of power in Xi's hands.

But there have been signs of turbulence within the centre of power. At the start of the year, Xi sidelined Zhao Lijian, who had been seen as close to the leader, and as the leading exponent of China's assertive “wolf warrior” diplomacy. More recently, this month, China's Defence Minister, Li Shangfu seems to have been removed from office, and is reported to be facing a CCP investigation: this follows the removal of the two previous commanders of the Chinese People's Liberation Army Rocket Force, Li Yuchao and his predecessor, Xu Xhongbo. At the same time, Xi has exerted a much tighter grip on China's economy and commercial sectors.

Because the internal manoeuvrings of the CCP are opaque, it is not clear why these changes are taking place. Alleged corruption is one possible reason; or it may be that Xi Jinping is impatient with China's relatively sluggish recovery from the Covid lockdown.



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Conclusion

What does seem clear at present, is that there is no challenge to Xi himself. Serious economic problems, or an unsuccessful military adventure might change this, but for now Xi remains firmly at the helm. But big decisions lie ahead: setting a course for continuing economic progress is the most immediate. But also, China will need to decide whether it wants to take aggressive action in Taiwan, thus increasing divisions with the West, and risking military embarrassment.

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