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When an order ends

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This article intends to discuss three points: the quest for a new world order, echoing the one established in 1945, is pointless; what should be done when an existing order cannot be adapted, and how the transition to a different order should be presently governed.

The solutions proposed are to: adopt a flexible globalisation model where shared responsibilities and decision-making are realistically rebalanced; to refuse a fragmenting multipolarism; to relaunch global sustainability by redressing social imbalances at home and abroad in order to tackle climate change and to phase out an outdated model of consumerist capitalism. The overarching global priorities are essentially two: ensuring human security vis-à-vis climate change and favouring shared prosperity, which means the transition to a fairer hybrid economic system where economic policies are fully accountable to the taxpayer.

The old order has ended

Talking about a post-Covid-19 order is mostly a futile and short lived exercise, because orders and disorders do not spring out of a specific occurrence, they mature up to a point where an event is selected by collective and organised memory to signal a change in human history. More often than not the selection is wrong because the turning point happens before. To think that the unipolar moment of the USA has passed between 2006 (global financial and economic crisis) and 2015 (big migrant crisis in the EU), means to overlook that it passed already in 2004 when the coalition forces practically lost the pacification of Iraq, while two years after the shadow finance system made collapse the visible economy. The unrivalled global hegemony of the USA lasted just 13 years.

Sixteen years after, the Covid-19 crisis did not change the fundamentals of US power, no more than the tremendous jihadist attack in 2001, but it was a **global stressor** that further revealed the weaknesses of an untenable global system.

In this context the actual US presidency is not a causing alone the end of the global order as we knew it, but it is a potent symbol, symptom and concurring cause of that decline. History does not repeat itself mechanically but it does present general patterns that help recognising the signs of developments that generally are unwelcome to the hegemon(s).

Let us imagine a global power that has huge economic resources, a formidable military machine, the dominance of seas and hegemony in the continent and a good cultural and technological basis. The

main external adversaries of this power (a major regional kingdom and another multinational empire) were repeatedly defeated, while the overseas conquests expanded considerably. The main internal adversaries were political competitors animated by an antagonistic ideology and even these were vanquished.

This first global power had a universalistic approach, something similar to a unifying ideology, an impressive economy and should have reasonably lasted at least a century: it ended after 50 years. The history of a brilliant, well-educated and trained in politics, determined monarch like Charles V is the history of keeping together his Holy Roman Empire across three continents, unite Christians against the Ottomans and resigning himself to a spectacular break up between two distinct dynastic lines (1556). One can speculate how much the Habsburg of Spain and of Austria were allied (their good relations lasted 144 years), but the political and ideological union between Christians was gone.

The reasons for this difficult choice were several and concurrent: the impossibility to eradicate Protestantism, the unsustainability of the Spanish economy and of the cost of repeated wars, the unrelenting pressure of the Ottoman Empire and the offensive return of France.

If we want to do a crude transposition from the past imperial experience to the US one, the results are the following: Islamism cannot be eradicated and authoritarian governments too; the US economy is unsustainable and so the whole financial system developed with fiat money since 1975; the repeated campaigns in what was the Greater Middle East have been lost, while the so-called “global war on terror” is still unfinished to say the least; Russia has made a comeback that is still vigorous.

Things are of course more complex and in fact the first impressive attempt to restore a challenged US global leadership was exactly during the presidency of George Walker Bush: his war by choice against Iraq in 2003 was, behind the propaganda screen of abstract motivations (oil included), the bold attempt to reshape the regional balance in the Gulf in order to reassert global leadership. China was still at that time biding time and Russia had not even executed its brutal counterattack in Georgia (2008), but the neocon circles in 2000 were planning a century long Pax Americana with a “humble, but strong” superpower; all assumptions that were shaken by the terrible 11th of September attacks.

When the pacification of Iraq clearly failed in 2004 and the Taliban began to fester and return to the offensive in Afghanistan, the decline of the unipolar world had started, compounded by the

Great Recession (primed by the subprime loans crisis that led to the Global Financial Crisis) that started in 2005-2006, became visible in 2008 and lasted at least until the first half of 2020.

The successive Obama presidency was busy for eight years in trying to: close two very costly wars (Iraq and Afghanistan); salvage the national economy and financial system from the effects of the Great Recession; pivot to Asia; reset the relationship with Russia; build up two big multilateral free trade agreements that were excluding China; negotiate and sign the JCPOA with Iran; riding the wave of Arab revolts to change regimes in the MENA region while avoiding involvement in new wars (Syria and Libya), stimulating business in and with Africa and starting the shale oil/gas bubble.

Obama tried to restore the US credibility and influence by leading from behind, using fully the multilateral system to rebuild and strengthen the networks of US leadership and therefore globalisation itself, while avoiding as much as possible the use of force.

The net result was objectively mixed, but the trend was overall negative. Successes were: the closing of the Iraq war, the financial system bail out, the pivot to Asia, the JCPOA, the shale boom and an increased activity and attention to Africa.

On the negative side:

- Afghanistan was neither closed nor stabilised, despite the surge, although the number of soldiers dropped to 8.400. Iraq as a front was reopened under the formidable expansion of ISIS, although at a lower level with circa 12.000 troops of which just 5.000 regular.
- Russia had a good beginning with the New START (Strategic Arms Reduction Talks), but ended very badly with the aggression against Ukraine and the illegal annexation of Crimea.
- The management of the Arab Revolts in 2011 was a very bold undertaking on an Islamist alternative (often Muslim Brotherhood parties) to corrupt and repressive dictatorships, but the failure in Egypt (due to a poor local leadership) was disastrous for the credibility of the movement and three revolts slid into fully fledged civil wars (Syria, Libya, Yemen), where the USA had marginal or no influence. Russia's involvement in Syria started in 2015.

One must fairly admit that times and world balances had considerably changed: Russia was back again as a power to be reckoned with and China had become much more assertive with concrete actions like cyber-operations, the establishment of the East China Sea Air Defence Identification

Zone, and the reclamation efforts in the South China Sea. Since 2012 there has been a constant escalation of pressures, incidents and *faits accomplis* in the South China Sea.

The current presidency has clearly stated in its first year that its main policy aims were: USA First, MAGA (Make America Great Again), China as a clear adversary to be confronted seriously together with other 3-4 enemies (North Korea, Iran, Venezuela, jihadist terrorism), Germany a nasty competitor and freeloader, NATO a doubtful forum and Russia, a problematic country to be possibly courted.

There are still a bit more than four months up to the November 2020 presidential elections and many things can favourably influence the voter's choice towards the incumbent. Nevertheless the record is again very mixed.

The America First policy has created, together with a string of sanctions and treaties (either cancelled or heavy-handedly refashioned), a rather distinct unease among friends and allies about the intentions and reliability of their leading ally. The US-allies-UN centred multilateral system has been put heavily into question and it is fair to ask oneself if this may not be an irretrievable damage and if quiet hedging by several important allies may not be a very problematic trend.

Concerning MAGA, a balanced evaluation regards the alternative between leading by bullying, fear and coercion or by soft and hard power. Machiavelli's quote recommending to be feared instead of being loved may be a preferred course, but a democracy is different from a principdom (or a corporation) and the Borgias are different from the Kennedy or the Bush families. The jury is still out, but for the moment the trend is sagging.

China has been surely taken aback by the tactics of the new presidency, but not for a long time. The commercial agreement with the USA is perceived by decision makers, publics and even companies as a fragile, not credible and probably ineffective truce. The will to diminish China's exports goes against robust, 30 years old, long logistic chains that continue still to make sense for global trade in terms of cost/effectiveness

Beijing is far from being a serious military competitor across the board with the USA, but its consolidation in the China Sea disputed islands and reefs continues mostly unabated. The other "revisionist" powers that are lumped together with China (Iran, North Korea and Russia), may have

specific convergent interests, but cannot be concretely allies not only due to a century-old reciprocal diffidence, but because they are strategically incapable to support each other.

Germany is even a thornier issue. On the one hand, it is an even more indispensable ally, after Brexit removed an EU-embedded partner, that has its own competing industrial model (Industrie 4.0) in competition with the Internet of Things. On the other, it increases moderately its defence expenditure and has much better relations with Russia and China than the USA. Also here the trend is negative for what results are concerned.

NATO has displayed a gradual resilience from the first attacks by its leading ally: today it is no more declared obsolete, but to say that it is considered relevant might be optimistic. The redeployment of US troops away from Germany was not discussed within the Alliance (June 2020).

Finally, electoral disputes apart, the relationship with Russia in a balancing role vis-à-vis China after three years and a half does not seem particularly rewarding, as the memoirs of the past National Security Advisor indicate.

It would be tempting to ascribe all these problems to a single presidency, but the 200-2008 Global Financial Crisis and the long recession, that now will be extended by the pandemic, is a problem prepared through decades by several actors (private and public) across the globe. The Bretton Woods system (1944) and its derivations together with the Washington Consensus (1989) are clearly unsustainable not only financially (the estimates of the Institute of International Finance are of a global \$253 trillion debt this year, i.e. 322% of global GDP), but also socially and ecologically. By the way, the Euro-Atlantic area has a debt to GDP ratio of 383%, while China 310% and Russia's national debt accounts for 20,86% (Statista estimates).

If, as it is probable due the worldwide double shock on demand and supply, the recession will become an outright depression, this globalisation will simply founder and the most powerful actors will have to struggle for survival due to formidable internal challenges (famine, water and energy shortages, crime, unemployment, social collapse, epidemics, etc.). Instead of geopolitically rising and competing, main powers will risk crumbling and maybe the only positive side of this scenario could be to avoid major wars.

Even optimistic operators are already talking about the end of this fiercely private-driven capitalism and see instead the rise of public intervention. It might be, but these tentative assessments discount

the devastating effect of the pandemic as global stressor: the disease revealed that at least 1,6 billion people (50% of the global workforce, ILO estimate) have been reduced to misery also across richer countries and this adds to the already existing 1 billion suffering hunger. A system will not be considered legitimate when too many are under informal slavery with insufficient salaries and too few enjoy extreme wealth giving back an unfair share (1% owns 82% of global wealth, avoiding 30% of tax liabilities, Oxfam). When a system loses legitimacy, it has lost its ideological appeal and thrust: the sooner one recognises this situation, the earlier alternative courses can be found.

What to do?

When a global order is finished, there are essentially three solutions: **a subdivision between more sustainable entities, a change of hegemony or a combination of both.** Going back to our Spanish example. the Habsburg globalisation ended in 1556, the Habsburg Austro-Spanish dynastic presence in 1713 (Utrecht Treaty), the rise of British hegemony became reality with the battle of Trafalgar (1805), ushering the second British-led naval and economic hegemony and globalisation. The passage to the US-led globalisation and hegemony (albeit in a bipolar context) happened in 1945, but already in 1900 the USA were the richest country in the world. At best the US globalisation has lasted 75 years.

A change of world leadership is what many fear and some hope, but it is objectively the most difficult and costly solution (the G2 as envisaged like a return to bipolarism is pies in the sky) because, even if agreed peacefully – and it is a big if – it means a formidable cost for the successor country. Exactly as Germany before reunification and South Korea now, the Chinese leadership would balk at the expenditure, responsibilities and liabilities entailed.

A fourth world war (the Cold War was cold only for the happy few in the North of the world, it was a real global conflict) to decide the new leader would be simply a global political, humanitarian, ecologic and economic disaster, even without a nuclear exchange.

A global Sino-American condominium, as every condominium between equals, is a tension fraught affair that creates a lot of frictions that are not conducive to global exchanges, freedom of movement, freedom of choice in political regimes, cultural cross-fertilisation. Inevitably it spawns a third grouping that is at the same time antagonistic, balancing and contested by the two dominant

powers. Whoever remembers the joys of the III World War and of the Third World, understands that this should be a period to overcome, not to replay.

The most sensible solution (if leaderships have some minimal common sense) is to transition towards a less centralised, **flexible globalisation** where different major powers share still common interests, but are also co-deciding common rules. Multipolarism, as jointly advocated by China and Russia (sometimes by France), means a fragmentation that is not promotive for two overarching priorities: securing human security vis-à-vis climate change and favouring shared prosperity. A flexible globalisation would also help the creation of a more resilient and possibly fairer hybrid economic system where profits are better redistributed and economic policies are fully accountable to taxpayers.

How to transition?

The first thing should be to avoid and fuel geopolitical competition by negotiating on shared essential interests. Trying to defend the essence of this order by protecting a dominant position that is hollowed out by debt and lack of competitiveness in certain sectors, means to bet and lose one's own future. This US presidency unfortunately is part of the diagnose and the problem, but not of the cure because what are objectively fearing a relevant number of major and minor powers is the concrete risk of a US hammerlock (or stranglehold).

What many big powers seem not to grasp is their inherent internal acute fragility:

- Russia in declining in a demographic abyss and is racing against time to diversify its energy-dependent economy;
- China has lost -6,8% of its GDP against a +6% in the last quarter of 2019 just on a mismanaged healthcare issue, its population is greying and shrinking in the next decades and the Communist Party knows very well that its ideological influence is waning in the society despite the massive repression and preventive measures;
- The USA need urgently to mend its multiple social fractures in the transition from a WASP-led melting pot to a society where the combination of Latin Americans, Asian and Afro-Americans is the majority and where poverty defies the land of opportunities;

- The EU major countries have still to recognise that national policies are residual and that only the combined strength and unity will help them to endure the global economic depression. If they do not, they will give a graphic example of how an old order splits.

The second thing to be done is to redress internal social imbalances in order to reduce global ones, which means also a sensible immigration policy to recover a depleted population and give new impulse to local cultures and languages: Latin and Greek cultures did not endure because of racially pure populations but due to their diffusion across mixed populations. Since climate change is a global concern, ecology cannot be piecemeal, it must be integral, exiting a wasteful consumerism, avoiding the accumulation of waste and poverty in the other half of the world and allowing a much more free circulation of people

The third is to reflect the factual and actual relative balance of power in multilateral institutions. If major powers are global stakeholders, they must have their fair share in multilateral fora, otherwise cooperation is well-nigh impossible, flawed and ineffective.

In essence a flexible globalisation means to abandon the quest for an untenable hegemony, recognise that major global stakeholder have to share responsibilities and decisional power and ensure global sustainability by redressing social imbalances at home and abroad, because climate change is the result of an outdated and noxious economic model.



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