

Breaking Futures: The day of reckoning may be fast approaching

For the last five years, I have been asking people to watch the flags that could turn the world's political and economic game upside down in the near term. They are now combining with one another in a way that could produce a day of reckoning sooner than I, and many other experienced futurists, ever thought possible. So let's go through the flags one by one.

The religious flag

The first flag is the religious flag which started going up the pole in the late 1980s because of intensifying competition between the major religions of the world. It produced 9/11, a variation of which my co-author Chantell Ilbury and I anticipated in a letter to George Bush published in the book *The Mind of a Fox* in June, 2001.

However, as I said in a subsequent book entitled *Flagwatching* in 2015, "the religious flag has changed in a fundamental manner. We now have a deep division within the Islamic world itself between Sunni and Shia, the first with its centre of gravity in Saudi Arabia and the second in Iran."

With America on the one hand walking out of the nuclear agreement with Iran and applying really tough sanctions to bring the country to its knees, and Iran on the other hand saying it might go back to enriching uranium, a war appears very much on the cards. If that happens, Israel will join America on the side of Saudi Arabia and Russia could take the side of Iran. The consequences will be devastating for the Middle East.

Yemen is already a wasteland and most of Syria is too. Iraq and Afghanistan are dodgy at best. Iran will be reduced to ashes in the event of a full scale military conflict with America. With Donald Trump as commander-in-chief of US forces, anything is now possible.

The red flag

The second flag is the red flag concerning Russia, China and North Korea. Western sanctions against Russia are still in full force after its annexation of Crimea, and we are back into a new cold war. It can become hot overnight if there is any random military encounter involving loss of life on either side.

Meanwhile, China and America are now ramping up tariffs against each other while Chinese companies like Huawei are being targeted by the White House. It is almost certain that US companies including Apple will feel the heat as China retaliates. With the two biggest economies in the world adopting protectionist strategies, it reminds one of the saying; "When two elephants fight, it is the grass that suffers."

In the Far East, North Korea has done nothing as yet to satisfy America's demand that it eliminate its nuclear arms stockpile despite the public display of friendship between the two

presidents. A regional conflict which draws in South Korea, Russia and China is therefore rising in probability as Trump can flip his strategy in the wink of an eye if he feels betrayed.

The grey flag

The third flag of the ageing of the world's population is ticking away quietly in the background and has reduced Europe and Japan to virtually zero-growth economies. It is also slowing the Chinese economy down quicker than expected as a result of its former one-child policy.

This flag will become more important as the century progresses when the necessity to restrain world population growth in order to save the environment becomes more evident. It is amazing how no environmental movement anywhere is prepared to articulate the demographic challenges we face. Number of feet matter as much as the carbon footprint made by them.

The anti-establishment flag

The fourth flag of a rise in anti-establishment and populist movements worldwide is there for all to see. In Britain it produced Brexit, in Europe the revival of right-wing parties and in America Trump. Never in the history of Washington has there been such hatred between the Republicans and the Democrats. Social media has created a monster in spreading fake news accompanied by the kind of rhetoric that is reminiscent of Adolf Hitler.

The flag has paralysed the government of the number one nation on Earth. Trump refuses to have any meetings with Democrats until they drop their investigation of him; and the White House no longer conducts regular press briefings. Meanwhile, in India the results of the biggest democratic election the world has ever seen have confirmed the swing towards nationalism and being tough against perceived enemies. Narendra Modi humbled his opponents.

The side-effect of this flag is the explosive growth of prejudice towards immigrants and the building of walls which go clean against the globalisation policies of the second half of the last century. It has become a major disruptor of world trade. "Who cares", more and more people say, "my culture and religion come first. We do not want to be replaced by aliens on any terms." These views in their extreme were responsible for the terrible massacre in New Zealand and the reprisal in Sri Lanka. Where will it happen next?

The green flag

So many statistics are now coming out showing that climate change is going to pose an existential threat to the planet later this century. We are also experiencing the sixth extinction of species as human beings continue to invade the space of wild animals and forests with the introduction of livestock and crops.

In addition, plastic has penetrated the biosphere everywhere including the oceans and the fish which live in it. The seabird population is declining because they cannot compete with the fishing industry for food. The irony of all this is that our dominant position as a species could lead to our extinction as the diversity of our planet disappears.

The current wave of tornadoes in America and the damage they are doing should show Americans that military might is useless in countering the revenge of Mother Nature. Yet their leader denies there is any link between climate change and humankind.

The global response so far to the threat of this flag is pathetic and has been weakened further by America's withdrawal from the Paris Accord. The goal of greater material prosperity for all eclipses the preservation of the environment, and suggests that the human race will only react to this flag in retrospect after the downward spiral is unstoppable.

The national debt flag

Since the implementation of cheap money policies to help the world recover from the crash of 2008, many governments have allowed national debt as a percentage of gross national product to reach unprecedented levels, including America and China. As long as interest rates remain at historical lows and the global economy does not go into recession, this problem can be accommodated.

If, however, the global economy somersaults in an unexpected way, we will see the same frequency of defaults on loans as happened in 2008; except that it will be governments that default on their bonds rather than private individuals on mortgages. This will cause an even greater degree of mayhem in financial markets than the last crash.

The latest global scenarios and probabilities

So what are the possible narratives that flow out of these flags? The first scenario is a "Gilded Cage" where the world remains deeply divided but no seriously dramatic events occur like the ones alluded to earlier in this article. Trump's threats turn out to be negotiating ploys designed to soften up the opposition before agreeing to the deal on his terms. A raised fist is transformed into a handshake.

Nevertheless, global economic growth rates in this scenario remain subdued compared to the last century which was boosted by free trade, free movement of people and the sharing of technology- all stopped in their tracks for the foreseeable future. Hence, the Gilded Cage is a best-case scenario; with no credible alternative of a shift towards a friendlier planet materialising while Trump occupies the White House.

The second scenario is "Bloodbath" where things go unexpectedly pear-shaped and lurch out of control. Wars break out in the Middle East and on the Korean Peninsula killing millions of people. It is unlikely that America will use nuclear weapons because of the fear of

a nuclear response from Russia. Having said that, it is Trump's finger that is on the nuclear trigger and he is totally unpredictable. Nobody has the power to restrain him.

The third scenario is "Forked Lightning" where the world's markets have another crash like 2008. This one could be deeper and longer than the last one since there are fewer options available now to governments to re-stimulate the global economy.

The current probabilities I attach to the three scenarios are 50% for Gilded Cage, 20% for Bloodbath and 30% for Forked Lightning. The bottom line is that you need the sharp eyes of a fox to detect which scenario is coming into play by watching the flags intently; and the agility of a fox to adapt your strategy as best you can to the new reality. It is called risk management. May the fox be with you in making it an art!