Shell Scenarios, Synochronicity by J, Jaworski, 'The New Frontiers Story' (pp. 166–169)

meet with Shell's Committee of Managing Directors and a few other very senior managers. A number of the members of our scenario team were also present on that occasion. That morning in Shell Centre he said of the *Scenario A* we were developing: "The lure of freedom and democracy cannot be extinguished—it is part of an irreversible parade of history. The people in the poor countries are leading the way in this revolution toward political and economic freedom. This push, this revolution, will fundamentally change the world."

The third was Harlan Cleveland, a former trustee of the American Leadership Forum and the former U.S. ambassador to NATO who, drawing on a lifetime of distinguished service in the international arena, spoke to us about this "open moment" of world history and outlined a detailed strategy of what might be done to "make the world safe for diversity," where no nation or alliance will ever again be "in charge."

Finally, we had a long visit at Shell Centre with Kenichi Ohmae, the Managing Director of McKinsey & Company in Japan, and a highly respected, leading thinker on business issues. Ohmae spoke of the coming "borderless world," where economic interdependence could provide future global prosperity and peace.

The reports back to us about the *Mont Fleur Scenarios* and the exposure to global statesmen caused the team's collective mental models to gradually shift. For almost a month we discussed, wrote, and rewrote the story of *Scenario A*. It was a tedious and exhausting process, but as we continued to talk together and consider all of the possibilities, we eventually came to a shared understanding of how the story should be told.

By June 1992 we were in the process of writing the final version of *Scenario A*, which we decided to call *New Frontiers*. This title seemed fitting for a scenario of what can occur if the world embraces the unprecedented challenge of securing political and economic freedom for all people in the world.

THE NEW FRONTIERS STORY

In *New Frontiers*, the liberalization revolution continues and spreads on a very large scale. *New Frontiers* is a world where the center of gravity of the world economy shifts from the rich to the poor; and new priorities arise in the rich countries, reducing their consumption, which helps balance the extremely high demand and supply for almost everything throughout the developing nations. It's a story of new demands, new opportunity, turbulence, and vast change, resulting in governments and businesses being challenged beyond what they thought possible.

The most striking feature of the *New Frontiers* world is the dramatic economic growth in poor countries. From 1992 to 2020, the center of gravity of the world economy and of global business activity shifts from the rich world to the poor. At the outset of the scenario period, less than half the world's economy, in purchasing power terms, is in the poor world, while by 2020, it accounts for 70 percent. The incorporation of the big-populace poor countries—notably China and India—into the world economy is the most far-reaching change. Latin American reform continues to produce results; the decisive breakthrough comes when Brazil brings monetary and fiscal imbalances under control. The late 1990s are a period of very rapid growth in Latin America. Virtuous circles of development take place.

The successful economic reform contains the seeds of its own political stability. Reformists are reelected as their reforms bear fruit. In many cases it is the very poor, marginalized by previous policies, who are the strongest supporters of reform. The relationship between economic and political liberalization is different in different countries, but no matter what the model, individual freedom increases with successful free-market reform. Governments over time have learned to pay attention to the very poor. To avoid social explosions, they learn to spread the benefits of growth more equitably and to provide the necessary safety nets.

Progress in key countries such as Poland, Mexico, and South Africa inspires others through the "demonstration effect." Even in Africa, the hard grind of adjustment begins to pay off in the early twenty-first century, helped by a major breakthrough in hybridization introduced in the early 1990s, which multiplies the yield of cassava and sorghum, and makes them resistant to drought.

The former Soviet Union proves difficult to transform, but by the mid-1990s thousands of new enterprises have begun to sprout everywhere, and pockets of Russia are booming economic centers, their growth fed by foreign investment. By the turn of the century, the former USSR has passed the point of maximum crisis and can look forward to steady expansion.

In the rich countries, rising prosperity coincides with deteriorating public services, congestion, dirtier cities, rising crime, and pollution. This "paradox of wealth" causes a basic rethinking of the growth paradigm. Quality of life becomes a primary issue. Growth for its own sake is no longer sufficient. A public willing to spend money on the environment, infrastructure, and social goods such as education, health, and crime control, results in increased taxes, direct social spending by companies, and slowing growth and consumption.

The economic shift from the rich to the poor is accompanied by a power shift as it becomes clear that the poor countries can no longer be excluded from decision making. The diffusion of ideas, information, and capital crosses borders and cannot be stopped. The diffusion of technology, economic progress, and perceived mutuality of interests keeps poor countries from being marginalized. Many command a larger place on the world stage.

Developing a new international order is slow and complex and absorbs more and more time and energy of business people and business as well as governments, but a new order eventually takes shape. By early in the twenty-first century, India and Brazil hold seats on the United Nations Security Council.

A big step forward is the belated agreement on the Uruguay round of the GATT, which opens up liberalization in agriculture and services, and banishes the threat of trade warfare. Poor countries press on to remove the remaining barriers to trade, while the rich seek to reconcile environmental policy with trade. The momentum leads to launching the Bombay round in the late 1990s and to future rounds.

The new international order emerges because governments and individuals can see beyond narrow short-term self-interests to broader long-term interests and, in some cases, display a real generosity of spirit, as in the aid and debt relief extended to Russia and Africa to give them time to adjust.

Regionalism—a first step toward globalism—begins to flourish in the early years of *New Frontiers*. In East and Southeast Asia, regional integration led by business takes hold. Industrial development zones straddle national borders, such as Hong Kong, China, Taiwan, and the triangle of Singapore, Bataan, and Johore. Asia experiences the kind of boost from integration that Europe enjoyed in the fifties and sixties.

In Europe a widening range of trade agreements and security arrangements binds Eastern Europe more closely to the West. By 2015, Gorbachev's notion of a "European home" from the Atlantic to the Urals seems to be reaching realization.

Turkey is part of that "European home," but is also part of the Middle East and part of the network of economic and political relationships building up in central

Asia and the Black Sea. North Africa is linked increasingly to Europe through trade and gas pipelines, but also to the rest of Africa. Mexico is firmly integrated into the North American economy, and both are part of a wider, more liberal, Western Hemisphere trading area.

By the end of the scenario period, 2020, the world is a very different place. In many developing countries, success continues to breed success—better education has resulted in lower birth rates, economic growth has led to environmental reform movements, and greater economic liberalization has supported a drive toward democracy. Increased communication makes it easier to discover and discuss areas of common interest. In *New Frontiers*, rich and poor alike recognize their economic, social, and environmental interdependence.

The scenarios were published internally by the Shell Group in September 1992, following approval by the Committee of Managing Directors. Volume One contained the two scenario stories and their implications for the international order, economics and politics, energy and the environment, and business and people. Volume Two showed how those global themes might develop in different geographic regions and business sectors. It also quantified the global economic and energy implications of the two scenarios.

For the following twelve months, the scenario team traveled to more than fifty of the operating companies, meeting with their management teams for two- and three-day workshops. In these workshops, these scenarios were presented in unique and interesting ways to enable the participants to "live" in the scenario stories. This was followed by a series of facilitated strategy sessions designed to enable the managers to gain greater insights into how these alternative futures might unfold in their particular operating environment.

Our team was also privileged to be invited to meet with key government and nongovernment bodies in countries where the Shell Group operates. In these sessions we presented the scenarios and then held wide-ranging conversations with those present. In many instances, we would commence early in the morning, and the conversations would conclude long after lunch. These decision makers had to pause and reflect about alternative pathways our world may take at this important point in history. We also met with leading policymakers in the World Bank, the