The Near Future to 2030 and its potential impact on the Role of International Institutions on Economic Policy

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Post WW II, the role of International Institutions has been pivotal in establishing & maintaining the world order

- UN linked institutions, European institutions
- INGOs and humanitarian organisations
- Professional networks
- Financial, trade and customs unions
- Law & security, energy, maritime
But the world is changing

• The post WW II world has seen some dramatic changes
  – Trebling of population
  – Advantageous dependency ratios
  – Urbanisation – now over half of us live in urban areas
  – New industries – transport, health care, education, ICT, energy
  – Changes synergistic and leading to economic growth
• Over the next decade these forces for change will interact in new ways
• And new political, economic, social and technological dynamics are at work
• We call these additional disruptive forces for change the GLOBAL MEGATRENDS
Global Megatrends

• The world is very noisy, many headlines about chaos
• But our world will be shaped by a number of political, economic, social and technological forces which are not making the headlines
  – Though they may be the forces under the headlines
• So we (Tricia Lustig & I) are writing a book to describe these global megatrends and potential implications
  – In a form accessible to people with “day jobs”
  – Who are needing to make strategic decisions on people or capital
• “Megatrends and How to Survive them: preparing for 2032”
  – Why 2032? Election year in both China & US
Trends are not forecasts

Diagram ©Ringland, Sparrow & Lustig, *Beyond Crisis* John Wiley 2010
Trends are Important

• Trends provide
  – A framework for assessing the context in which we will live
  – We will use our 12 MEGATRENDS to explore what potential impacts they might have

• Why 12? Why these 12?
  – Evolved through our work with different groups across the world
  – You can keep 12 in mind
  – Backed by solid evidence

• Though
  – Not independent from each other!
GLOBAL MEGATRENDS

Demographics
New social structures
Economic activity
Multi-polar world

Urbanisation
Migration
Changing personal values

Climate, Environment Resources
Energy sources
Biotech

Pervasive ICT
AI/machine learning/robots

Political/Economic
Environmental/tech
Technological
Societal
GLOBAL MEGATRENDS

Demographics

New social structures

Urbanisation

Migration

Changing personal values
New social structures

• New family size and structure, linked to
  – Urbanisation
  – Women’s education
  – Public health
  – Medical advances

• More people out of basic poverty
  – Able to make choices e.g. migration
  – Role of personal aims and ambitions – generational differences
  – Informal economy in Asia and Africa
Impact of new social structures on International Institutions

• Changed family structure
  – Increased welfare payments reduce ability of governments to fund international institutions

• Urbanisation
  – Rift between rural political base and new urban powerhouses

• Informal economy
  – Reduced tax base reduce ability of governments to fund international institutions
GLOBAL MEGATRENDS

- Multi-polar world
- Economic activity
- Changing personal values
- Pervasive ICT
- AI/machine learning/robots
- Biotech
- Energy sources

Political/Economic  Environmental/tech  Technological  Societal
Connected world

• Impact of ICT on cities and agriculture, manufacturing and services
  – Exploitation is on agenda for cities & governments globally
  – Jobs replaced by automation, impact on national tax revenues

• Changing personal aims and ambitions
  – Generations X, Y, Z grown up with ICT and connection – shared global culture

• Global infrastructure e.g.
  – Facebook, Google etc
  – Ability of corporates to relocate, chose where to “earn” revenue & hence pay tax

• Innovation – the knowledge triangle – private sector role
  – Education
  – Research
  – Innovation – application
Urbanisation in a connected world

• Two emerging models
• City States: World re-formed around city states
  – Cities as wealth clusters “brands”: reduced power of nation states
  – Democracy, capitalism and western values competing with other organising concepts
  – Global commons abandoned: conflicts in values, fewer implicit norms
• Affinity Groups: Multiple value systems accommodated
  – Democracy not seen as universal good
  – Complex arrangements of nation states and communities
  – How do international issues get addressed, e.g.
    • regulation,
    • systemic challenges?
Impact of a connected world on international institutions

- Impact of ICT on cities and agriculture, manufacturing and services
  - Need to work with urban powerhouses and international corporates, City States and Affinity Groups

- Impact of Generations X, Y, Z
  - They all think globally, judge national/regional governments, are ready to migrate

- Ability of corporates to relocate
  - Loss of tax revenue for national governments

- Innovation – the knowledge triangle –
  - Role of private sector, less involvement of governments
GLOBAL MEGATRENDS

- Economic activity
- Multi-polar world
- Pervasive ICT
Multi-polar world

• Decline of North Atlantic influence
  – Due to declining share of global economy
  – Regional economies not willing to fill empty space
• Decline of capability of nation state
  – Due to role of ICT, demographics and social changes, role of international corporates, etc
• Influence of China
  – ? City State model?
• Influence of Saudi
  – Affinity Groups model?
Impact of multipolar world on international institutions

• Decline of North Atlantic influence
  – North America & Europe no longer able/willing to fund to same extent

• Decline of capability of nation state
  – New sources of power & influence
  – City States, Affinity Groups?

• Need for institutions compatible with multiple value systems and sources of power and influence
  – Democracy not a given
  – Market economy not a given
  – Range of social values
Conclusions

- In a multi-polar world, the US and Europe will be less able to exercise soft power through international organisations.
- Economic policies could increasingly emerge in the context of the connected world and new family structures.
- Economic policy might be set regionally, or within Cities, or Affinity Groups, or by default through international corporates.
- National governments will be less able and willing to fund international institutions due to societal changes.
- International institutions relating to specific issues e.g. defence, cyber security, trade, will survive – possibly through consortia of Cities or Affinity Groups as well as some nation states.
Thank you – and keep in touch!

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• If you would be willing to read a draft of the book “Megatrends and How to Survive them: preparing for 2032” please give me your business card

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