

# Monthly Insights

July 2015



During the month of July, Wikistrat ran several crowdsourced exercises with hundreds of analysts from around the world, exploring ongoing global trends and events. The following insights were gathered during those activities.



# **Insights from the “Modi’s India: A Rising Tiger” Simulation**

July 2015





CHINA

## Modi's India: A Rising Tiger?

### Modi's "Act East" policy is both correct and risky

Beijing is certainly stirring the pot in East Asia, giving India plenty of opportunities to assert itself as a balancing force among China's increasingly nervous neighbors. By playing the "responsible stakeholder" better than Beijing, New Delhi is winning friends and allies. Yet the Modi government also risks alienating China, whose depleted demographic dividend forces it to export more and more of its low-end manufacturing jobs abroad – which India desperately needs, with its own burgeoning labor force presenting itself. Moreover, the Chinese foreign direct investment that New Delhi loses may well flow to Southeast Asia instead, strengthening Beijing's standing in the very region where the two Asian titans duel for influence. This is a genuine strategic conundrum for Modi, who – like the U.S. president who once faced similar constraints – needs to "speak softly and carry a big stick."

CHINA



## Modi's India: A Rising Tiger?



### **India can win big in Iran's nuclear deal with the West**

If Iran is allowed to step in “from the cold,” it will become New Delhi’s geographic and diplomatic workaround in Afghanistan, where India is keen to curb Pakistani and Chinese influence. With China investing heavily in Pakistan per its One Belt, One Road strategy, India’s best path for keeping Islamabad on a leash is to deny it “strategic depth” in Afghanistan. Up to now, Washington has encouraged India’s economic presence there but not its security assistance, fearing it would trigger destabilizing responses from Islamabad. If the U.S. is serious about curbing China’s rise across Asia, then it needs to accept Iran and India as legitimate proxies in that strategy... but nobody said it was going to be easy.



CHINA

## Modi's India: A Rising Tiger?

### **It's time for Washington to encourage India's strong bilateral ties with other Asian powers**

America has long portrayed its military presence in Asia as the glue that holds the region together, as multiple great powers rise primarily through trade and development. A negative legacy of that approach has been the dearth of strong bilateral security relationships there. India finds natural partners in Japan and South Korea on both security and trade integration, matching the latter's high technology and capital with the former's labor and IT savvy. As much as Washington frets that it is losing ground in Asia to China's rising influence, it needs to let these in-region bilateral ties expand and mature.



## Modi's India: A Rising Tiger?

### **As much as India woos the West, its relations with China and Russia will determine its sense of security in Asia**

American presidential administrations come and go, but Russia and China remain. So Washington – no matter how much it wants to constrain China's ascent – cannot hope that New Delhi will play the role of junior partner. Prime Minister Modi will press hard for India's full membership in the Shanghai Cooperation Organization and favored status with the Beijing-backed Asian Infrastructure Investment Bank. He understands full well that curbing China's rise is not the same thing as enabling India's.

# **Insights from the “Global War(ming): The Next Generation” Simulation**

July 2015





## Global War(ming): The Next Generation

### Expect trouble from Moscow in the warming Arctic

Russia's economic fundamentals range from weak (too reliant on energy exports) to bad (demographics), but the Arctic presents a unique opportunity to overcome those decline dynamics and reassert itself as an indispensable great power – a nation-state the West *must* accommodate in the decades ahead. Look for Moscow to treat the emerging Northern Sea Route as their version of the Suez Canal (*None shall pass . . . without our say-so*), mimicking Beijing's expansive China Sea territorial claims (*Look! Another Russian island!*) and proclaiming a “historic” Exclusive Economic Zone designed to force confrontation with NATO. And yes, Moscow will militarize its Arctic frontier in an aggressive, first-mover mindset.



## Global War(ming): The Next Generation

### **China versus India over the Tibetan headwaters of major river systems**

South and East Asia will suffer mightily from climate change, pushing these two rising superpowers into increasing clashes over how each chooses to exploit the combined region's all-important riparian networks. China holds the clear trump card in its firm grip on Tibet, but this issue offers New Delhi unparalleled opportunity to champion Southeast Asia's growing concerns over Beijing's overbearing behavior. On this basis, Tibet overtakes Taiwan as the best diplomatic instrument for rattling Beijing's self-confidence.



## Global War(ming): The Next Generation

### Climate change's “danger zone” is Indian Ocean-centric

The global regions most immediately stressed by global warming are north and central Africa, and Asia's southern littoral (stretching from the Persian Gulf to the Western Pacific). The one body of water that connects them all is the Indian Ocean, which just so happens to feature both the rising China-India competition dynamics and the highest global concentration of nuclear powers (both established and emerging). Compared to the Arctic, where the West has to manage Russia in an “expanding pie” scenario, the pie in the Indian Ocean will be shrinking amidst explosive economic growth and still blossoming demographic bulges. Amidst the meteorological mega-storms, rising sea levels and tortuous droughts, expect interstate tensions galore.



## Global War(ming): The Next Generation

### **Expanding desertification across Africa's Pan Sahel will attract radical Islam's strategic endgame**

There are simply too many great powers interested in driving out violent extremist Islamic groups from both Southwest and Central Asia for those regions to suffer ISIS-style caliphates for any length of time. The same isn't true of Africa's Pan Sahel, which offers radical Islam its best chance for a long-term strategic sanctuary, in large part because of climate change's disastrous impact there. The Nile river system alone, encompassing 10 states historically vulnerable to significant instabilities (Egypt, Sudan, South Sudan, Ethiopia, Kenya, Burundi, Rwanda, D.R. Congo, Uganda and Tanzania), provides radical Islamic groups with enough enduring internal and interstate tensions to continue the fight for decades.



## Global War(ming): The Next Generation

# **Environmental stress across Central America and Andean South America will continue to fuel America's immigration pressures**

Mexico is no longer the greatest source of America's illegal immigrants. Its fertility has plummeted while its standard of living has risen, effectively equalizing the migratory pressure between the two North American states. But the same cannot be said of Central America or the northern tier of South American states, two regions that will suffer mightily from climate change in the coming years and decades. Over the long haul, this is continued good news for the U.S., which holds off its own demographic aging by remaining largely open (or just porous) to such migratory flows.



## Global War(ming): The Next Generation

### **North America's overwhelming advantage in global grain exports will be tested by climate change, but will be ultimately solidified by it**

Yes, the continent's growing zone will shift northward, benefiting Canada more than the U.S., but don't forget Alaska, where experts predict the U.S. will be able to grow wheat by mid-century in a stunning development. Right now, North America provides roughly two-thirds of the global cross-border grain flows, and climate change will only accentuate that agricultural advantage relative to water-stressed and increasingly hungry Asia, where globalization's middle class is expanding most rapidly. That doesn't mean that the U.S. won't be tested by droughts and water shortages, because it will. But the same technological ingenuity that propelled the U.S. back to #1 status in both oil and gas production – the so-called fracking revolution – is already emerging on water conservation and re-use in America's western states. Expect increasingly dry California to once again serve as ground zero for this growing wave of technological and policy innovation.

# **Insights from the “Moscow Under Sanctions: Exploring a New Direction” Simulation**

July 2015





# Moscow Under Sanctions: Exploring a New Direction

## **There is scope to extend economic sanctions**

The main vectors to strengthen the sanctions regime involve further limiting Russia's access to international finance as well as broader and deeper personal restrictions on individuals with the greatest direct and indirect impact on policy.



## Moscow Under Sanctions: Exploring a New Direction

### **The temptation to try to exert more direct geopolitical leverage is considerable but dangerous**

From seeking to undermine Russian influence in the South Caucasus or Central Asia to engaging China, there is scope for a richer and more powerful West to discomfort the Kremlin and threaten greater isolation if it continues its current policies. However, these approaches also bring greater risks: Moscow may redouble its own efforts and force escalation, or local allies might have to be sacrificed after being cultivated as part of any grand accord.



## Moscow Under Sanctions: Exploring a New Direction

### **Russia's options to respond are limited but serious**

Moscow can seek to minimize the effects of any enhanced sanctions regime through greater control of the economy or seeking economic partners in Asia, but in practice its main opportunities to respond are through increasing its disruptive operations. In effect, it can make threats and foment instability in the hope of being able to hold the West hostage, offering to reduce its mischief in step with the sanctions.