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Report

Managing future global challenges: the role of emerging powers

Wednesday 13 – Friday 15 February 2019 | WP1660

In partnership with:



Ministry
of Defence



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- 15 years ago we foresaw the diminishing impact of the state and national sovereignty. While some of this has come to pass, we seem instead to be moving back into another era of great power competition – although whether this will prove to be temporary or an ongoing position is difficult to say. Non-state actors continue to increase in importance, with multinational corporations that operate across state boundaries and, particularly in the case of tech companies, in largely unregulated spaces.
- The rules-based international system is central to the conversation around future global challenges, and there is a sense that its norms are being eroded. We commonly speak of it as a fixed set of rules, but it has never been that clear-cut, and most countries are selective in how they engage with and apply the rules that exist. Nevertheless, the current system, centres of power and international institutions are likely to continue to be key to the international order in 2035, although hopefully having gone through some degree of reform to enable them to deal with the challenges of the day. At present, it is not clear that international organisations are working as they were intended to and many emerging powers do not feel that they have a voice in the system, which has led to a proliferation of smaller and more regional groupings. This minilateralism is likely to continue, particularly if emerging powers believe there is only a slim chance for reform to the rules-based international order. While more collaboration and network-building at all levels should be encouraged, these smaller groupings cannot replace or replicate the power and status of global institutions, and it is critical to engage with reform at the highest levels.
- China, and the role it will play by 2035, was a key theme throughout all domains. China is already a leader in trade and technology, and this is only likely to accelerate with the advent of AI, automation and quantum computing. The leadership role that China chooses to play on the world stage will shape the future of the rules-based international system. China has so far been selective in how it engages with globalisation, and often states that it is not ready to assume a position of global leadership, but in many ways it is already doing so. The Belt and Road Initiative is changing the face of international development and is likely to have a great effect on how China interacts with the rest of the world by 2035. It is difficult to foresee the consequences of these interventions, but China may well be drawn into the internal politics of other nations far more than it has in the past. The Belt and Road Initiative is also already facing challenges to be more open and accountable, and how China responds to these questions will be key to shaping these relationships internationally.

- Inequality was identified as a key stressor, especially in interaction with climate change. Together they form perhaps the biggest threat currently facing humanity, and the consequences could be vast: civil unrest, alienation, and mass migration, with second and third order effects it is difficult to foresee. We have tended to look at macro growth as a measure of progress, rather than micro growth or how it has been distributed, and by ignoring this we have stored up problems. The uneven distribution of wealth and opportunity has led people to feel left behind by globalisation and support the populist movements that have come to the fore in recent years on both the left and the right. Particularly in the West, there is a feeling of the 'death of hope', loss of trust in the 'ruling elites', and that opportunities are worse than those of the generations before.
- Technology may exacerbate this inequality, with AI and automation as particular threats. Or, like climate change, it may be one of the biggest opportunities ahead of us for innovation and creativity. The key is the capability to exploit these opportunity, and capability building emerged as a key theme across issues and domains. Technology could be the new route to development, replacing manufacturing, but this will only be possible if people have the skills and tools necessary to make this truly accessible. For example, data is rapidly becoming one of the most important global resources, but it is only valuable to those who have the ability to make sense of and exploit it. The same is true more broadly; in development assistance we have to move away from the old model of 'donor' and 'recipient', and towards a more sustainable model of partnership and capacity building to enable citizens to take control of their own countries.
- The citizen needs to be placed at the centre of policy planning. Already the structure of power in societies is changing, with the democratisation brought about by technology meaning that public pressure and shaming of corporations and governments is being used to force change. But rather than fighting this redistribution of power, the state needs to embrace it; rewriting the social contract to become more accountable and build high-trust societies where people feel a sense of citizenship and that their government is working for them. By empowering people and targeting the causes of inequality through education and retraining, and encouraging creativity and innovation, we may be able to harness the power of the citizen to create a new social construct and fight the great challenges we will face in the years to come.

Introduction

1. This was the 12th annual meeting in Wilton Park's International Futures series. It explored the future of global challenges, ranging from security and conflict to trade and governance. Participants were asked to look to the year 2035. This date was chosen for a practical planning motivation – five years after the Sustainable Development Goals, it is far enough ahead that we will see significant shifts, without being so far into the future that it is impossible to predict. The focus of the conference was to develop a common language to discuss the challenges we face, and develop pathways towards solutions, particularly across domains. This is intended to be the beginning of the conversation, and an indicator of the next steps to take.

Trade and Inequality

2. By 2035 the economy is likely to become more Asia-led. China in particular will be a dominant player, and while it may be slowed – either by the deliberate effort of a trade war, or an unintended consequence of a recession – it is unlikely to be stopped. Much will depend on how China and other emerging powers choose to engage with established international institutions such as the World Trade Organisation (WTO). China has to date made selective use of globalisation as defined by the West and has been reluctant to engage in the flow of ideas and information.
3. Today we see the tensions between the US under President Trump and China, and it is possible that a fully-fledged trade war becomes a defining characteristic of the next two decades – although given how much both sides have to lose it is unclear how likely this is.
4. It is possible the US under Trump will pull out of the WTO; many feel that the WTO has already stalled, with few trade negotiations coming to fruition as single undertakings. Instead, we have seen a proliferation of bilateral and smaller multilateral agreements – a ‘spaghetti bowl’ of intertwined agreements. This seems likely to continue, with an increase in bilateral, minilateral and megaregional agreements that fall outside of the WTO framework.
5. Governments will also increasingly have to deal with large multinational companies, particularly tech companies. Currently, these companies are in large part circumventing obstacles put in place by states – such as trade barriers – by operating across borders and in largely unregulated spaces. Globally, governments are trying to reassert sovereignty by asking company representatives to testify before their representative bodies and talk of greater regulation is growing.
6. However, tech companies in particular are already incredibly powerful and this seems set to continue or increase. Will new technology and the companies that control it help or hinder inequality by 2035? Already, we have seen pressure from companies to alter net neutrality regulations, with net neutrality being repealed entirely in the US. In future tech companies may have greater control over who is able to use information and how, leading to greater inequality of access.
7. By 2035 AI and automation are likely to play a much greater part in our societies, and it is unclear what will happen to workers, particularly those undertaking manual labour. This potential employment and opportunity crisis would coincide with greater access to technology than ever before, even for the poorest in society, allowing those disenfranchised by change to see how the other half live. The consequences of such clear inequality may be civil unrest, alienation or mass migration to places which seem to offer more hope.
8. However, technology also has the power to improve the inequalities we see in today’s societies. Technology decentralises power, devolving it to the individual or to smaller groups and imagined communities. Given the right conditions – the state being prepared to adapt and harness this change – technology can empower people and enable innovation. We also have to build capacity if this is going to be applicable worldwide. To date, the only route has been through manufacture, which is both environmentally unsustainable and is threatened by automation. Digital trade could provide a new path.

Climate change and governance models

9. Climate change is perhaps the greatest threat facing us as a planet, and the current global systems are not serving it well. Climate change could be a test case for new forms of governance – if we can adapt the existing frameworks to tackle it, perhaps we could build on that success and do the same for other shared challenges.
10. While some are calling for revolution, it is hard to see this happening outside a huge catalysing event - like World War II for the current global order. Perhaps sea levels rising to cover Florida would be enough of a shock to push the US back into a leadership role and build a consensus for action, but it cannot be the central planning assumption. Perhaps instead it is better to seek evolution, looking anew at international organisations and how they can best serve the issues of the day. If traditional multilateral agreements are too difficult, we perhaps need to look at more informal means of co-operation, which may not be as fully inclusive as we have seen in the past. We could look to regional and sub-regional institutions for action at a local level. The Pacific Leaders' Forum has been a good example of this, injecting authority into the debate on climate change. Coalitions could also reach out to the business community – often where the money is - and build a broader consensus through achieving non-state buy-in. Another aspect to look at is how to avoid the worst outcomes, and both deterrence and shaming countries when they go beyond boundaries have proven to be effective in this way.
11. While looking for solutions, civil society should not be forgotten. Public perceptions and engagement or ownership can be vital in driving the conversation forward and reaching the point of critical mass at which the government needs to take action. There is more we can do to build towards the critical mass needed for action to be taken. Firstly, there is a mismatch between the technical skill level and the skill and understanding at the political decision-making level, which prevents informed decisions being made quickly. We need to look at how to improve the flow of information between the technical and political dialogues. Secondly, building networks and sharing best practice needs to be encouraged at all levels, whether that is local communities working together, smart cities building sustainability into the core of their model, or nation states learning from each other. In this way, all levels can leverage their networks to gain increased resources and attention. By harnessing the power of civil society and public engagement, we can move forward the conversation on the global good and build new 'coalitions of the willing', from citizens to nation states – to drive action on shared global challenges.

Future of peacekeeping

12. China is a crucial state for peacekeeping and will play a shaping role in the decades to come. China has built a reputation, both domestically and internationally, as a non-interventionist and international peacekeeper. The question is, how will this reputation change as China takes on more risk? Countries change their principles as their capabilities advance, and China is likely to see itself involved in increasingly complex situations with no good outcome. We are likely to see China taking a greater leadership role across the board, and this will probably include seeking more leadership posts for their senior military officers in UN peacekeeping missions so that they can build their capacity in a way that is seen as acceptable internationally.
13. As China is building its own capacity, so we need to focus on capacity-building to enable nations and people to keep their own peace. For example, at present many countries in Africa lack the critical enablers necessary to perform peacekeeping operations and rely on other nations to provide logistical capability. Through building partnerships, both formal and informal, current peacekeeping nations could build up these countries' capacity to the point where instead of leading a full peacekeeping mission they are only providing niche capability to assist, such as Intelligence, Surveillance and Reconnaissance technology.

14. All nations should look to increase their 'soft skills', such as language skills and how best to plug into and understand a local community. Brazil has had success in this area in Lusophone countries, and other countries could learn from this example. By undertaking scenario-based training, peacekeepers can better learn how to react to and resolve issues in local communities and avoid certain routes of escalation.
15. Overall, there is a risk that we focus overmuch on China as the 'new' peacekeeping player, blinding us to how best to move forward. By 2035, there is likely to be a growth in smaller groupings tackling regional peacekeeping operations. However, the UN will continue to play an important role. It has a legitimising authority – it demonstrates that the rest of the world has agreed that something is bad and is willing to act on it – and there is no substitute for that. We have agreed norms globally, which despite some erosion still stand, such as on child soldiers and chemical weapons. We should continue to focus on these red lines and expand them.

Resource challenge and global instability

16. If climate change develops as predicted, several resources will increase in importance given their increased scarcity, particularly water and food. Food shortages are likely to increase, driven by several factors including overfishing, lack of effective land use and unsustainable diets. By 2035 fossil fuels are also likely to remain dominant in the global energy market, with natural gas playing an important role, and renewables growing but still not being the major supplier. This will increase the pressure on the energy market, increasing cost and fuelling already extant tensions. Rare earth elements are also likely to increase in importance, both for their current uses, such as in batteries, and for future uses that we cannot yet foresee.
17. Secondly, we must look at those areas not traditionally covered by the definition of 'resource', but which either come under that banner now or are likely to in the future. Perhaps the clearest of these is data. Along with the rise of data comes new issues: the legal ownership of one's own information, the different standards of privacy and security across the world. Data can also be weaponised, and neither state nor global governance systems have yet learnt how best to regulate its use, or educate people on how to understand data issues and protect themselves accordingly. We need to come to agreed norms surrounding data and its use and continue work to inform people.
18. As with all resources, the importance of data lies not just in having it, but being able to exploit it, and this is only likely to increase in importance with the growth of AI – which needs vast amounts of data to be viable. Manpower and capability will underpin the resource challenge.
19. Incentivisation may be a useful tool across resources. This may be to encourage companies into more sustainable behaviour, such as diversifying away from oil or being sanctioned for pollution. It may also be more direct, to encourage behavioural change on an individual level, such as incentivising vegetarianism to tackle unsustainable diets and – on a larger scale – to encourage better land use. Governments should also keep an eye on competition and encourage collaboration – whether in the private or public sector. This could be scientific collaboration across borders, or it could be building networks of smart cities and megacities to optimise resource usage and share best practice. Governments should also collaborate to look at new systems to manage the likely increasing challenge of migration, and the new trends within it. Perhaps encouraging and enabling talent to cross borders would increase global co-operation and capability.

Development assistance

20. While the traditional model still dominates the international development assistance picture, many welcome new modes of development assistance. In recent years several new countries have got more involved in development assistance, particularly in the Global South, and there has been an increase in South-South co-operation.
21. China's 'Belt and Road Initiative' (BRI) is the most prominent of these non-traditional approaches, and China sees it as ushering in a new era of Chinese development assistance. By its sheer scope it will be intrinsic to the future of development assistance; the World Bank estimates that it touches around 65 countries that account collectively for over 30% of global GDP and 62% of population. Many countries are now seeing tangible benefits, such as new roads, airports, and industrial parks. Most people in these countries would likely see these improvements as due to development assistance, but most would in fact not fall under the traditional definition. Rather, it is funded through Foreign Direct Investment and other forms of financing. When discussing development assistance, we must be careful with definitions to ensure clarity.
22. In some ways, countries prefer South-South assistance as it feels more like a partnership. It is often framed as an 'older brother' country sharing its recent experience of development and its 'lessons learned'. These partnerships also seem to come with less conditionality, and less interference, which many welcome.
23. But are these new modes of development assistance really providing an alternative? In many ways they may not be so different to the traditional models. We need to ask deeper questions of programmes such as the BRI. The people of the countries participating in the BRI want more transparency; it is often unclear to ordinary citizens what the specifics of these agreements are, including the expected return on investment for the companies. Even the governments who made the agreements may not fully understand the terms and conditions. As such, we do not know what will happen in 2035 with the BRI, as we do not know what is at stake if the loans are not repaid – for example, there may be increased Chinese presence in BRI countries if they take over the running of roads, railways, and ports.
24. Although non-interference is appealing, it cannot mean lack of accountability. Countries must remain accountable for the lines of money and investment going into the countries. We must also learn from the mistakes made by traditional development assistance. Rather than dictating what development assistance should be used for, countries should consult more, and not just at state level. Instead, people-people relationships should be cultivated, with a focus on building capability to empower people and states to find their own paths to development.
25. Encouraging and investing in entrepreneurship will also be important and could accompany innovative forms of financing for development assistance outside the traditional framework – such as partnerships and leveraging private capital. Initiatives should increasingly look through the lens of gender equality; investing in women and girls has been shown to have a multiplying effect, and this type of programming is likely to increase.
26. Alongside this, we must improve monitoring and accountability for development assistance, and build governance capability. Governance has to come alongside assistance in order for it to be properly managed and to see results. This will also empower governments to make better decisions for themselves that will have a positive long-term impact on their citizens. Suggested initiatives to achieve this include encouraging the development of countries' own statistics bureaux so that they can foster transparency and reduce reliance on information provided by other states.

Tensions between national sovereignty and international institutions

27. 15 years ago, we foresaw the rise of non-state actors and the diminishing impact of states. Some of this has come to pass, but it seems that the death of the nation state was greatly exaggerated. To look to where we might be in fifteen years, we need to look at both the future of the nation state and the future of institutions.
28. Governments will face new challenges, including aging societies and increased and different patterns of migration. Among the impacts will be that countries like Japan, which are currently fairly homogenous in population, will be pushed towards heterogeneity for the first time in the modern era. This is likely to have widespread repercussions and will force changes in public policy. Other challenges, most notably climate change, will require an increasingly sub-national response. This has already been seen in the US; following Donald Trump's withdrawal from the Paris Agreement, over 70 cities have signed the "Chicago Climate Charter" which lays out the framework for how they could reach similar climate goals at a sub-national level. With the projected rise in megacities, this trend is likely to continue and increase. Alongside greater challenges from devolved powers, nation states are likely to feel increased pressure from corporations. These corporations can speak directly to people, and this changes the power dynamic.
29. What will the future of institutions look like? At present, we talk about the Rules-Based International System. We speak of it as a fixed system, but it has perhaps never been as clear-cut as that, and most countries are already highly selective in how they choose to engage with and apply these rules, whatever their narrative and rhetoric. The selective application of the rules-based order is likely to increase as great power competition increases – whether this is a bipolar or multipolar competition – with realpolitik taking precedence over values.
30. Emerging countries feel they do not have a voice in traditional fora such as the UN or the World Bank, and are unlikely to wait for reform that seems like it may never come. Rather, we are likely to see a multiplicity of institutions, but not necessarily any harmony between them.
31. Where is the citizen in all this? That is perhaps the biggest question for the future of nation states and international institutions. Inequalities are already a key stressor on both systems, and this is likely to increase, exacerbated by climate change, aging societies, and population growth. We have always tended to look at macro growth as a measure, rather than looking at micro growth or how it is distributed. This has been storing up problems for the future; as a consequence of the uneven distribution of opportunity and wealth alongside the narrative of macro growth being a positive for everyone, people feel failed by globalisation and left behind. This 'death of hope' in the West has spurred recent populist movements on both the left and the right.
32. It feels as though we need a fundamental shift in accountability, accessibility and shareability; placing the citizen at the centre of public policy to make them feel that globalisation works for them. Perhaps a route forwards is in building high trust societies. New Zealand is already a high trust society; its citizens feel that it is open and fair, and can rely on services. Many larger countries could learn lessons from smaller countries such as New Zealand and Switzerland. Although it works differently in each country, it is founded in an ability to foster a sense of trust and citizenship, a sense of the individual having a stake in the country as a whole.
33. We need to create a new social contract, and target the causes of income and other inequality through job creation, retraining, and education. We can use education to promote innovation and entrepreneurship and build capacity – all of which may lead us to new solutions and the people with the ability to solve them. As part of building trust, states may also need to work on strategic communications to manage their citizens' expectations of employment and life.

Conclusion

Although the only thing we can be certain about of the future is that it will be complex and contain unforeseen challenges, the conference identified a number of trends that seem set to deepen: climate change, resource constraint, demographic shifts, technological advancement, and fragmentation. It is unclear whether the return to great power competition will continue, and what the roles of both the US and China will be in 2035, but these are likely to be the nations that dominate the conversation. The role China decides to take on the global stage, and how the rest of the world responds, will be key shaping factors in the next 16 years.

The post-World War II global order is also central to the conversation. Has this order already died, is it doomed, was it always illusory? Looking at the rules-based international system and its future painted a pessimistic picture, with emerging powers in particular feeling that the system does not work for them, and that the former imperial powers are too entrenched in their positions to make substantive change. While it is likely that the organisations of this system – the UN, the World Bank – will still play an important role on the world stage by 2035, how effective they are will depend greatly on whether nations can take action to reform them now.

A principal danger identified was that of states looking at limited views of their national interest, in a world that seems to be becoming more inward-facing. While this is tempting to many, seemingly 'altruistic' actions can have long-term benefits for all, whereas failure to tackle the root causes of problems can have far-reaching consequences and allow political systems to fail. But it is also important to change the dynamic of these 'altruistic' actions – for example, in international development, there has to be more consultation with local people rather than change imposed from afar, and more focus on capacity-building to enable people to drive change and build stable societies of their own.

Despite the likely disruption of AI and automation, humans and human identity will be central to how the world evolves by 2035. Increasingly, this will be not just those in power, but people around the world no matter their status, and the countries that succeed may well be those that can harness the power and creativity of their citizens, empowering them to improve the world they live in and creating high-trust societies. But as power becomes more democratised, a key challenge will be prioritising evidence and using data to reach the best outcomes, rather than falling back on the human instinct to create a narrative. It is essential that we keep testing how we think – are we moving towards a better global future or retreating to old views of national dominance and hegemony?

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