



Global Balance of Power 2035

Scenarios and Implications
for Estonia

FORESIGHT CENTRE
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Executive Summary

Foresight Centre developed scenarios about the global balance of power shifts until 2035 and outlined the implications for Estonia. On the basis of literature review, crowdsourcing in our webinars and expert-driven scenario workshop four alternative scenarios emerged. We focused on uncertainties in the process because our aim was to map potential future developments from different perspectives. Such uncertainties are patterns of (de) globalization, tensions within democracies and autocracies, effectiveness of climate policy, cooperation and conflict in the international system as well as the role of China, European Union and United States in the world.

This approach allowed us to determine two key drivers which are the cooperation within European Union and the nature of infrastructure. The EU cooperation may tighten or decrease in the next 15 years. It also opens whether the cooperation will focus primarily in the single market or more on economic competitiveness, social affairs or foreign policy.

Infrastructure has become increasingly a geopolitical instrument. It is an open question whether the EU will take the leading role in developing digital, energy and transport infrastructure or private sector, large cities, China or US will be key contributors. The advancement of infrastructure depends also heavily on attitudes and technological anxiety which varies considerably across Europe.

Compass Europe

Scenario „Compass Europe“ implies stronger presence of European Union in the world and modern infrastructure. The cooperation among EU members will increase and the EU will make substantial investments in the energy, transport and digital infrastructure. The soft power of EU will increase in the world economy and politics. European standards will dominate also outside Europe.

This scenario helps Estonia to grow through substantial investments in infrastructure and opens

new doors for Estonian entrepreneurs in the world. However, Estonia also has to engage in constant balancing act between the EU and US interests as the national security is heavily dependent on the NATO. In addition, the fiscal solidarity of EU and rapid technological advancement leads to anxieties and cements support for populist parties among certain segments of society.

Anchored Europe

Scenario „Anchored Europe“ implies stronger EU cooperation but infrastructure development has taken a back seat. The EU focuses on expanding social Europe and regulations in the different fields. EU is still an important player in the world but the ability of European companies to compete in the world market is deteriorating. The EU has taken a defensive position in the world rather than signaling direction to the rest of the world.

This scenario implies a moderate growth for Estonia where weaker segments of society benefit. At the same time, the long-term growth perspectives are increasingly questionable because necessary investments in infrastructure have not been made. The fiscal transfers within Europe have also generated populism within Estonia. Social attitudes make it also difficult to develop energy and transport infrastructure.

Peaceful Solidity

Scenario „Peaceful Solidity“ implies both decrease in the EU cooperation and backward infrastructure. The limited EU cooperation has also reduced the role of EU in the world politics and economy. The other great powers focus on Asia and Africa as the EU has become a backwater. The EU does not have sufficient resources and other global players lack incentives to invest in the European infrastructure projects.

For Estonia the solidity does not imply complete isolation. The NATO troops are present on the Es-

tonian soil but security cooperation does not imply strong economic cooperation. So-called slow living principles have become widely spread in Estonia and the economic growth is not prioritized. These developments combined with not-in-my-backyard social attitudes makes it impossible to develop modern infrastructure.

Fast and Curious

Scenario „Fast and Curious“ implies limited EU cooperation, but development of state of the art infrastructure. EU focuses solely on the single market which is also often constrained by different policies of member states. China and US have increased their presence in Europe. Some EU members prefer economic cooperation with China while others prefer United States. The economies of Northern

Europe grow considerably faster than Southern Europe. The Northern economies have also integrated more with the United States. As the states have lost their legitimacy then large metropolitan areas and multinational companies have become increasingly important.

This scenario implies the necessity to adapt quickly and agile governance for Estonia. The US is important player in the national security and this leads to increasing cooperation with the US multinational companies. Estonia has become a testing ground for the US digital platforms. Transport and energy infrastructure is advanced primarily through private investments in the areas with high population concentration. Tallinn and Helsinki have become increasingly integrated and act as unified metropolitan region in attracting investments. ■

Table 1b. Scenarios and their characteristics and implications for Estonia

Scenarios	Characteristics	Implications for Estonia
S1: Compass Europe	Europe is signalling direction for the rest of the world. Strategic investments into energy, transport and digital infrastructure.	Rapid growth. Implementation of crucial infrastructure projects. Increase in technological anxiety and populism.
S2: Anchored Europe	European cooperation will increase in the regulatory and social spheres. The competitiveness of enterprises and infrastructure investments will decrease.	Moderate growth. The growth prospects diminish in the long run. Transport and energy infrastructure development faces significant bottlenecks.
S3: Peaceful Solidity	European cooperation will decrease and technological backwardness will grow. Global interest in Europe will disappear and infrastructure is undeveloped.	Growth will reach a standstill. The principles of slow living dominate. Social attitudes will block investments in transport and energy infrastructure.
S4: Fast and Curious	European cooperation will focus only on single market. The economic presence of China and US will grow as they increasingly invest in infrastructure. The role of private sector and metropolitan areas will become crucial.	Rapid growth in Tallinn and in private sector. Increase in inequality. The infrastructure gap between Tallinn and the rest of Estonia will grow. Governance needs to be opportunistic and agile by balancing diverse interests.

Source: Author

