NOVI Backgrounder Series, Paper 1

The International System

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NOVI Headquarters:

The last time we had a hard look at Earth was in the 1980s. The international system was still shaped by the rivalry between the West and the Eastern Bloc. We know it's changed but it's hard to get a clear picture from the archives. What does the international system look like now? Spare us the details. Just give us the lay of the land and how it got there.

NOVI Field Team:

Just following the collapse of the USSR and Eastern Bloc, many global observers and business leaders expected the world to become increasingly Westward-leaning at least in terms of governance and economic policy, since the US and its allies had seemingly come out on top and there was no longer a major adversary countering Western influence. In this view, other countries would naturally gravitate towards the clearly superior Western way now that the alternative was defunct. The world would thus move from being bi-polar, or split between two major power blocs, to uni-polar, or a situation in which one power bloc was the main global centre of gravity. There was even an expectation that power blocs did not really matter anymore – as long as everyone agreed to play by the same rules (set up by the West after World War Two to prevent a regression to "might makes right" in international relations), then there was more benefit in pursuing prosperity than in sustaining global power projection.

The above expectations did not pan out. Instead, the world is increasingly multi-polar, and indeed many observers feel that fractured is a more appropriate characterisation. To begin the story, while the USSR was no more and its old core, Russia, went through a period of disarray, it retained its nuclear arsenal and ultimately a strong sense of its own, non-Western, identity. After Putin took over from a frazzled Yeltsin in 2000 and led the country to a new normal, it was not long before Russia saw the Western-

dominated rules-based order as a barrier to reclaiming its rightful pre-eminence in the regions where the USSR had held sway, particularly Eastern Europe. Russia would go on to become a significant adversary of the US and its allies. The invasion of Ukraine finally forced Western leaders to accept that Russia was indeed a threat, and not just still going through the difficult process of finding itself in the aftermath of the collapse of its empire.

China also played against the optimistic expectation that everyone would be on the same page and only compete by the rules. After Deng Xiaoping came to power in China, ending decades of ideologically driven chaos, China's development dramatically accelerated. For a long time, China kept its aspirations to global influence in check in order to focus on modernisation and development. However, as it became more powerful, it began to assert its regional status in Asia and started to push against the Western-backed rules-based order. By the mid-2000s, it was clear that China did not see its future in complying with the rules. Close economic ties between China and the West made friction manageable, but China was defining a path that would ultimately challenge the West's preferred global order. Xi Jinping assumed power in 2012. He felt that for China to secure its future, the time had come to directly pose that challenge, and tensions with the West sharply escalated.

Under Xi, China's relationship with Russia became very close, since both governments sought to weaken the rules-based order that constrained their ambitions. However, they did not form an actual alliance, and most of their cooperation is aimed at their mutual hostility to the West. In other ways, the two countries behave very differently in international relations, and pursue distinct objectives. Thus, each country represents another pole of power, and this has given rise to the notion that the world is multi-polar, with the West, China and Russia as the poles. That is an oversimplification, though. Although the three are the main powers in overall military-economic terms, the rise of middle and regional powers has made the international system more complex than multi-polarity describes.

During the Cold War both sides saw a significant risk of war and were very vigilant. When another country looked like it was becoming powerful, the main antagonists quickly used carrots, sticks and subversion to try to corral it into their sphere or weaken it to deny its value to the rival. Few other countries could gain much influence. For decades after the Cold War, great power rivalries were slow-burning and the heavyweights did not think that it was cost effective to patrol the world trying to control everything. Countries could gain influence without a superpower stepping on them.

At the same time, the end of the Cold War accelerated global trade, technology and investment flows, and many transitional and developing countries' economies started to do a lot better than before. Some could afford the cost of becoming more powerful and influential. That gave rise to middle powers with considerable influence beyond their own regions, and to regional powers that held sway in their own neighbourhoods. By the time great power rivalries began to heat up again, middle and regional powers had learned how to play the big rivals against each other to maintain their own freedom of action. So now, even though great power rivalries have become quite intense, the big players cannot get middle powers' full allegiance. If the heavyweights want support, they basically need to pay for it or provide something useful. Allegiance goes to the highest bidder, but not solely and not for long. So old blocs or alliances have given way to fluid, transactional relationships.

Finally, nationalism has increased in the world, partly because globalisation has been fast and disruptive and societies have felt insecure. Many politicians and leaders in all regions have played the nationalist card to gain political influence or deepen their control. Once they do, they have to keep up appearances and cater to the popular mood, so they emphasise their nation's distinctiveness and define the national interest in us-versus-them terms. That is partly why we see a decline in shared values as a basis for international collaboration. Conversely, that is also partly why we see a growth in transactionalism aimed at trying to further one's own aims without strings attached in terms of trust or friendship. Not many countries are led by hard-core nationalist leaders, but the tendency exists almost everywhere and it drags even technocratic governments in that direction because they are afraid of losing support. And it is noteworthy that the three most active and well armed players these days, China, Russia and the US, are each led by a hard-core nationalist, whether they really are very nationalistic and always have been, got that way over time through believing their own rhetoric, or just use nationalism as a tool of control.

There is more to it than that, but to make a long story short, the system is less about the interaction of blocs and alliances, and more driven by individual, transactional, interest-seeking behaviour. Fragmentation is continuing as the West, once a relatively cohesive bloc based around some core alliances, loses cohesion. Trump and the whole illiberal nationalist populist phenomenon are eroding the bond of shared liberal-democratic values, and if this continues, national interest alone would not be enough to sustain deep and broad cooperation.

We should note that political forces are not the only things driving the evolution of the international system. Technology, particularly AI backed by quantum computing, is of great interest to governments and defence sectors, but it has its own trajectory and will very likely have some major and unanticipated

socio-political effects. Governments will largely be playing catch up rather than directing it for their own needs. Climate change and its corollary of pandemics will continue to stress and sometimes shock political systems. Cultural shifts associated with information technology, globalisation, migration and demographics will cause misalignments between entrenched governance models, be they authoritarian or democratic, and the governed. These and other exogenous forces blend with power and goal-seeking government behaviour to form a complex system of change.

Among observers of global politics, including within governments, there are a number of postulations about where the international system is heading and what a new statis might look like. Imperfect multi-polarity, a bifurcation into US-led and Chinese-led trading blocs, spheres of influence dominated by great powers, the regionalisation of trade and supply chains, eventual Chinese de facto hegemony, and even a partial fracturing of the state system and regression to city-states are among the ideas out there. These and other big notions are somewhat longer-term, and they are speculative given the uncertainties around exogenous forces. In the near to medium term, major changes will mainly be associated with China's continued rise and the West's countermoves, Russian behaviour in Europe and the US attitude to it, the contest between illiberal nationalist populism and liberal democracy, and economic slowdowns or meltdowns and their contagion effects.