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STRATEGIC TRENDS 2013

Key Developments in Global Affairs

Editor: Oliver Thränert

Series Editor: Andreas Wenger

Authors: Andrea Baumann, Jonas Grätz, Prem Mahadevan

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Editor STRATEGIC TRENDS 2013: Oliver Thränert
Series Editor STRATEGIC TRENDS: Andreas Wenger

Contact:
Center for Security Studies
ETH Zurich
Haldeneggsteig 4, IFW
CH-8092 Zurich
Switzerland

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Strategic Trends 2013: Redefining Leadership

IN 2012, THE AUTHORS OF *STRATEGIC TRENDS* CONCLUDED THAT THE INTERNATIONAL SYSTEM WAS BEST DESCRIBED AS 'POLYCENTRIC'. In a polycentric world, global leadership is in short supply as new power centres emerge and drive political fragmentation. At the same time, the term 'polycentric' implies that no single pole controls all dimensions of power. Hence, structural interdependencies are an important component of the evolving international system. The transformation of the international system continues and gives rise to challenges at various interrelated levels. *Strategic Trends 2013* reflects on changes in the geostrategic context and the nature of unfolding crises, as well as on the responses they have elicited.

As a consequence of the on-going global financial crisis, the West's relative economic clout has deteriorated. Its aspirations regarding the ordering of the global economy have had to be cut short. Meanwhile, China's growing assertiveness against the backdrop of its economic success has both global and regional implications, as reflected in the area of maritime security in East Asia.

The US is therefore aiming to reassure its allies in the region, but a massive fiscal deficit and impending cuts in the US defence budget reduce the credibility and feasibility of reassurance based on military means alone.

The parameters of military intervention are shifting. The political and material costs of large-scale troop deployments in Iraq and Afghanistan and strategic failures of military regime change, followed by nation-building and democracy-promotion, have led Western leaders to contemplate other forms of intervention, which shift responsibility on to local and regional actors. However, the terrorist threat that prompted Western military intervention in Afghanistan in the first place lingers on, albeit in an altered form. Regional jihadist groups have been developing ties with Al Qaeda. While the terrorist threat to Western homelands has diminished, regional assaults that affect Western interests are still possible.

Global leadership in the realms of diplomacy, economics and security in a



polycentric world will have to adapt to new realities in order to meet these challenges. Power and influence depend ever more strongly on the ability to navigate and exploit global networks, to form effective partnerships, and to combine different instruments of statecraft in a flexible, agile way. Power-projection capabilities remain important, especially with regard to global commons such as air, sea and cyberspace. A healthy economy and a balanced budget at home are vital ingredients for global leadership. The major players in the international system, however, are invariably distracted by domestic concerns. Likewise, international organizations are struggling to adjust to global power shifts. This leaves few, if any, contenders to fill a widening gap in global governance.

There are signs that the US, as the only nation with worldwide interests and the capability to project power on a global scale, has begun to adjust to new realities. The Obama administration has sought to complement military power with a greater focus on effective multilateral diplomacy and a flexible 'smart power' toolkit. Furthermore, the US is trying to consolidate old alliances such as NATO. In addition, the often cited 'rebalancing towards Asia' can be seen as part of a new leadership approach by the US. In fact, the US has no territorial

ambitions in this region, but at the same time can count on a network of bilateral relationships. Such networks of flexible alliances, with the US as an anchor, will play an ever greater role for America as a leading nation. To that end, America's superior naval power continues to be an important asset. To be sure, the US still has many positive attributes that may make for revived leadership. This is on display in innovative solutions to securing global commons such as international shipping and cyberspace.

The essential pre-condition for a future modernized US leadership is what US President Barack Obama described as 'nation-building at home'. Most importantly, there is the huge task of re-vitalizing the American economy. The exorbitant state deficit requires deep cuts, not least in the defense budget. At the same time, America's infrastructure, neglected for decades, needs urgent repair. Moreover, there is the view that the US political decision-making system is becoming more and more dysfunctional.

The chances for the US to recover, though, are not bad. The use of modern methods of petroleum and gas production has led to a boom. This oil and gas bonanza will stimulate the US economy due to reduced energy



prices and make America almost independent in terms of its energy supplies. In addition, American society is still very innovative. America's ability to combine different instruments of power – soft and hard – remains unmatched. With its own economy strengthened, the US could lead the West to pool its resources again. A Transatlantic Trade and Investment Partnership with the European Union, as sketched out in a joint statement by Barack Obama and EU officials, could become part of such efforts.

However, tough lessons from eleven years of warfare in Iraq and Afghanistan have left their mark on US international engagement. The heavily militarized approach to the 'global war on terror' cost American taxpayers around US\$1.2 trillion in additional military expenditure by the end of 2011. The wars in Iraq and Afghanistan have taken the lives of over six thousand US servicemen and women so far. The Obama administration has been keen to end the wars it inherited and bring troops home. It has displayed a preference for 'leading from behind' and looked for partner states to take the lead, as in the NATO-led operation in Libya. The cautious and limited support given by the US to the French-led operation in Mali is indicative of a reluctance to see American boots on the ground, as is the White House's as-

piration to limit the US contribution for the mission in Afghanistan after 2014 to a minimum.

It is questionable, whether other nations will be capable of taking over global leadership responsibilities beyond their respective regional spheres. The US National Intelligence Council (NIC) predicts that China will become the strongest economic power by the year 2030. However, this ascendancy is unlikely to be as smooth as in the past and may be beset with internal difficulties: Widespread corruption up to the highest levels of the ruling communist party; a shortage of innovation due to a political system that is not based on the principle of open speech; an aging society as a result of the one-child policy, meaning that China may become old before it becomes rich; huge ecological issues; and growing economic inequality. As opposed to the US, which is becoming less dependent upon energy supplies, China is becoming more dependent and may soon need to import about half of the Arab oil.

China has to date shown little appetite for profoundly altering or replacing existing global regimes and institutions. Rather, it has sought to carve out exceptions for itself on a case-by-case basis, while benefitting overall from a system of open trade,



investment and finance. Focused on the country's own development and domestic stability, Chinese leaders have largely eschewed the burden of providing global leadership and continued to free ride on US efforts to provide global public goods, such as security and access to trade.

Other centres of power are becoming more significant, but cannot be expected to play in the same league as the US and China. Neither India nor Brazil, to take two prominent examples, will become leaders comparable to the US. These states have important regional roles, but they often lack the soft power and political prowess to form durable alliances.

Meanwhile, Europe continues to be preoccupied with the fiscal and euro crises. Substantial steps towards further integration within the European Union would be necessary in that regard. More political integration could also lead to a more coherent Common Foreign and Security Policy (CFSP) that would provide the old continent with a unified and more decisive voice in world affairs. At this juncture, however, more fragmentation seems likely, not least because the UK shows no interest in deeper integration and even may leave the Union altogether. As a consequence, the CFSP is likely to stay paralyzed.

Hence, global governance is in short supply. Important international institutions are losing leverage. Permanent membership in the UN Security Council does not reflect the realities of the 21st century. Moreover, discussions within this body are increasingly characterized by a cleavage between Western democracies (US, France, UK) on one hand, and authoritarian regimes (China, Russia), on the other. Other forums such as the G-8 also are becoming less important, while newer circles like the G-20 are hampered by too many voices. Against this background, important international challenges remain unresolved: An on-going international economic crisis; failed and fragile statehood as well as civil wars; climate change; proliferation of weapons of mass destruction and their delivery systems; international terrorism and piracy, to mention only some.

With this in mind, the current issue of *Strategic Trends* focuses on four trends that illustrate both the challenges at hand and emerging responses to them: *The De-Westernisation of Globalisation; Maritime Insecurity in East Asia; Shifting Parameters of Military Crisis Management; and the Globalisation of Al Qaedaism.*

De-Westernisation of Globalisation

As a consequence of the global financial crisis, the economic problems of



Western industrialized countries have become more obvious. The crisis tarnished confidence in the Western economic model. As a result, the West's economic influence has been diminished relative to emerging markets, most of all China. Yet the world economy remains integrated to an extent unprecedented in history.

In this context, the previous focus of Western leaders on building an open global economy has shifted towards the linkages between the economy and national security and towards a desperate search for growth. Rather than advocating an economic blueprint, Western leaders have become more selective about economic integration. Markets are becoming more politicised as concerns over national security build new barriers to investment. Regional and bilateral free trade agreements take precedence over the global trade agenda. And monetary easing is putting financial markets at the mercy of central banks.

These policies may create growth in the short term, but they increase economic risks and the potential for conflict in the global economy. What is more, they do nothing to revive the economic leadership of the West. For this to happen, the West has to pool its resources and reform its political economy at home.

Maritime Insecurity in East Asia

The military build-up in East Asia is reason to pay particular attention to maritime security in this region. Against the backdrop of a growing naval nationalism coupled with a significant build-up of its naval forces, China is calling the status quo in the region into question. As a result, conflicts are emerging on two levels: Maritime disputes between China and its smaller neighbours; and broader tensions between China and the US. In many ways, the latter tensions are related to the fact that the US' 'rebalancing towards Asia' is motivated by Washington's desire to reassure its Asian allies. As to the first level, Beijing defines the South China Sea as a core national interest. China articulates territorial claims in that area (mostly small islands), something which is met with resistance by several of China's neighbours. Unsurprisingly, there is a shared mistrust among China's neighbours regarding its intentions.

Regarding the second level, Sino-US tensions, the Taiwan issue is at the centre. Beijing argues that Taiwan is a province of China. To prevent the US navy *inter alia* from accessing the Strait of Taiwan in case of conflict, China is developing an anti-access/area denial doctrine. The procurement of modern anti-ship ballistic missiles, attack submarines and aircraft carriers is part



of these efforts. Meanwhile, the US for its part is responding with its Air-Sea Battle doctrine. These guidelines aim to benefit from the US navy's superiority in anti-submarine warfare, its advantage in local intelligence support from Asian allies, and from the technical weaknesses of the Chinese anti-access/area denial doctrine. Although as a consequence of this doctrinal race it is likely that the region will be further militarized, this does not make military confrontation inevitable.

Shifting Parameters of Military Crisis Management

The last decade has seen major international military operations to deal with threats and crises abroad. They were aimed at preventing fragile states from serving as operational hubs for global terrorist activities. Today, policymakers as well as their constituencies are largely disaffected regarding the success of military-led state- and nation-building strategies. The current situation in Afghanistan is a case in point. Corruption, patronage networks, and human insecurity prevail, although the United States and its coalition partners have spent billions of dollars and risked the lives of thousands of soldiers and civilian personnel. Afghanistan's national army looks too weak to defeat Taliban insurgents and its economy remains dependent on the illegal drug market.

There is little appetite left in Western decision-making cycles for large-scale troop deployments in today's crises. Instead, Western states are seeking to shift the parameters of their engagement by placing greater emphasis on burden-sharing with local and regional partners. Preventive capacity-building and training, partnering during operations, as well as adjusted or 'good enough' benchmarks for withdrawal in the aftermath of combat, are intended to allow for a lighter Western footprint along the entire conflict spectrum. The idea is that operations owned and led by local and regional actors will be more sustainable and benefit from greater political legitimacy. 'Leading from behind' is in tune with lessons learned from past experience as well as with contemporary political and financial constraints in the West.

Whether these approaches will be more successful remains to be seen, however. In the absence of strong leadership, a patchwork of contributions by a diverse range of actors is bound to remain fragile. Partnering with local and regional forces moreover raises important ethical, political and practical questions. The reluctance of Western states to deploy 'boots on the ground' may leave crucial gaps in international crisis management. As has been shown in the course of the recent intervention in



Mali, rapid response capacity remains crucial. Moreover, in the aftermath of intervention, a long-term security presence is required to support disarmament, demobilization and reintegration, to prevent violence and instability from returning or spreading to neighbouring countries and to reform the security sector.

Glocalisation of Al Qaedaism

That military intervention is still of the essence has been underlined by recent developments in Mali. Indeed, in North Africa as well as elsewhere, the threat of radical Islamism persists. With the onset of the Arab revolt and the death of Osama Bin Laden in 2011, some obstacles to the local manifestation of international jihadist activity have been removed. Regional jihadist groups have developed ties with Bin Laden's network. Forging closer links to Al Qaeda and to each other helps these groups to weather pressure from counterterrorism agencies.

The result has been an increase in the lethal nature of regional terrorist activity inspired by Al Qaedaism. This trend has its origins in the very inception of Al Qaeda, which throughout the 1990s, sought to build ties to other radical Islamist groups that could otherwise compete with it for recruits and finances. By creating a global terrorist coalition to fight the West and

Israel in 1998, Al Qaeda transformed itself from being a loosely-organized network into a hierarchical organization with its own unique ideology. Although the organization has suffered heavy losses since 2001, its ideological hold on the 'jihadosphere' remains strong, carried forward by affiliated groups that have come around to sharing its worldview. Although Western homelands face a diminished risk of terrorist attack, Western interests overseas are now exposed to new threats from regional jihadists.

Redefining leadership

The issues discussed in *Strategic Trends 2013* all play out on regional as well as on global levels: Regional and global markets; regional conflicts in Asia and US-China relations; regional conflicts and intervention; as well as Al Qaedaism on a regional and global scale. This reflects a major feature of the evolving international system – that regional or even local events have global ramifications.

These challenges raise the stakes for a more global leadership that is much more agile and flexible. There are signs that the US is adapting to this requirement and is seeking to redefine its global role. Soft balancing through networks of alliances and bilateral relationships is becoming more important than military intervention. Even



a more restrained leadership role that emphasizes partnerships and burden-sharing, however, requires the United States to get its fiscal house in order and to overcome its current domestic blockade. Only then can it lead the West to regain economic power. At the same time, a redefined leadership role for the US implies more responsibility for America's partners such as Europe. The on-going economic crisis, as well as disagreement between those in the European Union who want more in-

tegration and those who want less, means that Europe will have a hard time meeting such expectations. Interdependence between Washington and Beijing will remain a factor that the Obama administration will continue to take into consideration as it redefines the scope of its foreign policy. At the end of the day, the US is still the only power that is prepared to take on global responsibility. This is why the process of redefining its leadership role is so important. ●