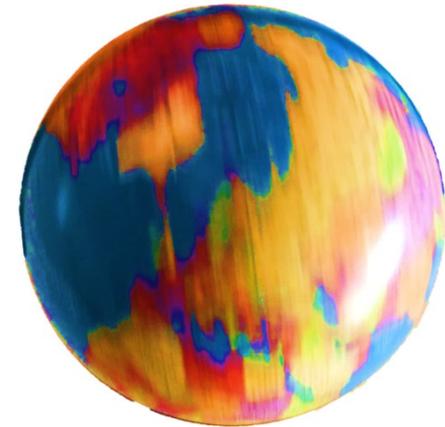


Global Rules in Flux

Summary: International rules are evolving as power shifts and new actors arise. How global politics, business, trade, technology, and even science are governed will inevitably change, as the needs and perspectives of the newly powerful are accommodated. Some systems will be adjusted, and others may be overturned.

Forecasts

- Change and uncertainty in international arenas will be the new normal into the medium-term future, as power relationships change.
- The organizational practices and priorities of international bodies such as the World Trade Organization and Internet supervisor ICAAN will shift in response to the rising power of China, India, and other actors.
- The unwritten rules that govern international systems and organizations will be altered as well, as different countries assert their viewpoints and their cultural practices.
- Global trade will change. The concept of the stateless corporation is under assault, and national security will intrude more on commerce, with more countries demanding that companies demonstrate loyalty in the form of taxation or security compliance, or face barriers including tariffs.
- The rise of new powers could drive the normalization of corruption. Transparency International's Corruption Perception Index rates the U.S. a relatively clean 16th out of 180 countries in levels of corruption, and Germany 12th, while new powers are seen as more corrupt: China ranks 77th, India 81st, and Russia 135th.



Key uncertainties affecting global systems:

- Degree and speed of global power shifts
- Degree of cooperation vs. conflict in the global system
- Pace of economic growth in China, India, Brazil, and other rising powers
- Whether U.S. isolationist or "America-first" impulses ebb or grow, given the long-running global centrality of the U.S.
- Stability of the socio-political systems of China and other rising powers
- The evolution of globalization



Supporting trends

Diffusion of global power. Power is becoming more dispersed in the global system.

Oncoming global instability. A period of instability is underway in the international system, driven by assertive rising powers, regional crises, and political upheavals in the United States and EU.

Blurred war and peace. The line between conflict and peace is blurring, as new forms of “hybrid warfare” and cyber conflict appear.

China's growing power. The ratio of Chinese to American power is steadily changing in China's favor.

AI for national power. Artificial intelligence is increasingly seen as a vital potential component of national power.

Nuclear weapons proliferation. Pressures are building for additional nuclear weapons proliferation.

Rising isolationism. Isolationism is rising in the developed world.

Growing middle classes in emerging markets. The world's middle classes continue to grow, in Asia, Latin America, Africa, and the Middle East.

Rising Chinese scientific capabilities. China is producing a rising share of the world's scientific output.

Precision violence. Precision targeting technologies are becoming increasingly available—even to civilians—in advanced drones.

Champion companies from emerging markets. More globally competitive companies are arising from emerging markets.

Asian R&D growing. While R&D spending is growing globally, it is growing fastest in Asia, where spending now surpasses that of other regions.

Data points

Measures of power. By one model of global power that combines economics, technology, demography, and military capability, the most powerful country in the world is the United States, with 19% of global power. This model forecasts that Chinese power will overtake that of the U.S. in 2022, and that India will surpass the U.S. in 2042.

Competitiveness inputs. National resources for power continue to shift. For instance, in 2000 the top eight EU countries produced 397,000 STEM university graduates, compared to 244,000 for the U.S. and 281,000 for China. In 2014, China produced 1.45 million STEM graduates, while the U.S. produced 377,000 and the top EU countries 569,000.

Topics for additional research

- How definitions of national security that intrude more into the market could affect business operations and supply chains
- Organizational and legal risks in assisting controversial governments with security issues



Strategic insights

For the security industry

- The unsettled geopolitical environment that is likely into the medium-term future is a potentially precarious one for businesses, with heightened levels of threat from terrorism, conflict, and assertive nation-states. Security's value to firms may become more obvious.
- The security industry may balkanize, especially in the cybersecurity realm, due to distrust and differing rules between blocs. Companies may need to have national or regional subsidiaries to work in different blocs.
- One country's "security" is another's "oppression," in physical security and in cyberspace as well. Controversial governments and conflicts will generate potential corporate social responsibility and legal issues, especially as transparency of corporate activities rises.
- National security will intrude more on the commercial realm. More countries will propagate their security concerns via commercial markets, demanding global corporate compliance with their rules and needs, as the United States and China have recently done with Microsoft and Apple.

For ASIS

- A fragmented and conflictual global system increases the likelihood of associations such as ASIS facing potential memberships that are fractured along national and regional lines.
- On the other hand, decentralized global power increases the need for genuinely cross-border associations and alliances.
- Some kinds of power vacuums in global systems could leave space for associations to assert themselves in new or larger roles in international agenda-setting or rule-making.
- Diffusion of power will create rising global competition among national-champion organizations and associations, as they stake out ground in their home regions and beyond as quasi-representatives of their countries. One response could be partnerships and federations across borders.

Timing

- **Stage:** Emergent, with clear signals of arriving change
- **Speed:** Medium, but subject to potential sudden, disruptive events

Potential alternative futures

- **Nation-states resurgent:** Security worries and populist politics cause national governments to firmly re-assert their power over trade, investment, and other cross-border issues.
- **Anarchic world:** Global rules and systems break down under pressure from new actors, but are not replaced by new rules and structures, leaving the world more chaotic and buffeted by assertions of pure political and economic power.
- **Sudden knockout:** One or more of the world's great powers is removed from the world stage by internal instability.