

Trading Places

A scenario for 2028

Trading Places describes a future where economic power has shifted to the eastern economies and where markets and cultures are open to each other.

The global economy

Global economic growth averages 4% per annum. China, with growth of 7%, has steamed past the US and is now the world's leading economy. India is lying in third place.

China's current success is built on the introduction of market based competition and efficient allocation of capital to firms. This has unlocked entrepreneurial potential and allowed wealth to flow throughout the economy.

State run enterprises have fallen away and the banking system has become regulated, open and trustworthy. The state remains watchful, but for the right reasons, and has withdrawn from direct intervention in most aspects of the economy.

Infrastructure and environmental protection are two exceptions, mainly because of the financial risks and the need for sustained effort. It's now almost a decade since ASEAN 2020, when the Southeast Asian Nations launched their 15 year programme to achieve growth within environmental limits. They have made strong progress, committing to the innovation and investment needed to develop a renewable energy infrastructure and to clean up industrial production. The next wave of development will focus on access to clean water – a huge challenge – and on stimulating local resource ownership and local food production as far as possible.

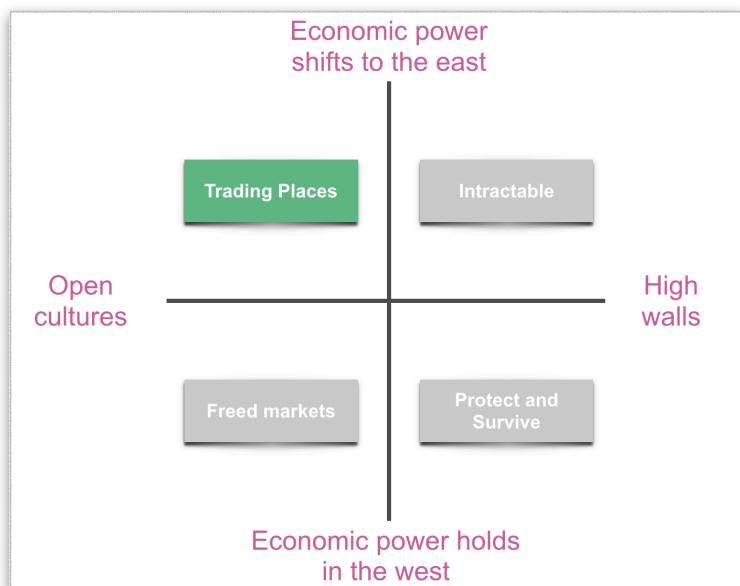
The rest of the world is following Asia's lead, recognising that continued global wellbeing requires a co-ordinated approach to all its challenges – not just global warming, but poverty, resource scarcity and increased security threats from fundamentalist and criminal agencies and continuing conflict.

The US economy has steadied, buoyed by China's support for US government bonds and by the globally open approach to trade. It has been encouraged by China which now provides a large and increasing share of US imports. Growth is slow and unemployment remains high, but government support for start-ups is slowly bringing more of the labour force back to work.

While Europe cannot quite be described as resurgent, the early and widespread adoption of circular economy practices has released innovation and created employment. Regulation is strict – businesses and individuals are taxed on resource use as well as on earnings and all goods and services must openly present their environmental footprint – but compliance is high. Assigning economic value to natural resources is changing perceptions of wealth and prosperity. Communities are becoming locally focused and planning regimes across the EU are working hard to rebalance economies and distribute jobs more widely.

Technology helps and increasing numbers of people work locally for increasing periods of time. Many employers have cut their physical space. Transport infrastructure still creaks, but less so.

China today is the new "New World", attracting migrants from the west and other parts of the southern hemisphere. Scientists, technologists and other highly skilled individuals are particularly in demand – either in person or through collaborations – and many are keen to take up the opportunity. It's not quite a western brain drain, but money talks. China has it.



Britain

Many people thought that the UK was in deep trouble when the financial services sector relocated large chunks to Dublin, Paris and Frankfurt after the UK's 'passport' was revoked – but they were wrong. The last decade has seen the former UK replace financial services with environmental services, effectively swapping out one wealth creation process with another – albeit with different measures of success. 'Old' economy industries such as gaming and medical technologies remain strong in Britain, but the real opportunities are in circular economic development and environmental protection.

It has been a fortunate transition – socially as well as economically – and one which the UK government would like to claim credit for. But they can't. Credit goes instead to the innovative partnership formed by environmental businesses, by the UK's young, talented and compassionate workforce and by an education system that has nurtured them and provided the skills they need to create a sustainable future.

A partnership, of course, that reflects the new reality of Britain and who really runs it.

Perhaps that is why people in Britain smile so much – because they have taken control and are now working hard to deliver what they value and care about. No-one seems that bothered that the economy is still flat rather than growing or that taxation is relatively high and people are less well off financially than a decade ago. Perhaps that's because anything is better than the drawn out and deep recession that cost Britain so much pain post Brexit.

Britain's geography is changing as farms scale up and land is rezoned to achieve optimal productive efficiency. Part of that productive capacity is allocated to food crops (although carbon intensive natural meat has been reduced) and part to energy crops. Ethical biotechnology has increased crop yields and reduced damage to soils.

One continuing challenge is how to tackle the environmental challenges in Britain's major cities quickly and with limited disruption. Electric vehicles and carbon rationing help but continued population growth – particularly in London – is placing huge strains on water availability and contributing to wider environmental stress. Some wonder if cities are about to change fundamentally. Certainly, distributed networks and remote working mean that concentrated population is no longer absolutely required for success and, many would now say, has gone way past what is sustainable.

Local communities are strong. Government reforms have led to decentralized decision making as far as possible. Public services still have some way to go to achieve the level of integration and efficiency that citizens demand, but the new crop of people coming into local politics have a high sense of responsibility and are making good progress.

