



Wilton Park



Image: NASA Goddard Space Flight Center

Conference report

**The future of power: implications for global actors
by 2040**

Monday 13 – Wednesday 15 January 2014 | WP1294



Conference report

The future of power: implications for global actors by 2040

Monday 13 – Wednesday 15 January 2014 | WP1294

Preface

“In the future, the devolution of power globally will continue to be contested...”

Where is the power in 2040? Over 60 participants from 25 countries around the world gathered for a three day conference to parse out different aspects of power. The conference examined demographic trends, the role of a rising China and other BRICS, as well as a US that no longer dominates as it did in the past. The conference considered the implications of new technologies and platforms, and grappled with the uneasy future of multilateralism, the rise of regions and the changing roles of the state and the city.

The conference, the 7th in the annual ‘Futures’ series, generated much interaction amongst policy professionals, futurists, academics, and private sector and subject experts from a variety of perspectives and countries. Recurring themes included hegemonic notions of power and a dignity deficit in Africa and South Asia, and growing inequality and prospects for recurring global financial instability. Whilst discussion was largely value-free, it was clear that some differences remain between Western and emerging countries. This is unsurprising given a history in which the West has monopolised power for so long. In the future, the devolution of power globally will continue to be contested given:

- asymmetries in global political and economic power,
- consequences for individual countries and the world from change and potential instability,
- pendulum-swings between movement toward regional political and economic integration and renewed calls for national sovereignty, and
- tensions between greater efficiency and wider legitimacy in international governance.

There was general consensus that there are fundamental changes taking place in the world. Multilateral institutions are becoming less effective and minilateral initiatives and new regional institutions are beginning to fill the gaps. Power is dispersing from the nation-state to non-state actors and individuals, many of whom will come from the growing numbers of middle class, set to rise in the developing world by 2040. New internet and mobile phone connectivity and other technologies, together with rapid urbanisation, both facilitate and shape this emerging middle class. It is hard to imagine the impact of people living in rural Africa and northern India with high birth rates of 6 or more children per mother in 2040, at the same time as their villages gain electricity and roads connecting them to different economies in the cities nearby and the world beyond. The multinational corporation, non-governmental organisations (NGOs) and other transnational organisations are gaining power if only because they move faster across borders and can make decisions more rapidly than governments.

“Power is dispersing from the nation-state to non-state actors and individuals...”

At the same time, the state will not disappear. The United States will remain the strongest military power in 2040 whilst China is likely to overtake the US as the largest economic power in terms of GDP well before then. The EU, US and China will continue to constitute the majority of the world’s GDP in 2040. ‘Who makes the rules’ for the world will be

contested by emerging powers who were not at the table when the West initially created major multilateral institutions such as the UN, IMF and WTO. How will these institutions regenerate and persuade the new stakeholders to use and embrace the existing institutions?

There was limited optimism about the ability of multilaterals to carry on with 'business as usual'. At the same time, those emerging powers calling for reform and a larger role do not agree on the content of reforms or on the proper exercise of their new responsibilities. Rising powers will need more than soft power, which is seen as insufficient to become a major global player.

The idea of interdependence following World War II and then the end of the Cold War suggested that more of the world would adopt the EU model which placed an emphasis on rule making, not arms-making, and on political and economic integration, not national sovereignty. However, countries in other regions including Asia have rediscovered sovereignty and the need for hard power.

Will 2040 will be a more peaceful world? The optimists made a persuasive case that although some unstable years lie ahead as a rebalancing takes place, it is possible that a new, more stable international order might emerge by 2040 as the world develops cushions to absorb the fissures and fractures that come with multi-polarity.

See **Annexe** (separate document) for a series of scenarios for power in 2040 generated at the conference.

Introduction

The conference explored the future of power in a period of great change, unpredictability and uncertainty about who holds power and how they will exercise it. Where is power today? In early 2014, Rory Stewart, a British Member of Parliament, wrote in the 'Guardian' that 'the secret of modern Britain is there is no power anywhere.'

2040 is too far away to predict with certainty, but a 25-year horizon encourages thinking about alternative futures, an exercise that may assist governments in making choices in allocating resources and deploying assets in the shorter term, ahead of the next strategy review.

The conference aimed to unpack key assumptions including:

- What are the key uncertainties?
- Who will possess power?
- What are the metrics and indicators of power today?
- What will they be 20-25 years from now?

How to define power?

The meaning of power in 2040: a concept in flux?

1. Power is defined as production by an actor of intended effects favourable to its own interests and objectives. According to Yale Political Scientist Robert Dahl's classical definition of power, "*A has power over B to the extent that he can get B to do something that B would not otherwise do.*"
2. How is power changing in the world?
 - i. The rise of new, competitive economic powers enhancing their position and gaining more power in the international arena. There are shifts taking place in geopolitics that go beyond technology-related shifts.
 - ii. The return of national sovereignty. After the Cold War, according to conventional wisdom, growing economic interdependence would reduce the need for a large

"...some unstable years lie ahead as a rebalancing takes place..."

"the secret of modern Britain is there is no power anywhere."

"Power is defined as production by an actor of intended effects favourable to its own interests and objectives."

“In reality, many instruments of coercion are not military but economic...”

“As boundaries between domestic and international become more blurred, can traditional notions of state?”

military in individual nations as well as the overall significance of national sovereignty. Europe in the 1990s represented this view. Since 2000, however, the value and importance of national sovereignty is growing more pronounced especially in the emerging world. There is a growing rift between the West and the ‘emerging’ world on the sanctity of sovereignty. The legitimacy of intervention within the sovereign borders of another state is a serious concern for the majority of countries.

- iii. Greater complexity between hard and soft power. Hard power is defined as the capacity to coerce and soft power as the capacity to influence, implying that coercion is the application of military power, and influence includes wielding of economic power. In reality, many instruments of coercion are not military but economic, and many military peacekeeping missions are an expression of soft power.
3. Europe has embraced soft power with some success, but its long-term challenge lies in its capacity to articulate a hard power strategy both in its own immediate periphery and beyond.
4. By 2040, emerging countries will have more power in the world. Chinese GDP will overtake the US by or before 2040. Emerging powers will play a greater role in international organisations such as the IMF and World Bank. However, they still have shortcomings that will limit their impact. In the sphere of economic power, Brazil will remain the same size relative to rest of the world as it is today. In relative terms, China and India will grow and the US, Europe and Japan will shrink.
5. Europe built overarching institutions after the Cold War, leaving it to the states to implement in top-down fashion. The Doha round on global trade is similarly based on a top-down architecture. Some feel that this approach is doomed to failure given the size and complexity of the Doha trade agenda. A counter-trend may be emerging as US and China show signs of adopting a bottom-up approach, starting with bilateral agreements, which may lead to incremental multilateralism.
6. Several lingering questions about the power of national states in a 2040 world of continuing globalisation remain:
 - How effective will states be in their future exercise of power? Populism will likely increase as citizens lose confidence in their governments.
 - What is the impact of technological and social change on the state? States that can anticipate and pre-empt such changes will be more successful in the exercise of power.
 - As boundaries between domestic and international become more blurred, can traditional notions of state sovereignty remain effective?
 - How can sub-national and national identities be protected in a globalised world?

Who has power and who will have power?

7. Is the world becoming truly polycentric or will the three large economic poles of the US, Europe and China, continue to dominate the global order? A good case can be made for the latter as the three poles will account for the majority of the world economy in 2030. A key trend is the shift of the global centre of gravity to Asia.
8. The UK was ranked number one in the Institute for Government- ‘Monocle’ magazine 2013 soft power index, with the US and France also in the top five. However, this ranking is very fluid and changes from year to year. It is not easy to convert soft power into the ability to change reality and achieve goals. Does soft power enable the UK to attain specific objectives and secure certain outcomes?
9. Power policies and development policies have different characteristics: The larger ‘emerging’ countries such as China and India have to deal with social problems in order

“...does multi-polarity in the broader sense offer more flexibility and cushion to absorb the fissures and fractures that come with multi-polarity?”

“Will the inclusion of new players foster collaborative solutions?”

“...‘intelligent governance’ includes positive attributes of both the command and market exchange systems.”

“New mental maps will include virtual communities that can exert power.”

to consolidate their status. Brazil is experiencing rising middle class consumption and making some progress in addressing social problems, but the optimism of 2008 has faded to disappointment in 2013. Brazil's defence investment is growing in absolute terms, but it is decreasing relatively to the amount of public spending in the country. Although it is the 7th largest economy in the world, Brazil's economic growth is unstable. As in nearly all emerging market countries, development policies and social issues can be seen as more important than power policies and defence. India has global advantage over Brazil in that the majority of its job-seeking population speaks English.

10. Even before the Arab uprisings of 2010, the Arab Middle East has been a locus of declining state power. This leaves a power vacuum being filled by rising sectarian and religious identities as in Iraq and Syria today. Radical Islam is spreading to sub-Saharan Africa and parts of western China.
11. As the arena is filled with new actors from the corporate sector and from individual and middle class empowerment, does the world inherently become more prone to conflict? Or does multi-polarity in the broader sense offer more flexibility and cushion to absorb the fissures and fractures that come with multi-polarity?
12. Emerging countries are challenging incumbent major powers to share more power in multilateral institutions. Why should the IMF always be headed by a European and the World Bank by an American? But the alternative to the status quo could engender the risk of growing chaos. The inability of established powers to share that power with emerging bodies is not the only reason for the decline in multi-national institutions. Will the inclusion of new players foster collaborative solutions? Domestic protests in Turkey and Brazil show rising domestic public dissatisfaction with their governments.
13. ‘Intelligent governance’ that fuses mandarin-style long term planning with short term representative democracy might be the next synthesis, as ‘intelligent governance’ includes positive attributes of both the command and market exchange systems.
14. In the emerging world, there is a greater regionalisation of power in which smaller states come together to assert more power in the global terrain. Association of Southeast Asian Nations is a long standing regional community that is slowly moving towards economic integration. Those smaller countries that are not part of an established EU or ASEAN will likely come together in order to prosper. In Africa, accretion of power is occurring through regionalisation, such as in West Africa (the Economic Community of West African States) and East Africa (the Economic Commission for Africa).
15. Multi-polarity is rising while, paradoxically, multilateralism is declining. With no dominant actor to impose its decisions unilaterally, arguably the best structure to accommodate a multilateral world is to have more powerful multilaterals. However, the WTO Doha round and the climate change conference in Copenhagen demonstrate multilateral weakness. One reason for this decline is the lack of consensus on global issues.
16. Currently structured mental maps need to reboot from geographic to non-geographic terrains based on mobile supply chains that cross national jurisdictions. New mental maps will include virtual communities that can exert power. Who will belong to these new entities? States? Multilateral corporations? How will competing interests be managed? What will be the areas of cooperation?
17. Minilateral alliances of mid-sized states across continents are beginning to emerge between some EU countries, states such as South Africa, Nigeria, Thailand, Malaysia, several South American countries and the already developed South Korea. They can become more active and constructive on the multilateral level on issues like climate change and universal health care. These complementary alliances among mid-sized countries alliance may provide a way to succeed in an international framework.
18. Global finance is important but hard to measure. Money moves fast and is everywhere

“The developed world sees the solution not as one of ceding power, but of sharing power.”

so finance is hard to measure as a source of power. One unmistakable trend is that governments now pay more attention to finance.

19. Will UN and multilateral reform go beyond discussions about adding new permanent members to the P-5? Regional institutions might be more effective because it is easier to create consensus, but this is contingent on global powers providing more institutional space for regional institutions to ‘do their own thing. The developed world sees the solution not as one of ceding power, but of sharing power. Yet, a lack of consensus amongst emerging powers remains on both the future architecture of reformed global governance, and the practical need to back up calls for reform with greater funding contributions.

Who has power? States, cities and citizens

Two myths about the future of power are highlighted:

“...the internet is not a saviour, but an enabler....”

20. **Myth one:** *Technology is a saviour. The young man in a desert has a tablet with all the answers. Mobile ‘phones in Africa will empower young Africans with know-how that they are unable to gain from schools.* In reality, the internet is not a saviour, but an enabler. Facebook is the third biggest ‘country’ in the world with 1.15 billion monthly users known as ‘digital citizens,’ after China (1.4 billion population) and India (1.2 billion). One can detect the emergence of a community of interests across borders that is becoming as important, if not more so, than the nation state.

21. **Myth two:** *the centrality of national institutions.* People are touched by their local communities more than by national institutions.

22. The internet trend of multi-connectivity may, ironically, return life-styles to a more human scale. 2040 could see a loose agglomeration of communities of interest that connect different cities and transcend national borders.

An urban world

“Cities are complex but incomplete, and constantly reinventing themselves.”

23. Cities are complex but incomplete, and constantly reinventing themselves. Cities are more than high-density spaces. A threat to cities lies in the over-determination of urban space. Misguided planning could replace the diverse and messy spaces that have enabled New York, London and Tokyo to function as the core global cities since the 1980s and 90s. Now there is a mushrooming of over 100 global cities, each with tens of millions of people.

24. Cities are the key location of political contestation, such as Occupy Wall Street. Was Occupy Wall Street a success? Although the protesters have long departed from their tents, the demonstrators succeeded in creating a conversation about inequality and the destructive power of global financial markets. Cities are also the locus for groups that exercise power through asymmetric war. Following 9/11, Madrid and Casablanca became urban spaces where irregular combatants could exploit the messy urban space. Finally, in order to extract, finance, modify and sell natural resources and agricultural products, mines and plantations need access to highly specialised service firms that are located in cities.

Laws, rules and global commons

Global Institutions: Redrawing the map?

“Romanticism about international organisations is over.”

25. Recent years have seen five key changes:
- Romanticism about international organisations is over. NATO is now about active, not passive, solidarity. There is a greater demand to bring about fairer sharing. The US currently spends 73% of NATO’s budget whilst half of EU collectively spends 1.5%. There are also post-Libya concerns about the shortcomings of European defence budgets. France ran into the limits of practical cooperation when it took on European counter terrorism challenges in Africa with scant support for boots on the

“The best way to have power is to give it up.”

“Will NATO and the UN become dinosaurs?”

- ground.
- ii. International organisations have to become more flexible and undertake ad hoc missions for different tasks. NATO can accept defence initiatives among the Nordic and Visegrad countries as regional groupings that are force multipliers.
 - iii. The best way to have power is to give it up. African Union peacekeeping units cost a fraction of NATO force costs. NATO can assist African units with training, doctrine and equipment and, more generally, empower regional organisations.
 - iv. Greater emphasis on cooperative security. Deterrence and crisis management without the additional component of cooperative security with adversaries is inadequate. NATO can reach out to ‘friendlies’ and ‘occasional friends’. For example, co-operating with countries such as China and Russia to send ships to escort Norwegian convoys removing chemical weapons from Syria.
 - v. Greater demands on international organisations in the future. They will have to become more multi-functional. NATO can lever its legitimacy by going into new areas of consensus such as cyber space to replace disappearing areas like peacekeeping. Will international organisations become tomorrow’s multilaterals starting with informal initiatives (i.e. dealing with chemical weapons and customs organisations) that over time become more institutionalised? Will NATO and the UN become dinosaurs?

Asia-Pacific Region

26. The space in Asia Pacific comprises:

- The arena where the US meets China.
- Japan is back, seeking a bigger place in the global political consciousness.
- India’s influence is growing steadily.
- ASEAN, particularly Indonesia, are new important players

27. The pace of economic integration and globalisation led by business and individuals is outstripping the building of corresponding political regional institutions.

28. Threats in the global system are magnified in the region, including issues of security, health, pandemics, and territorial.

29. A few test cases for international cooperation are:

- i. Trade: Trans-Pacific Partnership is an ambitious effort that could provide a model of trade liberalisation for others such as Transatlantic Trade and Investment Partnership.
- ii. Currency: Role of renminbi in trade as a future reserve currency. Since international finance is a source of power, the more China allows the use of its currency as one of transaction, the more its surging trade adds to its influence.
- iii. Is the IMF the right institution for governing the international system? Asia had a mixed experience working with the IMF in 1997. The Asian perception is that the IMF handed out harsher treatment in Asia in 1997 than to the Eurozone in 2010-2013.
- iv. Security arrangements. There is no NATO in Asia. A rising China is contesting the longstanding US presence in its background. How will Japan and India fit into the evolving security system? How will ASEAN accommodate China and US?

Who makes the rules?

30. Three trends in international law:

- i. As multilateral institutions expand the writ of international law in public and private

sector, generalist international lawyers cannot keep pace with all the decisions of the World Trade Organization, International Criminal Court (ICC) and other international judicial institutions;

- ii. There is a proliferation of bilateral investment treaties and arbitration tribunals that shape international law and adjudication. Environmental, human rights and liberal humanitarian intervention (eg. R2P) have become part of international legal norms.
- iii. Courts are more willing to go into political areas than they were 30 years ago.

31. Will liberal post-war values of the North Atlantic continue to pervade rule-making institutions? Will these western made transnational institutions be viable in the future if they are so intrusive in the domestic sphere of other countries?

- One example of an overreach is the 'dead on arrival' multilateral agreement on investment (MAI), which failed to gain critical support from the developing world and NGOs/civil society.
- Another overreach may be the ICC's political crisis in Africa, where some consider the ICC to be a threat to their sovereignty, a position now taken up by the African Union. Although, one reason given for the disproportionate scrutiny of African countries is the relatively high number of African states that joined the ICC.

32. Who else makes rules besides courts and government bodies? The traditional transnational authorities like religions, professional guilds and free universities have been joined by corporations which now make rules and fund their own commercial arbitration courts. Merchandisers like Walmart influence determinations on what constitutes 'organic' products.

33. There is a growing difference in world views between the developed and developing world regarding the private sector. Positive perceptions of the role of the private sector are generally more prevalent in the US, Europe and other developed countries than in Africa and India.

34. The question of corporate governance remains unanswered. How can corporations become more efficient through competition without some over-arching authority that ensures continuous competition among such global companies? This could be resolved by more effective integration of corporations into the policy discourse.

Jonathan Paris and Sam Selvadurai

Wilton Park | March 2014

Wilton Park reports are brief summaries of the main points and conclusions of a conference. The reports reflect rapporteurs' personal interpretations of the proceedings – as such they do not constitute any institutional policy of Wilton Park nor do they necessarily represent the views of the rapporteur.

Should you wish to read other Wilton Park reports, or participate in upcoming Wilton Park conferences, please consult our website www.wiltonpark.org.uk

To receive our e-newsletter and latest updates on conferences subscribe to <https://www.wiltonpark.org.uk/newsletter/>

“Another overreach may be the ICC's political crisis in Africa...”

“Who else makes rules besides courts and government bodies?”