




Takshashila Discussion Document

Deriving India's Strategies for a New World Order

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Executive Summary

"The New World Order" is a phrase often used but rarely understood. This discussion document proposes an analytical framework to decode what a New World Order means for India.

The document presents a flexible action portfolio to hold India in good stead over the next 25 years, regardless of the contours of the international system. The action portfolio is derived by imagining 20 likely scenarios for a New World Order at the intersection of two axes. The first axis represents five possible geopolitical trends, organised by the degree of global polarity. The second axis represents four geoeconomic trends; the degree of growth, automation, trade, and labour movements. In each scenario, we propose strategies to maximise India's national interest.

Finally, we collate recommendations for India which occur in the maximum number of scenarios and propose that acting on these recommendations is the most optimal path for India to secure its national interests in an ever-changing world. These recommendations form the basis of India's action portfolio, and are divided into two broad categories:

Domestic Economic Reforms

1. Liberalise major sectors, implement labour and factor market reforms. Be an attractive destination for FDI.
2. Focus on the employment elasticity of growth in addition to growth itself. Collaborate with foreign universities for skilling the workforce.
3. Build a social security net to deal with inequality, unemployment, skill obsolescence, and an aging population.

Reforms for India's engagement with the world at large.

1. Three critical military shifts are needed: from land to sea, from the physical to the virtual (cyberwarfare); and from manpower to firepower.
2. Champion the cause of globalisation as movement of labour, goods, and services is critical for India's growth.
3. Retain flexibility in terms of alignment: be open to larger partnerships and global projects, as well as unilateral action.
4. Partner with other middle powers, especially those concerned by G2 dominance.

Introduction

What is an international order? Mazar et al (2016) defined it as “.. The body of rules, norms, and institutions that govern relations among the key players in the international environment.”². Henry Kissinger conceptualised³ this order to be composed of legitimacy and power. Legitimacy defines the rules of conduct, and power enforces restraint when these rules break down.

The idea of a “New World Order” is not new. It has often been used in periods of international uncertainty and turmoil. In the aftermath of the First World War, US President Woodrow Wilson outlined Fourteen Points for a “new world”⁴. As the Second World War began in Europe, President Franklin D. Roosevelt referred to a “New Order for the Ages” (*Novus Ordo Seclorum*) in a speech in 1940⁵.

The phrase gained increased currency in the uncertainty that followed the calamitous decline of the Soviet Union and the end of the Cold War. The US-dominated unipolar⁶ world, and US-led international intervention in the Gulf War were seen⁷ as heralding a new world order. Francis Fukuyama argued that all systemic alternatives to the Liberal International Order (LIO) had been totally exhausted, declaring an “unabashed victory of economic and political liberalism.”⁸.

Contrarian opinions soon emerged. In *The Clash of Civilizations and the Remaking of World Order* (1997), Samuel Huntington argued that far from having achieved an eternal triumph, the Western-led global order would soon be imperilled by Islamic and Sinic civilisational conceptions of order⁹. Stephen Gill, taking a more Gramscian approach, argued instead that the internal contradictions of LIO were leading to new forms of global resistance, leading instead to a “Clash of Globalisations”¹⁰.

Today, the *legitimacy* of the LIO is being challenged by nationalist movements and the perception that they are seen as perpetuating American hegemony. In addition, America's once-overwhelming military, economic, and cultural power, which underpinned conformity to the LIO, is no longer unquestioned¹¹. This has led, unsurprisingly, to calls for a new world order by world leaders ranging from Mahmoud Ahmedinejad to Xi Jinping, and has set off considerable academic work on the health of the LIO and questioning as to what yet another new world order might look like.

RAND Corporation's 2017 report, *Measuring the Health of the Liberal International Order*, which claimed that the “The postwar order is at a perilous moment”, called for increased American support for this order, and stressed the need for maintaining stability of global economic institutions and rules. Many of its recommendations – especially regarding the “tone and character” of US leadership, and the development of a more shared and equitable order, do not

seem to have been followed – as the current President's bellicose attitudes towards even traditional allies would indicate.

This has lent additional credence to speculations on the nature of a new world order. A Chinese-led world order, for example, could be conceived, as Xue Li and Cheng Zhangxi claim, as a reworked “Hue-Yi” (tributary) system relying on supposedly voluntary partners¹². The Portuguese diplomat Bruno Maçães, highlighting the increasingly assertive pursuit of national interest by major powers (to the detriment of the rules that underpin the LIO) and the changing nature of conflict, argued that the global balance of power was once again shifting towards Eurasia¹³.

This study follows the tradition of these speculations on a New World Order, but with a different approach. While there is little academic consensus as to the precise nature of this order, it is clearly evident that over the next few decades, as the global distribution of power changes, and rapid changes take place in the flow of capital, resources and labour, the international order is likely to change in a volatile manner.

Therefore, rather than predict the new world, this document aims to develop a set of actions that will help maximise India's national interest irrespective of the emergent order itself.

A discussion of the methodology used is provided in the next section. Each scenario is then extensively discussed in the “Scenario Analysis” section. (Details on how each trend, which made up the scenarios, was constructed are available in the Appendix). Key recommendations are then analysed in the “Actions Portfolio” section in order to construct India's general set of actions.

Methodology

This analysis is not an exercise in predicting *what* a New World Order will look like. Calculating the presence or absence of conflict, the occurrence or non-occurrence of political change in particular areas or time frames, is a field that is rapidly growing. However, even the most advanced algorithms and keenest observers shy away from predictions for a quarter-century timeframe. In an increasingly complex and volatile world, it makes more sense to emphasise the *responses* to possible new orders than to predict the order itself.

Geopolitical Futures' *The Road to 2040*¹⁴, argues “Forecasting requires far more than a grasp of the current situation. It requires that the current situation be taken seriously, but only in a broader context; a context that takes into account,

not only the passing events, no matter how dramatic they might be, but the deeper structure.”

It is this deeper structure that forms the foundation of this document. It would be inaccurate to linearly extrapolate current trends and use them as the basis for predicting a new order. Therefore, the analytical model used in this paper aims to look at the *structural* components of international order and see how India should respond to various configurations of these components. In keeping with the principles of scenario planning, components which are highly impactful *and* highly uncertain must be selected¹⁵.

How were these components identified? What is the basis of the legitimacy and power of an international order, referred to by Kissinger? The answer could lie in Fukuyama's triumphant declaration of the “triumph” of the LIO, which he put down to “economic and political liberalism” – which is to say, the economic and political systems of the world order. In addition, the RAND Corporation's report on the health of the LIO identified¹⁶ geopolitics and ideology as key elements, but also highlighted the importance of global economic stability.

It therefore follows that we can develop New World Orders by putting together different configurations of geopolitics, ideology, and economics. Arguably, ideology is a function of the underlying economic and political structure of the world. To construct New World Order Scenarios, then, the most impactful and most uncertain variables would be: geopolitical trends (the distribution of power) and geoeconomic trends (the distribution and allocation of resources).

The approach followed was to select key factors (again, based on impact and uncertainty) that determine geopolitical and geoeconomic trends – such as growth, automation, and global polarity. Impactful and uncertain configurations of these components were constructed (outlined in the next section) to arrive at possible geoeconomic trends and possible geopolitical trends. At their intersection lay a number of possible New World Orders.

The next step of the analysis involved the selection of Orders to develop recommendations. Since the emphasis was on generality as opposed to contingency planning, the most likely or historically-precedented scenarios were chosen. This involved four geoeconomic and five geopolitical trends.

Three out of the four geoeconomic trends are straightforward and use global growth as the primary distinguishing criterion – a new economic boom, a secular stagnation, and a global recession. The fourth geoeconomic trend is one of high economic growth based on rapid technological advancement: the Great Disruption.

The five geopolitical trends are based on varying degrees of distribution of power and the nature of relationship between the resulting major powers. These are: a world in which power is once again gathered to a single American “pole”; three “bi-polar” worlds with various configurations of the US-China relationship; and one multipolar world with all nation-states being at similar levels of power. Details of all trends can be found in the Appendix section of this document.

Visualised as a table, their intersection provides a total of twenty “New World Order” scenarios.

The Great Disruption	<u>The New American Universe</u> ☀️	<u>US-China LLP</u> ☁️	<u>Pragmatic Competition</u> ☀️	<u>New Technology Race</u> ☀️	<u>Digital Westphalia</u> ☀️
New Economic Boom	<u>Washington Consensus 2.0</u> ☀️	<u>Rush Hour</u> ☁️	<u>Clinton-Jiang Redux</u> ☀️	<u>Clash of Prosperities</u> ☀️	<u>The Delhi Dream</u> ☀️
Secular Stagnation	<u>Obama Reprise</u> ☁️	<u>Slow & Steady</u> ☁️	<u>Staying on the Rails</u> ☁️	<u>The Great Walls</u> ☁️	<u>The Big Snail Race</u> ☁️
Global Recession	<u>1929 Again</u> ☁️	<u>Partners in Crime</u> ☁️	<u>Spiralling Downwards</u> ☁️	<u>Race to the Bottom</u> ☁️	<u>Powerful in Poverty</u> ☁️
	US as the sole superpower	Cooperative G2	Coopetitive G2	New Cold War	Multipolar world

20 New World Order scenarios. The icons in each cell represent whether the outlook for India is Optimistic, Cautious, or Pessimistic. For details, refer to the “General Principles” section.

Optimistic ☀️ Cautious ☁️ Pessimistic ☁️

Three aspects of each New World Order Scenarios are then considered.

First, *what would such a world look like?* This is a description of the scenario, which is composed of a dominant geoeconomic and geopolitical trend. Each trend in turn depends on other factors such as global economic growth, automation, trade, resources for geoeconomics, and the nature of the international order and the

nature of conflict, as well as global problems such as terrorism and climate change for geopolitics.

Second, *how will such a world affect India?* This aims to understand what would dominate Indian discourse domestically, how India's economy might be impacted, and what opportunities and challenges would occur.

Third, *what India's actions should be in order to maximise its national interest* given the above domestic and international constraints. These are described in terms of economic, social, diplomatic, and security actions, broadly categorised as domestic and foreign-facing.

India's set of responses to different New World Orders is then analysed, and the most frequently-occurring ones selected. Responses which occur in the maximum number of scenarios constitute a general portfolio of actions that should hold India in good stead irrespective of the scenario that will emerge.

Scenario Analysis

As discussed in the Methodology section, this document conceptualises the world order as composed of geoeconomics and geopolitics, which are in turn composed of other factors. Therefore, each "New World Order" scenario is an intersection of a dominant geoeconomic and geopolitical trend. With 4 geoeconomic and 5 geopolitical trends, this section describes in detail a total of 20 New World Order scenarios. Potential outlooks for India - the "Optimistic/Cautious/Pessimistic" classification is also presented.

Boundary Conditions

While there will be some external pressures on India, based on the characteristics of the international order, it is important to understand what India will look like internally in order to arrive at boundary conditions for the actions portfolio. *Ceteris paribus*, how will India look if current trends continue?

By 2043 i.e. 25 years from now, demographic projections suggest:

1. India's total population will be 1.63 billion, the largest in the world¹⁷.
2. The median age will be 35¹⁸.
3. Ratio of non-working to working population will be 46.3%.
4. 43% of India will be urban (a conservative estimate)¹⁹.

5. The female working age population will be 53 million, or 48% of the labour force.

India's population will have started to age by 2043, though it would still have a massive working age population and be significantly more urbanised. This creates opportunities in terms of implementing social security schemes while also underlining the importance of having such schemes in order to deal with the challenge of providing employment to such a large population. Such policies must, therefore, be an integral part of India's action portfolio irrespective of the world order in question.

In addition, the broader global trend of worsening climate is likely to have a significant impact on India. A report²⁰ by the Joint Global Change Research Institute, sponsored by the US National Intelligence Council, points to a severe drop in agricultural productivity, melting Himalayan glaciers, and challenges due to migration. In general, this analysis assumes that scenarios in which there is some degree of economic growth and global competition could lead to the emergence of climate change management technologies, whereas low-growth scenarios could lead to an increased global reliance on conventional resources and therefore a worsened situation for India which would need action.

General Principles: The Optimistic/Cautious/Pessimistic Classification

Each scenario was given a classification based on the outlook for India. It is worth noting again that the scenarios presented here are not necessarily what will manifest at the *end* of a 25-year period: rather, *any* of them could emerge during this period, gradually changing into another scenario as a result of geoeconomic or geopolitical forces.

These classifications are tools to suggest what India should do if a *particular* scenario manifests. While they make sense at an intuitive level, this section provides further detail.

Optimistic scenarios are favourable for India, with global conditions being conducive to the maximisation of its national interest. In Optimistic scenarios, India can afford both long-term and short-term risks. It can choose to pursue an aggressive and/or independent foreign policy depending on the global geopolitical situation. It can also push for domestic liberalisation and globalisation, maintain fiscal prudence, and save up for Pessimistic scenarios (for example, creating and investing in a sovereign wealth fund).

Cautious scenarios are less favourable, requiring India to follow a cautious course of action (as the name implies). Short-term risks should be avoided but some long-term risks – such as investing in innovation and R&D – could be affordable. These

scenarios usually necessitate a more circumspect foreign policy, involving balancing between other major powers.

Pessimistic scenarios are unfavourable for India, necessitating extreme caution. Risks should be avoided outright and savings made in “Optimistic” scenarios encashed to expand welfare and ease short-term economic pains. Foreign policy may require alignment with a major power.

The following scenario analysis provides further differentiation and options to the action portfolio.



Great Disruption meets US as Sole Superpower



1. “The New American Universe”

Outlook for India: Cautious

What might the world look like?

The US would once again establish itself as the sole global superpower, except with an exceedingly formidable technological edge. American technology conglomerates dominate the global economy, accounting for a significant proportion of GDP, and have a major say in global affairs. US global footprint drastically expands while other economies struggle to either contain the disruption or align with the US in the hope of technology transfers or growth. With market access guaranteed by US power projection, a neo-colonial era of resource extraction is a possibility. A global regulatory body for new tech, controlled by the US, may be formed in order to control the emergence of new technologies from other countries which would challenge US dominance of innovation. Clean energy becomes less of a priority, in line with the US's current established²¹ stance on the subject. On the other hand, massive investment in climate change management technology such as industrial greenhouse cultivation, is likely. Globally, conventional conflict is insignificant but asymmetric warfare is likely to be amplified, global, and much more efficient, primarily directed against American hegemony.

How will this affect India?

The Indian economy would be radically reshaped by the disruption. Some sectors of Indian industry would be well-placed in terms of access to knowledge, while others face a net job-loss situation. Many jobs would become redundant and companies with less innovation would be unable to compete without trade or technology barriers. Access to technology and markets would therefore be vital to Indian companies, but rising inequality and unemployment would be major issues. A backlash against “the West” and globalised elites can be expected. The US would be unsympathetic at worst and unreliable at best with regards to India's concerns, and is likely to only be interested in India for access to markets for growth.

How can India maximise its national interest?

Disruption would be a threat to the economies of many emerging or middle powers not aligned with the US, including China in this scenario. India should actively pursue ties with them to form an economic bloc, and use access to this bloc as a bargaining chip to gain membership in the club that manages new technology (especially climate change mitigation technology) globally. A lot of sectors should be liberalised to receive FDI to facilitate this process - including defence.

Factor market reforms are needed to ensure that companies are flexible enough to deal with disruption. Partially stalling the shift to automation can keep unemployment at bay long enough for social security schemes to take off. A “human capital” approach²² to social security (emphasising economic productivity of each citizen as determined by health, knowledge, skills and so on) is necessary to address inequality concerns and the ageing population. R&D must be aggressively promoted, world-class science universities set up, and collaborations with the best foreign universities negotiated.

In order to maintain national security, India should invest heavily in asymmetric weaponry to take advantage of the disruption, while allowing US to maintain peace in the region.

Actions Matrix

Scope	Action
Domestic	Liberalise sectors of the economy to FDI
	Reform factor markets
	Follow a human capital approach to social security

	Invest heavily in R&D and collaborate with foreign universities
Foreign-facing	Tie up with middle powers
	Be part of global technology management group
	Secure US backing for peace in the region
	Invest in asymmetric weaponry



2. “Rush Hour”

Outlook for India: Cautious

What might the world look like?

The US and China, spurred by massive economic growth, would agree to jointly manage the international order. This would be accomplished through their dominance of global institutions, not just by military might. Spheres of influence dominated by the economic system of each superpower would emerge. This would lead to a decline in the importance of the G20, and the side-lining of emerging powers such as Brazil, Russia, and India. Globally, increased trade, relative economic prosperity and the absence of unilateral action would probably

lead to reduced conflict. On global issues such as climate change, some action can be expected, tempered by American and Chinese interests.

How will this affect India?

With an economic boom behind it, the middle class would become large, aspirational, and assertive. Concerns about inequality and India's position on the global stage are likely to become major political issues, especially due to the side-lining of the G20. Since both the US and China would want access to India and other developing markets while simultaneously containing their influence, there is some opportunity for India to lead a market-sharing bloc of non-G2 States. Export-driven growth would become a strong possibility. The US is unlikely to develop a closer strategic partnership with India, tacitly allowing China to continue its strategy of containment. This means that India must aggressively advance its own interests or risk being side-lined, thus missing out on the fruits of global growth.

How can India maximise its national interest?

Islands in the Indian Ocean should be brought decisively into India's sphere of influence, with a larger naval presence in the Andamans and effective control of sea lanes to offset the power of the G2 and especially Chinese attempts at containment. A defence partnership with other middle powers such as Iran & Russia should be considered, as the superpowers are likely to be hostile to them as well.

In general, foreign policy must be trade-oriented, backed up by a larger diplomatic corps, an expanded navy, and more bilateral ties. Fiscal and trade surpluses can be used to create a sovereign wealth fund, which can be used for spending in a "Pessimistic" scenario, in addition to strategic investments in innovation. Immigration policies should be negotiated with Southeast Asia and East African countries to allow for the movement of capital and skilled labour. Domestically, social reforms such as investment in healthcare and education, and institutional preparedness to take advantage of FDI and FII flows, would be necessary in order to take full advantage of global growth while dealing with the ageing population.

Actions Matrix

Scope	Action
Domestic	Emphasise export-led growth
	Liberalise sectors of the economy to FDI
	Reform Factor Markets
	Follow a human capital approach to social security
Foreign-facing	Tie up with middle powers
	Follow a trade-oriented foreign policy
	Build up a Sovereign Wealth Fund
	Expand presence in the Indian Ocean



Secular Stagnation Meets Cooperative G2



3. “Staying on the Rails”

Outlook for India: Cautious

What might the world look like?

While the G2 would have reached an agreement to manage the international order, there would be underlying tension on many issues, especially geopolitical and economic alignments, thus creating opportunities for smaller powers. G2-led blocs with different economic systems, may emerge. Intense competition between smaller powers for favourable trade/investment deals can be expected, with a degree of protectionism owing to the slowdown of global growth. Trade wars between the G2 and between the blocs that they dominate are likely. Climate action could stall as the G2 would be more interested in restarting growth, while international institutions would be too weak to function independently. Conventional conflict is unaffordable for most countries, but asymmetric warfare is likely to be present to a moderate degree.

How will this affect India?

Redistributive demands would dominate Indian discourse as unemployment increases. The G2 may clamp down on labour mobility between non-aligned countries, causing resentment in the Indian middle classes and generating considerable internal and external pressure to join either G2-led economic bloc. India's large market could provide opportunities for FDI and allow for favourable trade agreements. Initially, outright economic competition with other blocs is also likely, but will not work out well for India in the long-term.

How can India maximise its national interest?

The key issue for the Indian government would be to create new jobs in the economy, or risk the explosion of a demographic time bomb with serious social and political implications. A social security net could be developed to deal with unemployment.

Both superpowers would look to India's markets as a way of jumpstarting growth, and so India must be receptive to trade and FDI, using its market power to get the best possible deals from the G2. Good relations should be maintained with both their blocs, and India should pragmatically become part of the BRI, TPP or similar treaties to ensure a steady inflow of capital. India can make strategic long-term investments in innovation and R&D, provided a sovereign wealth fund has been created during good times, and based on the country's fiscal health in this scenario, India could further its investments in innovation and R&D, or liquidate these investments to fund welfare programmes.

In general, though, India would have to slash taxes, liberalise product and factor markets and promote industry, especially to soak up talent that is unable to migrate abroad - which could indeed work to the country's benefit. A general push for domestic consumption may help restart growth, which would make it possible to act as a swing power on some issues. India should deepen strategic cooperation with the US in return for market access, while maintaining a near neutral outlook towards China, which is likely to still be somewhat hostile to India's geopolitical interests.

Actions Matrix

Scope	Action
Domestic	Liberalise sectors of the economy to FDI
	Reform Factor Markets
	Follow a human capital approach to social security
	Kickstart domestic consumption

Foreign-facing	Maintain good relations with both blocs <i>Deepen strategic cooperation with US, maintain Chinese neutrality</i>
	Join multinational pact
	Build up a Sovereign Wealth Fund



4. “Race to the Bottom”

Outlook for India: Pessimistic

What might the world look like?

US and China relations would break down, leading to a side-lining of global institutions and the world separating into alliances dominated by either power. The superpowers would compete ruthlessly to expand their blocs while attempting to revive their economies and those of their allies, likely with investment packages or trade barriers as opposed to military intervention. Both sides would see excessive tech disruption – such as automation – as a threat to stability, but military and software research would continue.

Conventional conflict would mostly be a last resort, and be low-intensity clashes over resources. However, high global unemployment would lead to radicalisation and more non-state actors. The relative lack of coordinated international effort would allow a very high degree of asymmetric warfare, both between states and between states and non-state actors. Owing to the increasing friction between the major powers, agreements on climate change are unlikely to bear fruit.

How will this affect India?

High inequality and unemployment would lead to demands for social justice, possibly resulting in authoritarianism. Populism and security would dominate political discourse. The security emphasis, however, could lead to marginalisation of certain communities, with internal actors demanding superpower intervention. Simultaneously, India would come under significant pressure from both superpowers to join their blocs or provide market access for growth. If handled delicately, there could be major payoffs by playing off the superpowers.

How can India maximise its national interest?

This scenario severely restricts India's options and as such highly non-confrontational attitude must be adopted to prevent hostility from either superpower. In addition, India would be facing serious domestic challenges, rising sea levels, melting Himalayan glaciers, and declining agricultural productivity.

India cannot lose cheap Chinese exports, nor can it lose American investment. Most importantly, while facing economic recession, maintaining a massive armed force would become extremely difficult, as would trying to form an independent bloc on the lines of the Non-Aligned Movement. India must therefore intelligently play off the superpowers to ensure national security as well as investment.

Kickstarting domestic production through lowered taxes and market reforms should be the first priority in order to maintain some degree of strategic autonomy. The indigenous defence industry must be strengthened. Unconventional warfare, such as a nuclear umbrella and cyber warfare capabilities, are good ways to meet security objectives. FDI should be allowed strategically - India could align with the US in the defence sphere, and with China in the economic sphere. Technology transfers should be sought. A human capital approach to social security is vital in order to address inequality concerns and deal with unemployment. In the absence of private investments, the government might have to fill the gap through increased fiscal expenditure. The government could focus on large infrastructure projects that will also help in mitigating unemployment.

Actions Matrix

Scope	Action
Domestic	Liberalise sectors of the economy to FDI strategically
	Follow a human capital approach to social security
	Kickstart domestic consumption
Foreign-facing	Maintain good relations with both blocs <i>Align with US in defence, China in economy</i>
	Strengthen indigenous defence industry
	Invest in asymmetric weaponry



Great Disruption meets Multipolar World



5. “Digital Westphalia”

Great Disruption Meets Multipolar World

Outlook for India: Optimistic

What might the world look like?

The world order would likely resemble a G10-type scenario, with regional “poles” whose power is based on economic strength derived from innovation and new technology. At a higher level of analysis, disruption would lead to the emergence of two global groupings – those with technology, and those without. There would be intense competition over knowledge resources between countries.

Trade barriers are likely to emerge in order to protect local economies from job losses, as well as to shield companies without the resources to innovate and compete with global leaders. Free trade zones of countries with a similar degree of technological competitiveness are likely to emerge, with high levels of internal trade, but much less external trade. Conventional conflict would be a real possibility, with technologically advanced countries attempting to establish unequal relationships with less advanced ones to seize resources and markets, relying on the absence of superpowers to act with impunity. Asymmetric warfare would also be amplified, global, and much more efficient. Climate change would ease off as the world invests in more energy-efficient technology, but less technologically advanced countries would have greater competitive disadvantage overall.

How will this affect India?

On the lines of the “New American Universe” (Scenario 1), the Indian economy would be radically reshaped by the disruption. Some sectors of the Indian industry would be well-placed in terms of access to knowledge, while others would face a net job-loss situation, with many jobs becoming redundant and companies with less innovation being unable to compete without trade or technology barriers. Access to technology and markets would therefore be vital to Indian companies, but rising inequality and unemployment would be major issues. A backlash against

“the West” and globalised elites can be expected, unless the benefits of disruption are felt. There would be much common ground for countries which rely on conventional resources (such as Central Asia, Russia and Saudi Arabia).

How can India maximise its national interest?

In a multipolar world, the goal should be to bolster the influence of the Indian “pole” while seeking to manage the effects of disruption. The first step would be to invest heavily in R&D, set-up world-class science universities, and collaborate with the best foreign universities. India should attempt to champion globalisation once the competitiveness of Indian industries is established. Foreign aid and investments, resource extraction consortiums, sovereign wealth funds (with a mandate to secure strategic resources and acquire innovative start-ups), and promoting immigration to and from India should be used to expand India’s footprint (especially in the backdrop of rising sea levels). Along with other less technologically advanced countries, India could form a technology-sharing and market-access bloc, or a global technology management regime (depending on the extent and severity of disruption).

In a highly disrupted multipolar world, India should also consider building expeditionary capability to seize resources and enforce market access, in addition to asymmetric warfare capability for security. An expanded Indian Ocean presence could help secure access to rare earth metals from East Africa. Domestically, a strong social security net must be developed to address inequality concerns and the ageing population.

Actions Matrix

Scope	Action
Domestic	Follow a human capital approach to social security
	Invest heavily in R&D, collaborate with foreign universities

Foreign-facing	Seek foreign aid
	Tie up with middle powers
	Form a multinational pact
	Sign migration treaties
	Build up a Sovereign Wealth Fund
	Expand presence in the Indian Ocean
	Invest in asymmetric weaponry
	Build expeditionary capacity



New Economic Boom Meets US as Sole Superpower



6. “Washington Consensus 2.0”

Outlook for India: Optimistic

What might the world look like?

The global order would be very similar to the “New American Universe” (Scenario 1 –Great Disruption meets US as Sole Superpower), except that America’s edge would be based on military and economic (as opposed to technological) preponderance. A US-dominated UN and other international institutions (such as the IMF and World Bank) would supervise a capitalist global system, with order maintained by American guarantee and for American interests. Powerful corporations would have a major say in global affairs, exerting power through market dominance and control over resources and knowledge.

A continued reliance on conventional fuels is likely to result in severe environmental consequences, but there would be massive investment in climate change mitigation technologies. Significantly lower conflict can be expected, except when in American interests. This would be primarily conventional conflict, with some actors resorting to asymmetric warfare.

How will this affect India?

High global growth is an opportunity for India, and development would continue to remain the key theme for government policies. Unlike in a Great Disruption scenario, the expansion of global conglomerates into Indian markets is likely to create jobs (as we assume a lower degree of automation in a New Economic Boom). The middle class would be large, assertive and growing, with an increasingly Westernised/globalised outlook. The US’s need for access to Indian markets for growth, could allow for chances of regional leadership constrained by US interests. In an American global trading order, though, indigenous industry is at some risk, needing some balancing. This is an opportunity to collaborate with a weakened China both politically and economically.

How can India maximise its national interest?

India should aggressively position itself for export-led growth to take advantage of Western manufacturing and investment. This calls for significant market reforms (especially in factor markets – land & labour), along with the creation of SEZs. The US would want to constrain China in order to maintain unchallenged dominance of global institutions, and its reduced importance would create opportunities for partnership, and could allow for the resolution of border disputes and an expanded Indian presence in initiatives such as the RCEP and the BRI, connecting to resource-rich Central Asia to fuel growth. Some agreement will need to be reached regarding the Himalayan glaciers, which would create challenges as they melt. An outright alliance with China might not be possible, as China's economy would be growing in this scenario as well, making them less interested in an equal relationship.

India's focus should therefore be on growth, and it could possibly spearhead a pan-Asian economic bloc to negotiate agreements with US-led blocs. Military spending can be restricted to modernisation and capital acquisition, as the US would have to guarantee global trade security in its own interests. High growth presents an opportunity to invest heavily in healthcare, education, and skilling to address inequality concerns.

Actions Matrix

Scope	Action
Domestic	Emphasise export-led growth
	Liberalise sectors of the economy to FDI
	Develop SEZs & Charter Cities
	Reform Factor Markets

	Follow a human capital approach to social security
Foreign-facing	Follow a trade-oriented foreign policy
	Resolve border disputes with China
	Join multinational pact
	Secure American backing for peace in the region



Secular Stagnation Meets US as Sole Superpower



7. “Obama Reprise”

Outlook for India: Cautious

What might the world look like?

Like most scenarios with the US as the sole superpower, order would be maintained by US dominance of global institutions. Some degree of global trade liberalisation would occur, and expansionary monetary policies would be implemented in the US and the EU. Some degree of protectionism and formation of smaller free trade blocs can be expected. There would be competition over favourable trade/investment deals, and these can be expected to be a vital arm of American foreign policy. Conventional conflict would be non-existent, and asymmetric warfare present to a low degree. The climate would continue to deteriorate.

How will this affect India?

As growth slows, inequality and unemployment would lead to calls for redistribution. Expansionary monetary policies abroad would provide liquidity, and India's large market would be an opportunity for FDI and allow for favourable trade agreements. There would be increased cohesion and trade among members of the regional blocs and more treaties to cooperate would come into force. The US, however, would expect preferential treatment. China is weakened further in this scenario, clearing the way for an entente.

How can India maximise its national interest?

India must be receptive to trade and FDI, using its market power to get the best possible deals. Domestic investment and consumption should be stimulated by adopting structural reforms. In this low-growth scenario, aiming for strategic autonomy is less feasible. India should therefore align with the US to magnify its projection of economic strength, and meanwhile also join regional free trade blocs. American backing should be used to secure peace in the neighbourhood, allowing for some reduction in military expenditure to focus solely on modernisation and capital acquisition. In the long term, as in other scenarios, the

US would not allow India to become too powerful. This could be offset by entering into an agreement with China, resolving border disputes, embarking on joint projects, or even splitting Southeast Asia into Indian and Chinese economic spheres. The partnership should take into account climate management technology, as many Southeast Asian nations would be threatened by rising sea levels, and melting Himalayan glaciers would be a joint challenge.

Actions Matrix

Scope	Action
Domestic	Liberalise sectors of the economy to FDI
	Reform Factor Markets
	Follow a human capital approach to social security
	Kickstart domestic consumption
Foreign-facing	Align with the US for investment
	Form an entente with China
	Join multinational pact
	Reduce military expenditure, focus on modernisation and capital acquisition

	American backing for peace in the region
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Global Recession Meets US as Sole Superpower



8. “1929 Again”

Outlook for India: Cautious

What might the world look like?

Order would be maintained by US dominance of global institutions, but the world is likely to separate into internal free-trade blocs nevertheless. There would be competition over favourable trade/investment deals, which would be very selectively handed out by the US. Some degree of trade wars can be expected, as long as those involved aren't US-aligned. Higher unemployment, low migration, and American resource imperialism could lead to radicalisation and more non-state actors. Asymmetric warfare would therefore be present to a moderate degree, though most states (with the possible exception of the US) would be unable to afford conventional conflict. The climate would worsen as America attempts to increase industrial production using conventional resources.

How will this affect India?

High inequality, unemployment, and a lack of global opportunities would lead to strident demands for social justice. Populism and redistribution with a high degree of state involvement would therefore be the dominant themes of governance. India's large market would provide opportunities for FDI and allow for favourable trade agreements. However, there would be some degree of US-led pressure to maintain austerity in return for investment, making a fiscal stimulus difficult. Friendly ties with them would allow for continued export of

goods, if not labour. China would be weakened and vulnerable, creating an opportunity for India and the US.

How can India maximise its national interest?

It may be necessary for India to ally with the US and get into their military-industrial complex, aligning with them on most issues for the sake of investment and security, and generating employment to soak up talent that is unable to migrate. This would clear the way for the forceful resolution of border disputes with China, supporting the independence of Tibet and Xinjiang, and entering into areas formerly under Chinese influence with an expanded army, turning India into the regional hegemon under American dominance. All sectors should be opened for FDI and FII and good macroeconomic fundamentals should be maintained to remain an attractive destination. High domestic consumption-led growth and strong institutions are vital, since global consumption would be low. This could be kickstarted with lowered taxes and regulations. American climate change mitigation technology must be sought.

Actions Matrix

Scope	Action
Domestic	Liberalise sectors of the economy to FDI
	Reform Factor Markets
	Kickstart domestic consumption
Foreign-facing	Align with US on most issues
	Strengthen indigenous defence industry

	Weaken China
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Great Disruption meets Cooperative G2



9. “US-China LLP”

Outlook for India: Cautious

What might the world look like?

The G2 would collectively maintain the global order with their economic, military, and technological edge, consulting each other and acting as primary centres of innovation and disruptive technology. As in other Great Disruption scenarios, concerns over inequality would lead to the emergence of alliances of third-world countries, which would attempt to limit Chinese and American penetration of their market. Other countries can be expected to align with either or both of the G2 to try and take advantage of the disruption and attendant economic growth. There would also be a major shift in trade patterns, with a strong possibility of neo-colonialism as technologically advanced G2-aligned countries attempt to seize markets and resources. There would be considerable competition to obtain knowledge resources, monopolised by the G2. Conventional conflict would be non-existent unless in their interests, but asymmetric warfare would be used by smaller actors struggling with the effects of disruption and G2 dominance. The climate is likely to improve slightly as the G2 take some action.

How will this affect India?

On the lines of the “New American Universe” (Scenario 1 – Great Disruption meets US as Sole Superpower), the Indian economy would be radically reshaped by the disruption. Some sectors of Indian industry would be well-placed in terms of access to knowledge, but major job losses can be expected as companies shift to capital-intensive workflows to remain competitive. Access to technology and markets would therefore be vital to Indian companies, but rising inequality and unemployment would be major issues. However, the G2 are only likely to be

interested in India for its market, and will possibly restrict it otherwise. Labour mobility might be reduced unless market access is provided to them, and trade barriers are likely to be unfeasible thanks to their combined economic might. This makes it all the more important to make common cause with other Third World countries and those that rely on conventional resources.

How can India maximise its national interest?

Defence and technology partnerships with other middle powers should be cultivated, especially those whose economies depend on conventional resources. A collaborative international research fund could be considered. India simultaneously should bank on its existing technological prowess and focus on using it to build competence in new technologies to contain China's influence. Attempts should be made to retain talent²³ with investments in R&D, setting up world-class science universities, and collaborations with the best foreign universities. The Indian Ocean bed must be mined for rare earths and expeditionary capacity built up to reduce dependence on Chinese rare earth resources. This is an issue on which it may be possible to align with the US. India must be extremely selective in providing market access, especially to the G2, until its technology is competitive. Trading market access for technology is a possibility. A strong social security net must be developed to address inequality concerns.

Actions Matrix

Scope	Action
Domestic	Liberalise sectors of the economy to FDI
	Reform Factor Markets
	Retain Indian talent

	Follow a human capital approach to social security
	Invest heavily in R&D, collaborate with foreign universities
Foreign-facing	Tie up with middle powers
	Be part of global technology management group
	Secure American backing for peace in the region
	Build expeditionary capacity
	Invest in asymmetric weaponry



Secular Stagnation Meets Cooperative G2



10. Slow & Steady

Outlook for India: Cautious

What might the world look like?

As global growth slows down, the G2 decide to collectively manage the international order in this scenario. They jointly dominate weak global institutions, which supervise internal free-trade blocs, some of which are again G2-controlled. The growth slowdown is likely to prompt the US, China, and the EU to indulge in a monetary and fiscal stimulus. Nation-states would compete over favourable trade/investment deals, and some would resort to competitive devaluation and increased trade barriers. Higher unemployment is likely to lead to radicalisation and more non-state actors. Despite this, the G2 are likely to remain relatively non-interventionist, relying on diplomatic balancing, finances, and military signalling to protect their interests. Conventional conflict would therefore be minimal, while asymmetric warfare would be present to a moderate degree. The climate would continue to deteriorate, but not be a major threat.

How will this affect India?

India would be development-oriented with some redistributive demands. Inequality and unemployment are likely lead to calls for social justice, and G2 dominance of the world would cause some resentment. On the other hand, the global monetary and fiscal stimulus would provide liquidity and investors would look for growing economies to invest in. India's large market would, as in other scenarios, provide opportunities for FDI and allow for favourable trade agreements. However, India would face increased cohesion and trade among members of G2-led blocs, and some pressure to join either bloc, as well as reduced labour mobility. In addition, economic competition with China would be a risk.

How can India maximise its national interest?

India should align politically with the US, and economically with China. G2 guarantees should be used to secure peace and trade in the neighbourhood, and military expenditures scaled back. India should strategically liberalise some sectors of the economy, and be receptive to trade and FDI, using its market power to get the best possible deals. Strong macroeconomic fundamentals are a must in order to attract investment. There should also be a push for domestic consumption and import substitution. India can also focus on building charter cities and creating SEZs to create employment. In general, in scenarios where the G2 are cooperating, India would be better off maintaining friendly relations with both and focussing on growth.

Actions Matrix

Scope	Action
Domestic	Liberalise sectors of the economy to FDI
	Reform Factor Markets
	Develop SEZs & Charter Cities
	Follow a human capital approach to social security
	Kickstart domestic consumption
Foreign-facing	Maintain good relations with both blocs
	<i>Align politically with US, economically with China</i>
	Join multinational pact
	Reduce military expenditure, focus on modernisation and capital acquisition
	Secure G2 backing for peace in neighbourhood



Global Recession Meets Cooperative G2



11. Partners in Crime

Outlook for India: Pessimistic

What might the world look like?

This scenario is very similar to “Slow and Steady” (Scenario 10), except that India’s position would be weaker as the G2 would be far more circumspect with stimulus packages and may demand austerity measures in return. (This is despite the fact that an international financial crisis in a G2-dominated world is likely to be caused by them in the first place, a la 2008 crisis). Nation-states would compete ruthlessly over favourable trade/investment deals, and many would resort to competitive devaluation and increased trade barriers. Higher unemployment is likely to lead to severe radicalisation and more non-state actors, making for a much more volatile international order. The G2 are nevertheless likely to remain relatively non-interventionist, relying on diplomatic balancing, finances, and military signalling to protect their interests. The climate would significantly worsen as the superpowers become less interested in global problems and more interested in their own. On the other hand, conventional conflict would be minimal, while asymmetric warfare would be present to a high degree.

How will this affect India?

High inequality and unemployment are likely to lead to calls for social justice. Populism and redistribution with a high degree of state involvement would be major themes for governance. G2 dominance of the world would cause severe resentment which needs to be managed, as India’s best bet for receiving loans and investment are friendly relations with G2-led blocs. India’s large market would, as in other scenarios, provide opportunities for FDI and allow for favourable trade agreements. India would face increased cohesion and trade among members of G2-led blocs, and major pressure to join either bloc. Labour mobility is likely to reduce to a trickle. In addition, economic competition with China would be a major risk.

How can India maximise its national interest?

India's best bet is to be receptive to trade, using its market power to get the best possible deals and possibly investing in strategically vital countries to get access to their markets. If necessary, concessions should be made to ensure investment from the G2. As in the previous scenario, migration treaties with middle powers – especially in Africa and Southeast Asia – should be considered, and would become more viable as climate change threatens them. Skilled labour and market access make for a win-win situation. A larger diplomatic corps may be necessary to cultivate bilateral ties to achieve these objectives, and one possible solution is to push states to engage in foreign policy under the aegis of the Union.

G2 cooperation also provides an opportunity for India's involvement in transnational infrastructure projects such as BRI, and in getting FDI. High domestic consumption-led growth and strong institutions are vital. The US relationship should be cultivated, and peace with China maintained. Military expenditure should be curbed in favour of developing economic power, and restricted to modernisation.

Actions Matrix

Scope	Action
Domestic	Liberalise sectors of the economy to FDI
	Reform Factor Markets
	Develop SEZs & Charter Cities
	Follow a human capital approach to social security
	Kickstart domestic consumption

Foreign-facing	Maintain good relations with both blocs
	Join multinational pact
	Join transnational infrastructure projects
	Build larger diplomatic corps, involve states in foreign policy
	Sign migration treaties
	Reduce military expenditure, focus on modernisation and capital acquisition
	Secure G2 backing for peace in neighbourhood



Great Disruption meets Coopetitive G2



12. Pragmatic Competition

Outlook for India: Optimistic

What might the world look like?

This scenario is quite similar to “Staying On the Rails” (Scenario 3), except technological competition between the G2 would create even more opportunities for smaller powers. G2-led blocs with different economic systems and even Internets may emerge, accompanied by a general shift in trade patterns in favour of the G2. Intense competition between smaller powers for favourable trade/technology deals can be expected, with a degree of protectionism to manage the effects of disruption. Climate action would likely be more efficient as the G2 compete to minimise dependence on strategic resources like oil, shifting the focus to rare earths.

Conventional conflict would be almost non-existent, but asymmetric warfare would be amplified, global, and much more efficient.

How will this affect India?

As in other Great Disruption scenarios, the Indian economy would be radically reshaped by the disruption. Some sectors of Indian industry would be well-placed in terms of access to knowledge, while others face a net job-loss situation, with many jobs becoming redundant and less innovative companies being unable to compete without trade or technology barriers. Access to technology and markets would therefore be vital to Indian companies, but rising inequality and unemployment would be major issues. A backlash against “the West” and globalised elites can be expected, unless the benefits of disruption are felt. There would be much common ground for countries which rely on conventional resources (such as Central Asia, Russia and Saudi Arabia). In addition, coopetition between the G2 allows for more creative ways for India to deal with disruption than would otherwise be possible, as limited protectionism could conceivably be pursued without serious international backlash, and technology transfers aggressively sought.

How can India maximise its national interest?

India should bank on its existing technological prowess and focus on using it to build competence in new technologies, especially cheap manufacturing to reduce dependence on China. Japan and the US can be induced to help explore rare earth reserves in the Indian Ocean for the same purpose. This could be aided by a sovereign wealth fund with a mandate to secure strategic resources and acquire innovative start-ups. In addition, India should invest heavily in R&D, set-up world-class science universities, and collaborate with the best foreign universities. India should also join or form a technology-sharing and market-access bloc that collectively negotiates with the G2, playing them off to get the best technology. Access to markets should be traded for access to resources. India should strategically allow for 100% FDI in defence and invest heavily in asymmetric weaponry to take advantage of disruption and maintain security. A strong social security net must be developed to address inequality concerns.

Actions Matrix

Scope	Action
Domestic	Liberalise sectors of the economy to FDI
	Reform Factor Markets
	Invest heavily in R&D, collaborate with foreign universities
	Follow a human capital approach to social security
Foreign-facing	Maintain good relations with both blocs
	<i>Deepen strategic cooperation with US, maintain Chinese neutrality</i>

	Join multinational pact
	Build up a Sovereign Wealth Fund



13. Clinton-Jiang Redux

Outlook for India: Optimistic

What might the world look like?

Again, this scenario is quite similar to “Staying on the Rails” (Scenario 3), except the booming economies of the G2 would create opportunities for smaller powers. G2-led blocs with different economic systems specialising in secondary or tertiary manufacturing would emerge. The world would in general have high levels of trade and investment, with some degree of trade conflict between G2-led blocs. Competition would be over knowledge resources, investment, and market access. Climate action would depend on the G2, but would likely be spurred by their competition. Conventional conflict would be non-existent, as neither superpower would want to antagonise the other with an overt intervention, but asymmetric warfare would be present to a low degree.

How will this affect India?

India would be highly development-oriented. The middle class is large, aspirational, and assertive. High growth would help mitigate concerns about inequality. All countries would be interested in friendly ties with India, especially the G2, for strategic and economic reasons. India would be well-placed in terms of access to knowledge and size of its market, and would be in a good strategic and economic position overall.

How can India maximise its national interest?

Markets should be opened to all countries, and a strong social security net should be developed to address inequality concerns. Friendly relations must be cultivated and issue-based diplomatic coalitions formed. A strategic defence partnership with the US can be pursued, and its help used to resolve border disputes with China. Defence deals should be struck with Vietnam and other SE Asian countries to contain Chinese influence, backed up by an expanded naval presence in the Indian Ocean. Simultaneously, India should pursue immigration treaties, create a sovereign wealth/foreign aid fund (in this scenario, to nurture surpluses for a less favourable scenario), and start international infrastructure projects to expand its influence. This can be accomplished with the aid of an expanded diplomatic corps and by involving states in foreign policy. Conventional and asymmetric military strength should be ramped up quickly to project power in the neighbourhood. Product and factor market reforms will help India take advantage of the global economic boom.

Actions Matrix

Scope	Action
Domestic	Liberalise sectors of the economy to FDI
	Emphasise export-led growth
	Reform Factor Markets
	Invest heavily in R&D, collaborate with foreign universities
	Follow a human capital approach to social security

Foreign-facing	Maintain good relations with both blocs
	<i>Deepen strategic cooperation with US</i>
	Lead transnational infrastructure projects
	Build larger diplomatic corps, involve states in foreign policy
	Sign migration treaties
	Resolve border disputes with China
	Join multinational pact
	Build up a Sovereign Wealth Fund



Global Recession Meets Cooperative G2



14. Spiralling Downwards

Outlook for India: Cautious

What might the world look like?

This scenario is very similar to “Slow and Steady” (Scenario 10), except that India’s position would be somewhat stronger as there is a possibility of playing off the G2 against one another. Nation-states will compete over favourable trade/investment deals, align with the G2, and many would resort to competitive devaluation and increased trade barriers.

Higher unemployment is likely to lead to severe radicalisation and more non-state actors, making for a much more volatile international order. The climate would rapidly deteriorate as countries attempt to kickstart growth using conventional resources.

The G2 are nevertheless likely to remain relatively non-interventionist, relying on diplomatic balancing, finances, and military signalling to protect their interests. Conventional conflict would therefore be minimal, while asymmetric warfare would be present to a high degree.

How will this affect India?

India would be development-oriented with some redistributive demands. Inequality and unemployment are likely to lead to calls for social justice. Meanwhile, all countries, especially the G2, would be interested in friendly ties with India for economic reasons, as India’s large market presents an opportunity for reviving growth. This means that India must walk a fine line between protecting its industries and obtaining investment and trade.

How can India maximise its national interest?

India must be receptive to trade and FDI, using its market power to get the best possible deals and investing in strategically vital countries. This could be achieved using an expanded diplomatic corps and states involving in foreign policy under the aegis of the Union. A social security net would be necessary to ensure domestic political stability. Domestic investment and consumption will gain

importance, which means that there will be a need to reform product and labour markets.

Internationally, India must cultivate closer ties with the US, and remain at peace with a weakened China.

India must rely on technological progress to deal with climate change and attempt to improve labour productivity. Its economic strength can then be used to project power in unprecedented ways, especially in providing aid to coastal nations in the neighbourhood, and countries in West Asia which would face a collapse in agricultural productivity owing to worsening climate. An entente with Russia should be considered to take advantage of polar resources which would be exposed by retreating ice caps. This is a chance for India to create a G3 world by using its economy to obtain global influence and taking advantage of G2 competition to punch far above its weight.

Actions Matrix

Scope	Action
Domestic	Liberalise sectors of the economy to FDI strategically
	Reform Factor Markets
	Develop SEZs
	Follow a human capital approach to social security
	Kickstart domestic consumption

Foreign-facing	Maintain good relations with both blocs
	Play off blocs to ensure security
	<i>Align politically with US, economically with China</i>
	Join a multinational pact
	Build larger diplomatic corps, involve states in foreign policy
	Reduce military expenditure, focus on modernisation and capital acquisition
	Focus on economic power projection



Great Disruption meets New Cold War



15. New Technology Race

Outlook for India: Optimistic

What might the world look like?

US and China relations would break down, leading to a side-lining of global institutions and the world separating into alliances and Internets dominated by either power. The superpowers would compete ruthlessly to expand their blocs and weaken the other, using propaganda, cyber-attacks, and conventional tools such as trade and investment deals. Both sides would compete ruthlessly to advance their technology, possibly even leading to a renewed era of space exploration. More energy-efficient technologies are likely to emerge, reducing pressure on the climate.

Sovereignty is likely to be eroded and neo-colonialism could emerge, empowered by new technology. There is a strong possibility of protracted proxy wars, cyber warfare, propaganda, espionage, and terrorism, as well as new forms of conflict ranging from drone warfare to biological weaponry.

How will this shape India's society and economy?

Disruption would lead to radical changes in India's economy and society. Access to knowledge and markets would become critical to the country's survival as a sovereign state. Meanwhile, rising inequality is an existential threat, and there would be a backlash against the superpowers owing to their technological and economic dominance. The superpowers, however, would be interested in friendly ties with India for market access, and it would make a valuable addition to either bloc. This should not be easily granted owing to their overwhelming technological edge. India's weakness on this front means that it will be necessary to align with one of them or risk being left behind only to be forced into an unequal relationship later.

How can India maximise its national interest?

India should align with the American bloc, partner with US tech giants, and support the independence of Tibet, Xinjiang and Balochistan to weaken the

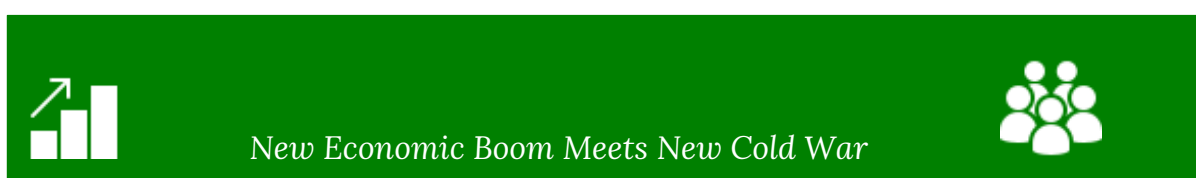
Chinese coalition (of which Pakistan will almost certainly be a part). India should also leapfrog into space colonisation or underwater habitats, spurred by American investment and technology, which could potentially kick off a wave of technological innovation and economic growth in India as well.

A “Look West” policy should be adopted, befriending West Asian countries (which would be at a disadvantage in most Great Disruption scenarios) for investment in R&D, and in order to develop a naval chokehold on the Arabian Sea to counterbalance Chinese power in the Southeast. Indian corporations can mine African rare earths under the aegis of the US. To handle the economic backlash from China, India must invest in cheap manufacturing technology. India's existing technological prowess must be aggressively converted into competence in new technologies, especially for unconventional warfare.

Actions Matrix

Scope	Action
Domestic	Liberalise sectors of the economy to FDI strategically
	Follow a human capital approach to social security
Foreign-facing	Align with US on most issues
	Seek technology transfers
	Weaken China
	Strengthen indigenous defence industry

	Invest in asymmetric weaponry
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16. Clash of Prosperities

Outlook for India: Cautious

What might the world look like?

US and China relations would break down, leading to a side-lining of global institutions and the world separating into alliances dominated by either power. The superpowers would compete ruthlessly to expand their blocs, likely with huge investment packages or trade barriers as opposed to military intervention. Each superpower would invest massively in its allies, leading to a growth spurt. Both sides would also support technological progress, though not to such a disruptive degree as in the New Technology Race (Scenario 15 – Great Disruption meets New Cold War). Conventional resources would still remain important as infrastructure deals with resource-rich countries would be a good way to keep them in either bloc, thus worsening the climate.

Conventional conflict between puppet states is a possibility. While there may be less radicalisation owing to high levels of growth, the superpowers are likely to deliberately support violent non-state actors. There would be protracted proxy wars, cyber warfare, espionage, possible sanctions, and terrorism.

How will this affect India?

Security would be a major theme of discourse, leading to a less assertive middle class despite high growth. There would be major opportunities for diplomatic payoffs by playing off the superpowers against each other. India would, however, be at an increased risk of sanctions from either bloc (who would want access to

markets for growth), trade disruption due to new alignments, or economic disruption due to new technology.

How can India maximise its national interest?

Russia, owing to rising prosperity, melting polar ice caps and less geopolitical vulnerability, is likely to be more assertive and antagonistic to both China and the US. This gives India a chance to weaken Chinese hegemony without sacrificing strategic autonomy (which would involve aligning with the US) by creating a coalition of middle powers. Russian and Iranian influence in Central Asia should be supported to exclude China.

Power projection is vital and overseas military bases may be needed, and could be traded in return for climate change aid in countries threatened by it. Closer ties with the East African and Arabian seaboard should be sought with an expanded navy, and the army expanded to protect the China and Pakistan borders, in addition to building nuclear deterrence. FDI must be allowed only for friendly states, and technology transfers (including drought-resistant crops) aggressively sought. State spending should be used to deal with inequality and prevent marginalised internal actors from aligning with China.

Actions Matrix

Scope	Action
Domestic	Liberalise sectors of the economy to FDI strategically
	Follow a human capital approach to social security
	Indulge in fiscal spending
	Tie up with middle powers

Foreign-facing	Weaken China
	Strengthen indigenous defence industry
	Seek technology transfers
	Expand army
	Expand presence in the Indian Ocean
	Invest in asymmetric weaponry



Secular Stagnation Meets New Cold War



17. The Great Walls

Outlook for India: Cautious

What might the world look like?

This scenario is similar to “Race to the Bottom” (Scenario 4), except that the superpowers would be somewhat less assertive and India’s position somewhat stronger. US - China relations would break down, leading to a side-lining of global institutions and the world separating into alliances dominated by either power. The superpowers would compete to expand their blocs while attempting to revive their economies and those of their allies, likely with investment packages or trade barriers as opposed to military intervention. Even within these blocs, levels of trade would be low. Both sides would see excessive tech disruption - such as automation - as a threat to stability, but government-regulated research is likely to continue.

Conventional conflict would mostly be a last resort, and be low-intensity clashes over resources. However, high global unemployment and sluggish growth would lead to radicalisation and more non-state actors. The relative lack of coordinated international effort would allow a high degree of asymmetric warfare, both between states and between states and non-state actors. Climate action would be hampered as well.

How will this affect India?

High inequality and unemployment would lead to demands for social justice. Populism and security would dominate political discourse. Simultaneously, India would come under significant pressure from both superpowers to join their blocs or provide market access for growth. If handled delicately, there could be major payoffs by playing off the superpowers. There is an opportunity for FDI, favourable trade agreements or investment/infrastructure deals with either superpower, with strings attached.

How can India maximise its national interest?

Owing to India's reduced economic clout, a cautious foreign policy should be followed to not antagonise either superpower. India might have to accept reduced influence on its neighbours, and focus on managing the combined effects of climate change, demographic growth, and an economic downturn within its borders.

India should instead focus on using its market power to get the best possible deals from both blocs, using these to stimulate its own economy with fiscal spending to address inequality and unemployment. India must play off the blocs to ensure its own security, while also stimulating indigenous defence and trying to obtain better technology from the superpowers. India consider forming a Non-Aligned Movement 2.0 under its economic leadership only if it is impossible to get deals without aligning, as it would not be in the national interest to antagonise either superpower.

Actions Matrix

Scope	Action
Domestic	Liberalise sectors of the economy to FDI strategically
	Follow a human capital approach to social security
	Indulge in fiscal spending
	Kickstart domestic consumption
Foreign-facing	Maintain good relations with both blocs
	Play off blocs to ensure security

	Strengthen indigenous defence industry
	Invest in asymmetric weaponry



18. The Delhi Dream

Outlook for India: Optimistic

What might the world look like?

The world order would be maintained by a reformed United Nations and other global institutions, with a strong G20²⁴. Strong regional economic blocs would emerge, and climate action would be taken. Some degree of competition over knowledge resources and market access would be present within a global (mostly) neoliberal economy. Conventional conflict is likely to be minimal, and high growth would also reduce the risk of radicalisation. Asymmetric warfare would be present to a low degree.

How will this affect India?

India would be highly development-oriented, with a large, growing, and assertive middle class. Concerns about inequality would begin to wane. All countries would be interested in friendly ties with India for strategic and economic reasons, presenting more opportunities for regional cooperation and leadership.

How can India maximise its national interest?

This scenario is an excellent opportunity for India to rise to the top of the global order on its own, without relying on sparring superpowers as in Scenario 14²⁵. The basis for this should be an expanded diplomatic corps augmented by involving

states in foreign policy, as in other scenarios. Free trade agreements should be negotiated, a sovereign wealth fund created to invest in innovation as well as to prepare for scenarios less favourable to India, the export sector boosted, and the knowledge economy developed. India should invest in massive regional and global projects - and maybe even create its own - a "New Spice Route". An "Aman ki Asha 2.0" should be pursued with Pakistan (the relative decline of American and Chinese funding to the military-jihadi complex creates an opportunity for peace). Major social reforms can be carried out. India's economic power can be solidified with a regional bloc supported by an expanded Navy to govern the Indian Ocean and support large-scale Indian projects and demographic expansion across the region. Since non-proliferation has been less than a success, India should create a new global peace accord by insisting on a global no-first-use policy.

Actions Matrix

Scope	Action
Domestic	Follow a human capital approach to social security
	Emphasise export-led growth
	Reform Factor Markets
	Push for social reforms
	Liberalise sectors of the economy to FDI
	Provide foreign aid & investments

Foreign-facing	Build larger diplomatic corps, involve states in foreign policy
	Join multinational pact
	Lead transnational infrastructure projects
	Sign migration treaties
	Build up a Sovereign Wealth Fund
	Push for a global No-First-Use Policy



Secular Stagnation Meets Multipolar World



19. The Big Snail Race

Outlook for India: Cautious

What might the world look like?

Global order would be slightly eroded, and institutions would be neglected in favour of new international groupings on nationalist/economic lines. There would be considerable competition over favourable trade/investment deals. Conventional conflict would be unaffordable, and asymmetric warfare present to a moderate degree. Low global growth and worsening unemployment would be a challenge, allowing for radicalisation precisely when global coordination is reducing. The climate, too, gradually worsens.

How will this affect India?

India would be development-oriented with a high degree of state involvement. Inequality and unemployment would lead to calls for social justice. All countries would be very interested in friendly ties with India, for economic reasons. India's large market would provide opportunities for FDI and allow for favourable trade agreements.

How can India maximise its national interest?

India must be receptive to trade and FDI, using its market power to get the best possible deals and investing in strategically vital countries to expand its economic footprint. Other countries should be incentivised to buy from India. The country's economic strength can be used to project power in unprecedented ways and obtain massive concessions from countries interested in growth. India can also focus on building charter cities and creating SEZs to create employment. Social reforms might be necessary. Military strength can be ramped up through FDI deals and a regional bloc formed on economic lines. As climate change begins to threaten island and coastal nations near India, aid should be traded for naval bases, bloc membership, or access to markets.

Actions Matrix

Scope	Action
Domestic	Follow a human capital approach to social security
	Develop SEZs & Charter Cities
	Reform Factor Markets
	Liberalise sectors of the economy to FDI strategically
Foreign-facing	Seek foreign investments
	Build larger diplomatic corps, involve states in foreign policy
	Join multinational pact
	Lead transnational infrastructure projects



Global Recession Meets Multipolar World



20. Powerful in Poverty

Outlook for India: Pessimistic

What might the world look like?

Global order would be seriously eroded. Global institutions would be neglected in favour of new groupings with increasing nationalism. Most nations would struggle with high unemployment, leading to radicalisation and more non-state actors. The climate would worsen, as every state attempts to kickstart growth. Localised conventional conflict would occur in order to capture resources. Trade wars would be commonplace, as would be asymmetric warfare.

How will this affect India?

The electoral system would favour populism and redistribution, with a high degree of state involvement. High inequality and unemployment would lead to demands for social justice that would need to be urgently addressed. Meanwhile, all countries would be very interested in friendly ties with India for economic reasons. This means that India needs to walk a fine line between protecting its industries and obtaining investment and trade.

How can India maximise its national interest?

The international order can be expected to be far more anarchic than any time in recent history. A massive investment in defence would be necessary to project power as well as to create jobs. Both expeditionary capacity and nuclear deterrence capability are needed. A much larger army should be deployed on the borders, and neighbours should be dissuaded from engaging deeply with China. India should also develop its own internal free-trade bloc for emerging economies to collectively negotiate with others, using its military power to get favourable terms, maintaining control and extracting resources with an expanded navy operating in the Indian Ocean.

As climate change worsens, aid should be carefully extended to friendly nations in India's maritime zone of interest. India's geographic proximity would give it an

edge over China in this regard. Care should be taken, however, to deal carefully with refugees and use their skills without jeopardising Indian jobs. India should make sure that it is at the negotiating table as polar ice caps melt, even if it is not possible to invest in infrastructure projects to connect to them directly.

Domestically, some degree of redistribution should be considered to maintain social stability.

Actions Matrix

Scope	Action
Domestic	Follow a human capital approach to social security
	Develop SEZs & Charter Cities
	Kickstart domestic consumption
	Reform Factor Markets
	Liberalise sectors of the economy to FDI strategically
Foreign-facing	Seek foreign investments
	Build larger diplomatic corps, involve states in foreign policy
	Join multinational pact

	Expand presence in the Indian Ocean
	Invest in asymmetric weaponry
	Build expeditionary capacity
	Lead transnational infrastructure projects

Actions Portfolio

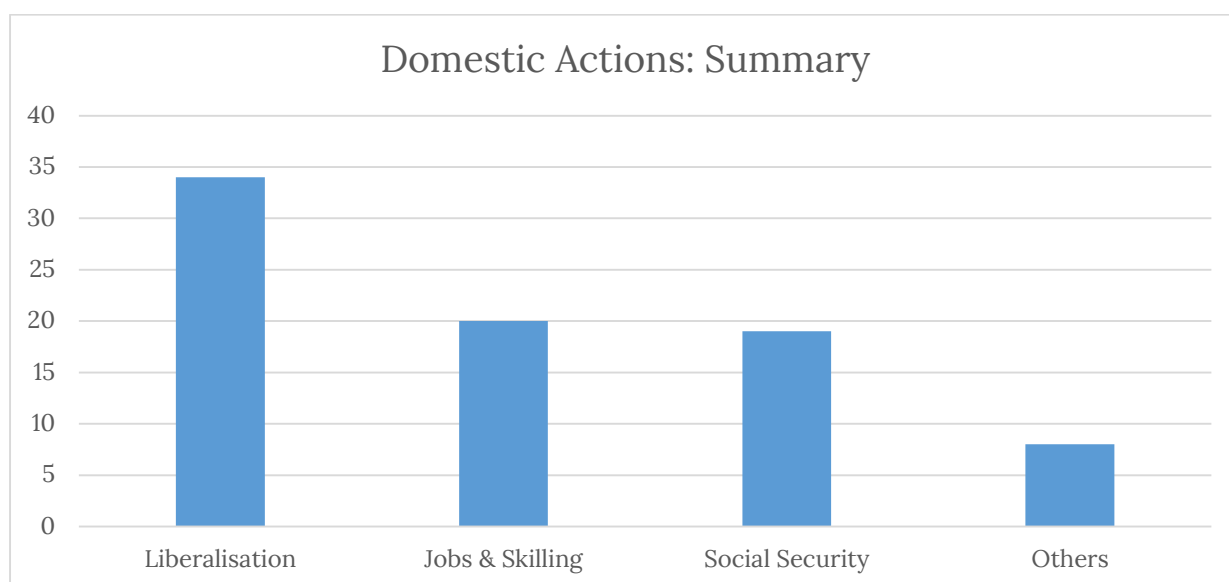
Constructing the General Action Portfolio

Scenario-specific recommendations have been provided in the Scenario Analysis section, and the general principles to be followed in a Pessimistic, Cautious, or Optimistic scenario, have been discussed as well. However, the aim of this document is to develop a general portfolio that will hold India in good stead *irrespective* of the scenario.

In order to do this, the planned actions for all scenarios are collated into domestic and foreign-facing actions. Some actions are also grouped together based on the intended purpose (for example, “strategic liberalisation” and “market reforms”). As domestic actions are constrained by similar demographic conditions, there is a greater degree of homogeneity in them than in foreign-facing actions. The results of the analysis are summarised below.

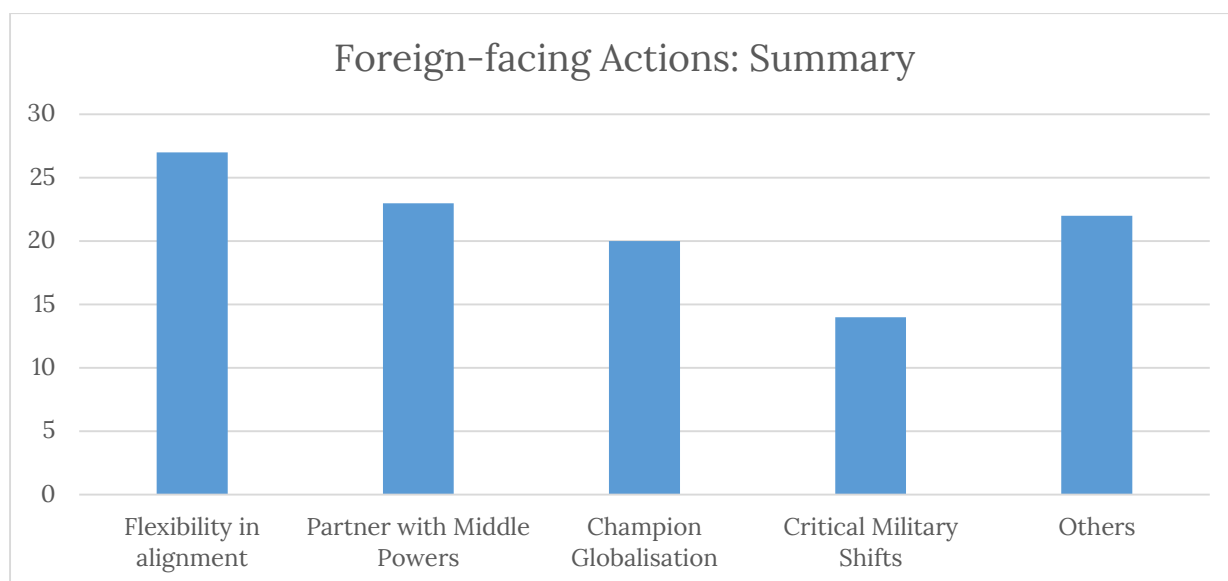
Total Actions Analysed: 187

Domestic Actions: 81, Unique: 11





Foreign-facing Actions: 106, Unique: 35



Scope	Action	Frequency
Domestic	Liberalisation: Liberalise sectors of the economy to FDI, Liberalise sectors of the economy to FDI strategically, Reform factor markets	34 (=41.9%)
	Jobs & Skilling: Invest heavily in R&D, Collaborate with foreign universities, Develop SEZs & Charter cities, Slash taxes & regulations	20 (=24.6%)
	Social Security: Follow a human capital approach to social security	19 (=23.4%)
	Flexibility in alignment: Alignments with either of the G2, openness to	27 (=25.2%)

Foreign-facing	partnerships, unilateral actions	
	Partner with Middle Powers: Join multinational pact, Tie up with middle powers, expanded bilateral ties (diplomatic corps, states in foreign policy)	23 (=21.4%)
	Champion Globalisation: Seek foreign investments, Provide foreign aid/investments, Build up sovereign wealth fund, Sign migration treaties, Follow trade-oriented foreign policy	20 (=18.6%)
	Critical Military Shifts: land to sea, physical to virtual, people-heavy to machine-heavy	14 (=13%)

Ignoring more scenario-specific, isolated actions (labelled “Other” in the visuals), a cohesive portfolio can be constructed as follows:

Domestic Economic Reforms

1. Liberalise major sectors, implement labour and factor market reforms. Be an attractive destination for FDI.
2. Focus on the employment elasticity of growth in addition to growth itself. Collaborate with foreign universities for skilling the workforce.
3. Build a social security net to deal with inequality, unemployment, skill obsolescence, and an aging population.

Reforms for India's engagement with the world at large.

1. Three critical military shifts are needed: from land to sea, from the physical to the virtual (cyberwarfare); and from manpower to firepower.

2. Champion the cause of globalisation as movement of labour, goods, and services is critical for India's growth.
3. Retain flexibility in terms of alignment: be open to larger partnerships and global projects, as well as unilateral action.
4. Partner with other middle powers, especially those concerned by G2 dominance.

Conclusion

Forecasting trends in an increasingly interconnected, and complex and chaotic world, is not only difficult but also unreliable. Furthermore, policies developed to respond to such a forecast would have the disadvantage of being too specific to apply in case the forecast turns out to be inaccurate.

In this document, the approach has been to develop a flexible action portfolio to hold India in good stead, *irrespective* of the contours of the international and national system, over the next 25 years. This is achieved through developing 20 *likely* scenarios for a New World Order, based on various configurations of geopolitical and geoeconomic scenarios, and collecting recommendations which occur in the maximum number of scenarios.

Some of the key recommendations thus arrived at include economic liberalisation, skill development, and building up a social security net; as well as foreign-facing reforms including modernising the military, championing globalisation and retaining India's flexibility to join partnerships based on national interest.

The primary aim of this document is to present a general framework that can help Indian policymakers in planning for the future. It is hoped that its core methodology - of conceptualising possible futures to develop a general action portfolio - can act as the starting point to derive India's strategies for the future world orders.

Appendix: Scenario Construction

Each New World Order is composed of a dominant geoeconomic and geopolitical trend, as discussed in the Scenario Analysis and Methodology sections. Key factors identified for geoeconomic trends include Growth & Inflation, Automation, and Trade & Mobility. For geopolitical trends, the key factors are the relationship between superpowers and their outlook towards other actors on the international stage. Various configurations of the factors are used to assemble possible "trends", which are described in detail below.

Four Geoeconomic Trends

Global macroeconomic conditions, such as commodity and oil prices, global liquidity, rate of technological change and global growth rate, have a high influence on India's growth prospects. For example, a high-liquidity high-growth world will incline many investors to invest abroad.

Based on combinations of the following macroeconomic factors: inflation, global liquidity, rate of technological change, global growth rate, and the extent of trade, we imagine four geoeconomic trends. Note that any one of these trends could dominate over the next quarter century, and the descriptions/recommendations presented could apply at any point in that period.

Three out of the four are straightforward and use global growth as the primary distinguishing criterion - a new economic boom, a secular stagnation, and a global recession. The fourth trend is one of high economic growth based on rapid technological advancement: the Great Disruption.

1. New Economic Boom

In this trend, we envisage a new global economic boom²⁶, similar to the early 2000s. That particular boom was fuelled by extremely low interest rates in the United States, which led to a situation of excess global liquidity. China's ascent during this phase was also crucial in propelling global economic growth.

High global growth (averaging around 4%) can be expected. This would entail about 2% growth in the Organisation for Economic Co-operation and Development (OECD) economies, which involves a rebound of the Eurozone. The period will also be marked by low and stable global inflation, with low inflation in the advanced nations and slightly higher but controllable inflation in the developing world. This would also see a sustained growth in trade, capital and labour movement. Higher trade will present an opportunity for developing economies to increase their exports and promote their domestic economies. One can expect high capital mobility from the OECD countries to the developing economies in the form of both direct investment and portfolio investment, as a result of the availability of cheap credit. One can also expect to see a more rapid financialisation of developing economies.

High domestic economic growth in the US and Europe could also translate to a more liberal policy towards migration of labour. There will be movement of high skilled labour and a growth in remittances.

Finally, on a more sober note, the high growth rates in the world could also put a considerable strain on resources and accelerate the rate of climate change, unless a radical shift to green and renewable energy takes place in a concentrated and globally collaborative manner.

2. *Secular Stagnation*

Secular stagnation envisions a return to the low-growth geoeconomic trend that the world experienced after the 2008 financial crisis. Normally, after a recessionary period, economies bounce back and undergo a rapid expansion and growth phase. However, in some specific cases, the recovery is unconvincing and economic growth is far lower than what is seen in a typical post-recession recovery.

Growth would be sluggish, with low inflation. A secular stagnation, unlike a normal trough in the business cycle, is a situation where the fundamental dynamics of the economy have changed. Economies undergo a protracted period of low growth and this becomes the new normal. Countries facing secular stagnation are burdened with a high savings rate and low investments. The result is that excessive saving acts as a drag on demand, reducing growth and inflation, and the imbalance between savings and investment pulls down real interest rates. The situation is also typically accompanied by low rates of innovation, an ageing population and low confidence in the economy. All of these factors will have a negative impact on employment as well. Inflation tumbles too and hovers around the zero mark.

As a countermeasure, central banks around the world will be forced to push interest rates towards zero and keep the real interest rates in the negative territory. They might also follow this with aggressive monetary policy techniques such as quantitative easing. However, in a low growth and low confidence economy, this might not achieve the intended outcomes, as consumers will not decrease their savings and increase consumption. Investors on the other hand will borrow, but look for investment opportunities outside the country. Typically, capital would move out of the countries facing a stagnation and into emerging markets, where growth prospects would be better and the interest rates higher than the advanced economies.

If the emerging economies, such as India, maintain sound macroeconomic fundamentals, like low inflation, manageable current account and fiscal deficits and an overall business friendly environment, there will be a steady flow of both direct and portfolio investment from abroad.

On the fiscal side too, governments across the world would try to compensate for the reduced private consumption and investment. Spending on welfare and transfer payments will increase. Infrastructure spending will see a boost as well.

Globally, one can expect a downward trend in trade, and increased protectionism between countries. To address this, new economic groupings may emerge with internal free trade policies but entry barriers for other countries. India should

focus on forging as many trade alliances as possible and should reduce a lot of its own trade barriers. Finally, there may also be reduced labour mobility, creating an opportunity for India to retain talent, though at the cost of reduced remittances.

3. Global Recession

Unlike the secular stagnation, which tends to be prolonged periods of low growth, the Global Recession envisions a sharp and acute period of negative growth rate in the advanced economies and middling to low growth in the emerging markets. The average number of months for a recession in the US has been less than one year. This implies that the economies will recover more quickly from the recession, but with varying degrees of success. The magnitude of the recession will also determine the extent of the recovery.

The downturn will prompt firms to decrease their labour force and pour even more resources into technologies and production processes that would reduce the need for workers. Widespread unemployment will be common in most advanced economies. This will put a severe strain on the socio-political fabric and prompt governments to undertake populist policy measures. This could translate to increasing protectionism and trade wars. Reduced global trade and increasingly stricter migration policies will hamper the growth prospects of many emerging economies.

There will be lesser scope for monetary and fiscal policy intervention. Interest rates in most countries will be rather low when the recession hits and thus, the scope for further lowering rates will be minimal. The high debt-GDP burden of the US, Japan, and the Eurozone would also prevent governments from embarking on an expansionary fiscal policy. Emerging markets who have maintained low fiscal deficits and low debt-GDP ratio will have more fiscal room to stimulate the economy. Rising unemployment will force governments to spend more on transfer payments and welfare schemes, which could decrease the scope for capital expenditure or investment in newer technologies.

Nevertheless, there is the possibility of increased capital flow to the emerging economy prompted by extremely low growth prospects in developed countries and expansionary monetary policy stance by the central banks. Investors are bound to get a higher rate of return in emerging markets, which can offer a degree of certainty and stability.

The unfavourable global economic conditions may lead to more volatile domestic politics, with decreased global cooperation and the weakening of international institutions.

There may also be more reliance on conventional resources as cash-strapped governments scale back investment in R&D. By 2043, this could have potentially

devastating consequences, including on climate change mitigation and adaptation.

The big unknown will be the pace and nature of the recovery. The recovery process could lead either to a healthy expansion and a boom, or it could get stuck at low growth rates and herald a secular stagnation.

4. Great Disruption

The great disruption is a trend in which technology will be the leading driver of global growth. In this trend, we would witness increased automation in manufacturing as well as services. Automation would result in great productivity increases in many countries with access to the technology. This will spur a sustained boom in global growth and since growth is driven by increases in productivity, inflation is likely to remain low.

Trade is also likely to increase in this trend. High global growth has, more often than not, coincided with high global trade. With increased production of goods and services, countries would seek to focus on their comparative advantage and trade, trade barriers will diminish and global trade will flourish.

Pressure on resource consumption will also decrease with the great disruption. Dependence on conventional energy sources such as oil and natural gas will decrease, which will reduce the impact on global warming. One form of technological innovation will be in the use of alternative energy sources as well. Solar and other green energy sources may become predominant.

However, there would likely be a high level of inequality – both between countries and within countries. Countries which have access to technology, who can invest huge capital in developing new technologies, innovate and invest in R&D will see disproportionate returns, while other countries may fall behind on the curve. Emerging economies which can either invest in developing technologies on their own or who can import technologies through treaties and increased FDI can emerge as the winners. For this, countries should focus on creating business friendly environments and actively pursue importing technology from advanced nations.

It would be similar within countries as well. Those who have access to capital and technology will earn disproportionate resources, while those who depend on traditional jobs may lose out. To counter this, many countries would need to focus on building a strong social safety net and focus on redistribution within the economy. There will be significant number of job losses due to automation and if this is not handled well by the state, it can lead to social unrest. Many states would consider some form of Universal Basic Income to counter the job losses.

Finally, even though we expect high trade in goods and services as well as knowledge mobility, labour mobility might be significantly lower. When countries are facing unemployment and job losses, it is highly unlikely that they will open up their borders for immigrants, though they may try to actively attract high-skilled labour.

Scenario	Growth & Inflation	Automation	Trade & Mobility
New Economic Boom	High growth, low/moderate inflation	Moderate	High levels of trade & mobility
Secular Stagnation	Low growth, low inflation	Low	Moderate trade levels with low mobility
Global Recession	Negative growth, deflation	Low	Low trade levels with low mobility
Great Disruption	High but uneven global growth, low inflation	High	High levels of trade, low labour mobility, high capital and knowledge mobility

Four Geoeconomic Trends: Summary Table.

Five Geopolitical Trends

Based on varying degrees of distribution of power and the nature of relationship between the resulting major powers, we imagine five geopolitical trends. As with the geoeconomic trends, any one of these could dominate over the next quarter century, and the descriptions/recommendations presented could apply at any point in that period.

These are: a world in which power is once again gathered to a single American “pole”; three “bi-polar” worlds with various configurations of the US-China relationship; and one multipolar world with all nation-states being at similar levels of power.

1. US as Sole Superpower

This envisions the US returning to its late 1990s to mid-2000s role as the sole global superpower. During this period, the collapse of the Soviet Union had left the world at a “unipolar moment”. America was in a position of absolutely unprecedented global hegemony by a single power²⁷. Its military budget alone exceeded that of the next 20 countries combined, and its economic and cultural power was unquestionable.

Most hegemonic moments have resulted in balancing through counter-coalitions formed among other powers - ranging from the War of the Spanish Succession to the Napoleonic Wars and World War II²⁸. However, America's unipolar dominance was so absolute that it resulted in other powers bandwagoning *with* it, ranging from European countries to formerly non-aligned nations. A similar unipolarity is envisioned in this trend²⁹.

A renewed era of American dominance in international affairs can be expected. States can be expected to align themselves with US strategic objectives, with sanctions being imposed on those openly opposed to the American bloc or representing any overt threat to American interests. A direct attack on America or a close ally, however, would be met with overwhelming force. Other politically neutral blocs, organised, perhaps, on economic lines or following a ‘soft balancing’ strategy³⁰, may emerge - provided they are not in open opposition to the US. US can be expected to follow a policy of diplomatic balancing, while keeping the option of intervention open.

World order would be maintained by American power projection, ranging from expanded global military bases to naval patrols, as well as sanctions from US-dominated global institutions. Conventional, widespread conflict between states would be non-existent. Major threats to global stability, such as civil wars in economically or strategically vital regions, would be met with regime change. A few American puppet states can be expected in strategically or economically significant areas, such as in West Asia. This could very well lead to new non-state actors claiming to fight American imperialism, leading to some degree of long-term instability.

Within the American bloc, one can expect reduced barriers to trade as well as high capital mobility. Multinational corporations would be major players. Sovereignty in nation-states might be eroded, with an increased deference to American objectives and principles both within and outside the bloc.

Some aspects of American foreign policy would, of course, be dictated by the corresponding global economic scenario. For example, America can be expected

to be much more interested in friendly ties with India in a high-growth world, as it would need access to markets.

2. Full Cooperative G2

The US-China relationship is unprecedented among Great Powers. One is the world's largest importer, the other the world's largest exporter. Their combined military and economic resources dwarf the next few powers combined.

Today, over 60 high-level dialogues exist between them, allowing for consultation on a wide range of issues. Though an undercurrent of mistrust is present and often swayed by domestic politics, full cooperation between the G2 is not impossible. Henry Kissinger has argued that "co-evolution" will require "wisdom and patience".

This trend envisions the US and China coming to an agreement to manage the international order together. This would play out with demarcated zones of influence and well-functioning institutions of mutual cooperation to manage both the bilateral relationship and the rest of the world.

An era of G2 dominance of international affairs can be expected. Global pacts, such as free trade agreements or climate management, may be negotiated more easily. On the downside, a fully cooperative G2 would be in a position of such dominance that it can essentially dictate terms to all other nation-states.

States would generally align themselves with G2 strategic objectives, with sanctions being imposed on those openly opposed to them or representing any overt threat to their international order. Sovereignty in nation-states might be eroded, with an increased deference to the G2. Any threat to them would be met with overwhelming force - economic, military or otherwise. Regional blocs are likely to remain weak. A G2-led international consensus would emerge.

World order can be expected to be maintained by G2 power projection, ranging from expanded global military bases to naval patrols, as well as sanctions from global institutions. Widespread conventional conflict between states would be non-existent. Major threats to global stability, such as civil wars in economically or strategically vital regions, would be met with regime changes. A new era of American and Chinese imperialism might, on the other hand, lead to a new era of asymmetrical warfare led by "anti-imperialist" non-state actors.

Globally, one can expect reduced barriers to trade as well as high capital mobility. Multinational corporations would be major players. Forms of government would be largely unchanged as long as the G2's objectives are satisfied. The geoeconomic context in which these objectives are shaped is vital in understanding India's options.

3. US-China Coopetition

Historically, the rise of a new power that challenges the absolute dominance of an older power or order has led to conflict and a severe destabilisation of the international system. This dynamic played out with Prussia, Revolutionary France, and the unification of Germany.

The modern US-China relationship is strikingly different. China is a challenger to US global dominance. However, these powers are reliant on each other to an unprecedented extent in fields ranging from tourism and education to trade. This has led, in recent years, to a term called “coopetition” – a relationship marked by elements of competition in some areas and cooperation in others.

This trend envisions an international order where US-China coopetition is pervasive. The G2 would dominate most global systems with some clearly-defined areas of cooperation and some institutionalised mechanism for mutual consultation. However, other areas might be marked by nativist or realist attitudes – such as power projection or defence.

The broad trend of US-China relations has been towards coopetition. Mutual distrust is a deep undercurrent in their relationship, despite increasingly close ties of trade and tourism. Both powers have differing conceptions of what the international order should look like, and what the role of the other should be. China's reaction to US intervention in Syria is a case in point. More recently, hyper-nationalism and strategic ambitions seem to preclude absolute cooperation.

International affairs can be expected to be dominated by the G2. Some institutions would be dominated by one or the other of the pair (such as China and the AIIB). A sense of coopetition would pervade most institutions, ranging from the United Nations to regional trade blocs.

States can be expected to align themselves with either the US or China based on their own strategic objectives. Regional blocs may become increasingly important wielding considerable influence. Playing the two powers off may be a viable and lucrative strategy as neither would be interested in open conflict. Preferable trade, defence, and civilian agreements can be negotiated.

World order can be expected to be maintained by G2 consultation, ranging from coalition intervention to sanctions. Unilateral actions would be discouraged, and some sort of military balance would emerge. Conventional conflict between states would be non-existent, but some degree of cyber-warfare and espionage is likely. Major threats to global stability would be dealt with, but limited conflicts might be tolerated as long as they do not conflict with the interests of the G2.

Some aspects of G2 policy would, of course, be dictated by the corresponding global economic trend. A world in recession might have different areas of cooperation than an economically prosperous one. This would affect their behaviour towards each other, and hence towards other states or blocs.

4. *The New Cold War*

“In the 21st century,” said the Chinese strategist Liu Mingfu in *The China Dream*, “China and the United States will square off and fight to become the champion among nations.”³¹

Though marked by some elements of mutual cooperation, the contemporary US-China relationship is highly competitive. Mutual distrust, hyper-nationalism, and an increasingly assertive China might yet transform the relationship to a more antagonistic one in the next few decades.

This trend envisions a New Cold War between the US and China, with both of them as competing superpowers with no immediate rivals except the other. The world would separate into American and Chinese spheres of influence. New military alliances would emerge, with different theatres of conflict, and conflicting economic and political models that are exported to other nation-states for emulation.

A New Cold War can be expected to play out similarly to the last. States would align themselves with either superpower. Each superpower would actively compete to extend its reach using its economic and military power to compel stragglers to join their alliance. A new Non-Aligned Movement may be able to successfully stay aloof.

World order can be expected to be maintained by the threat of mutually assured destruction, with China's economic strength ensuring a longer and more sustained conflict than between the US and the USSR. Both superpowers would shy away from open conflict, but wars between their puppets are likely, and conventional conflict between nation-states might even be encouraged. They would compete to spread their economic and models in their respective blocs.

Cyberwarfare, propaganda, terrorism, and espionage would be widespread. These tools would be far more effective than in the last cold war, making it much more difficult for nation-states to antagonise either superpower without fear of reprisal. Sovereignty in nation-states would be eroded. The United Nations and other global institutions would be seriously weakened, and possibly upstaged by institutions within each bloc. One can expect reduced barriers to trade as well as high capital mobility in them. Multinational corporations would be major players, and might tend to be extremely extractive – new-era “banana republics” may be established to bolster each superpower's resources.

The aggression of the superpowers, and the tools they use to build their alliances, would depend on the global economic trend, thus affecting India's best way forward.

5. A Multipolar World

This envisions a continuation of the broad trends in the world order over the last few decades, with the relative decline of superpowers and the emergence of a number of smaller powers of similar strength.

As an isolationist current takes hold in the US today, a number of world leaders, ranging from Xi Jinping to Emmanuel Macron, have called for more globalisation. While recent attempts for cooperation on climate change and the refugee crisis have been less than successful, the increasing assertiveness of G20 nations and the calls for UN reform may very well lead to a more inclusive international order.

An era of multilateralism in international affairs can be expected. States can be expected to form issue-based coalitions, with no power being able to take unilateral action. This would allow for better cooperation on issues of global importance.

World order can be expected to be maintained by adherence to international agreements and systems, a throwback to the pre-World War Concert of Europe. However, the difficulty of reaching a consensus might mean that some threats to world order may not be responded to decisively. Conventional conflict between states would be minimal thanks to the absence of superpowers, but cyberwarfare, terrorism, and espionage are likely.

Regional blocs are likely to emerge, with reduced barriers to trade as well as high capital mobility for members. Multinational corporations would be major players. Sovereignty in nation-states would be absolute. Forms of government would be as diverse as they are today.

Ultimately, the willingness of these multiple poles to cooperate would depend to a considerable extent on the prevailing global economic scenario. Effective coordination is a necessity for stability, but a global recession might lead to increased competition and trade wars, perhaps even escalating into open warfare. A multipolar order is as close to anarchic as can be expected, allowing for a great deal of flexibility in pursuing India's strategic objectives.

Scenario	Relationship between Superpowers	Outlook
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US as Sole Superpower	No other superpowers	Diplomatic balancing, "hard" interventions possible
Cooperative G2	Friendly US-China	"Hard" interventions possible
Coopetitive G2	Cooperative with some elements of rivalry	"Hard" interventions unlikely
New Cold War	Hostile	Superpowers attempt to expand influence, "hard" interventions possible
Multipolar World	No superpowers	Anarchic

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¹ This document is prepared for the purpose of discussion and debate and does not necessarily constitute Takshashila's policy recommendations. To contact us about the research, write to research@takshashila.org.in.

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²³ In this scenario, retaining talent is more important than providing market access to the G2 - the latter might actually worsen the employment situation in the country.

²⁴ In general, multipolar worlds will have more varied forms of international order than the others, owing to the more varied distribution of power.

²⁵ Scenario 14, "Spiralling Downwards", involved India exploiting the US-China rivalry and its own economic potential to expand its global role.

²⁶ The new economic boom can result from varied causes. It could again result from a resurgence of the US economy, along with a strong Chinese economy. It could be fueled by a new resource discovery or sustained low oil and other commodity prices. A new wave of globalisation with increased trade and labour mobility could also spur this growth, though it may seem unlikely at the present juncture. Finally, it could result from increased automation and rapid technological change.

²⁷ Krauthammer, Charles. "The Unipolar Moment Revisited." *The National Interest* 70 (2002): 5-18.

²⁸ Kissinger, Henry. *World Order*. New York: Penguin Books, 2015. 33.

²⁹ The US might arrive at this position in many ways - perhaps a massive economic boom fuelled by its technological capabilities, perhaps a far more aggressive foreign policy, or the relative decline of other powers.

³⁰ Paul, T. V. "Soft Balancing in the Age of U.S. Primacy," *International Security* 30, no. 1 (2005): 46-71. <http://www.jstor.org/stable/4137458>.

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