

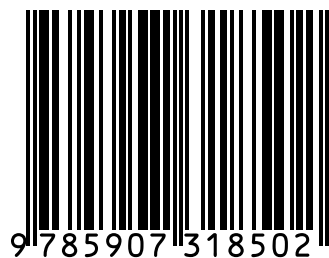


The Age of Pandemic: Year Two. The Future Is Back

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ISBN 978-5-907318-50-2



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One has only to take a closer look at the present, the future will suddenly appear by itself. A fool is he who thinks about the future past the present. He will either lie or tell a riddle.

Nikolai Gogol, Selected Passages from Correspondence with Friends, 1846.

Introduction

There is something liberating about irreversibility. Certainty can cause some unease at the beginning, but as one gets to understand and accept what is going on, it can even provide comfort and a respite from having to busy one's brain with strategy, creating an opening to focus on tactics instead. Having no alternative is also a relief, especially if the only way forward is at the same time the only right option. The necessity to choose once again and deal with new complex bifurcations may come as a shock, and the impossibility to keep following the beaten trail may be frightening. However, it is also an opportunity to take a different path instead of staying on the one that possibly ends in an impasse.

The 2020 coronavirus pandemic occurred during one of the most lasting and overall quite stable periods of universal peace. In fact, there have been no major wars in 75 years. It is for this reason that some tend to compare the pandemic's impact with the ravages of the last global conflict. However, while wars are caused by people, this is not the case for the pandemic, which makes it impossible to inscribe its consequences into the matrix of interstate power relations. Accordingly, unlike global conflicts that lead to the emergence of a new hierarchy and a world order that conforms to this hierarchy, no such thing happens with the pandemic.

Never before in its history has the world witnessed a pandemic of this scale. Never before has there been a shock of such magnitude not caused by a major war, and that would top the global political agenda. Largely, the pandemic became a watershed moment in the global redistribution of power, as well as for the liberal market economy and the capitalist system, at pains to overcome their growing fatigue and weariness. The potential for change was already there even before the pandemic. All it needed was an impulse that took the shape of the unexpected infection outbreak. The pandemic matters to no lesser extent in itself, regardless of the preceding developments. It emerged as a universal challenge for almost

all countries around the globe, testing everyone's responses, representations and capabilities determined by the algorithms underpinning modern state behaviour. Most countries took identical action from the onset of the pandemic, but the results they achieved down the road varied greatly.

Almost two years have passed since this strange virus turned into a global pandemic, and so much has been written on this subject, that delving into it one more time may seem unnecessary, considering that even the Valdai Discussion Club has already published two reports¹ in which we tried to assess the ongoing developments and even look into the future, even if we presented our vision as a utopia, but why not?

We opted for a utopia due to the forward-looking nature of this concept. It can be argued that the return of the future is one of the key consequences of the pandemic. This future can take multiple paths, the events can unfold under various scenarios and bring about a great variety of wide-ranging outcomes.

Globalisation at a Standstill

The reality in the late 20th century and early 21st century as we knew it was based on the notion that the future has come, even if it did not happen for everyone simultaneously, but it would inevitably dawn on everyone, and everyone knew what it would be like. The very metaphor of the “end of history” served as a refrain for an entire political era, hinting that with history at its peak, the future has become irrelevant. Having reached this point, it was a question of how fast the “correct” state and international governance framework will spread around the world and how smoothly this process will unfold to resolve all the problems humanity is facing once and for all. Technological progress fed into the feeling that the future is already here, since

¹ See: Oleg Barabanov, Timofei Bordachev, Yaroslav Lissovolik, Fyodor Lukyanov, Andrey Sushentsov, Ivan Timofeev *Staying Sane in a Crumbling World*. Valdai Club Report. URL: <https://valdaiclub.com/a/reports/staying-sane-in-a-crumbling-world/>; Oleg Barabanov, Timofei Bordachev, Yaroslav Lissovolik, Fyodor Lukyanov, Andrey Sushentsov, Ivan Timofeev *History, To Be Continued: The Utopia of a Diverse World*. Valdai Club Annual Report. URL: <https://valdaiclub.com/a/reports/history-to-be-continued-the-utopia-of-a-diverse/>

almost everything described in sci-fi books has either become reality or is about to materialise.

From the outset, everyone thought that the future we were already living in would bring a bright new dawn, so we were supposed to rejoice. There were no tragic undertones in this irreversibility, viewed as the definitive triumph of progress. The discomfiting wake-up calls and the liberal globalisation's side-effects were regarded as the inevitable cost we had to pay on the path to universal success. Even the most determined opponents of globalisation and its irreconcilable critics did not believe in reversing this process. The debate revolved around mitigating the effects of globalisation on the world, and how those on the fringes could adapt to this environment. They did benefit from some modest support measures, and overall the idea of an interconnected and uniform global system became deeply embedded in the international narrative over the past fifteen years.

The pandemic has undercut this vision of harmony and order. It turned out that nothing is preordained, and globalisation in its entirety can be literally switched off around the world in a matter of ten days, as it happened in March 2020. The same technology that brought people together proved to be equally effective in driving them apart. Lockdowns enacted in the spring of 2020 across the world dealt a blow to all four freedoms of movement that underpinned the globalised world: for people, goods, services and capital. They were not affected to the same degree, ranging from a near complete halt in the movement of people to a slight, albeit still significant, decrease in capital flows. Overall, international mobility declined manifold.

Of course, this was a major shock, but the world did not crumble. The economy, social and government practices all adapted to the new environment. The longer the pandemic-induced jitters continue, the harder it will be to imagine a return to a world as we knew it, even if so far this is what people aspire to. Another factor that makes a return to the past reality unlikely lies in the discovery by governments that the epidemiological threat can be conveniently integrated into

their agendas, offering a pretext for introducing various restrictions or declaring emergencies as they please. In this context, governance and control take on an entirely new meaning. In a way, states can benefit from keeping up efforts to fight the pandemic for as long as possible, because they need time and skill, as well as a justification to benefit from the newly discovered opportunities.

The migration policy is a case in point. There is nothing new about mass migration flows heading North from the South. However, the deepening crises around the world caused directly or indirectly by the pandemic encourage migration and incite people from disadvantaged regions to seek a better life elsewhere. It is quite possible that in the end, tight border controls will remain in place, or just a few borders will reopen in a post-COVID world. Closing down borders (for good) is an effective way of dealing with the migration factor that stokes tension in developed countries, making sticking with these measures quite tempting.

All the borders closed in a single instance, and this happened for an obvious reason. After all, a virus is a virus – isolation is the only way of combatting it. Ironically, these simultaneous border closures constituted what could be regarded as the last step towards true globalisation signalling the onset of total uniformity of action. However, borders will not reopen just as simultaneously, with every country and region following their own logic, timeframes and their own assessments that go far beyond health-related concerns.

From Prison to Panopticon?

The last calamity comparable in scale and magnitude to COVID-19 was probably the 1918 Spanish flu. However, this comparison is misleading for several reasons. It is already clear that the current pandemic is not following the same course as the one a hundred years ago. Still, the Spanish flu is instructive because of what came in its wake – the Roaring Twenties. Uncertainty marked this era: the crumbling of the world, revolutionary upheavals that transformed politics in

many countries, the lack of effective international institutions to urge consensus, and the multitude of future development paths. All the same parameters, especially the latter one, fully apply today.

Of course, the twenties of the 21st century hardly promise to be roaring. A century ago, the world was full of both creative and destructive energy. This was the source of the roar, with all that it portended. Today, the world is consumed with all kinds of perils, uncertainty about the future and the feeling that everything must be changed in order to keep things as they used to be.

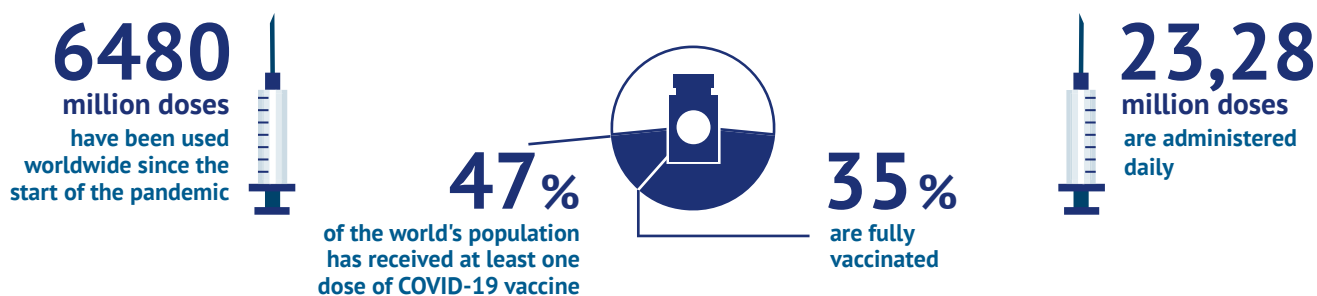
Has the pandemic changed the world? There are equally valid arguments on both sides. As far as international politics is concerned, the answer would be no. The agenda before and since the pandemic remains almost unchanged. Not a single pre-pandemic conflict has been resolved, all the differences and disagreements are still there, and the institutional crisis that has been obvious for quite a while now has only gained in momentum and depth. What the pandemic has changed is societies and states. There is an ongoing transformation of relations within and between them at a global scale, making them much more important than before. Everywhere countries are turning inward.

The coronavirus vividly illustrated how transnational factors affect all countries without exception, including domestically. The pandemic is just one example. Outside influences on society are becoming a matter of concern for states. For example, in almost all major countries foreign interference in internal affairs was debated in election campaigns. Once viewed as drivers of progress and convenience, information and technology giants have evolved on our watch into enemies of the state and society. The widespread fixation on this topic is also rooted in the aspiration to clearly define the boundaries of sovereignty and shield it from outside interference.

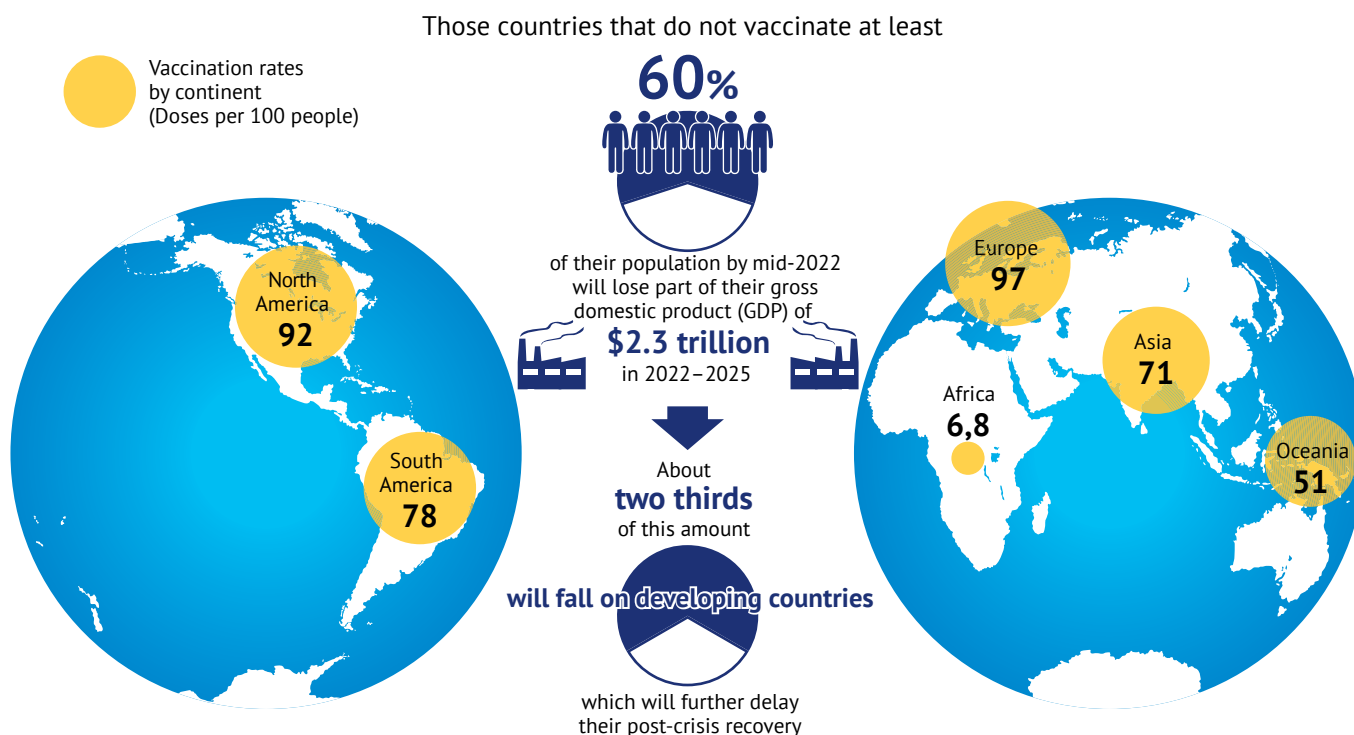
The digital revolution, which began before the pandemic, was portrayed as the new heights of globalisation in terms of how interconnected our world had become. The pandemic served as a major catalyst of the digital revolution. For example, working from home

GLOBAL COVID-19 VACCINATION: ACHIEVEMENTS AND CHALLENGES

The vaccination campaign is progressing unevenly around the world. In higher-income countries about 60 percent of the population had received at least one dose of the vaccine by August 2021. In poor countries, meanwhile, vaccination coverage was only one percent/



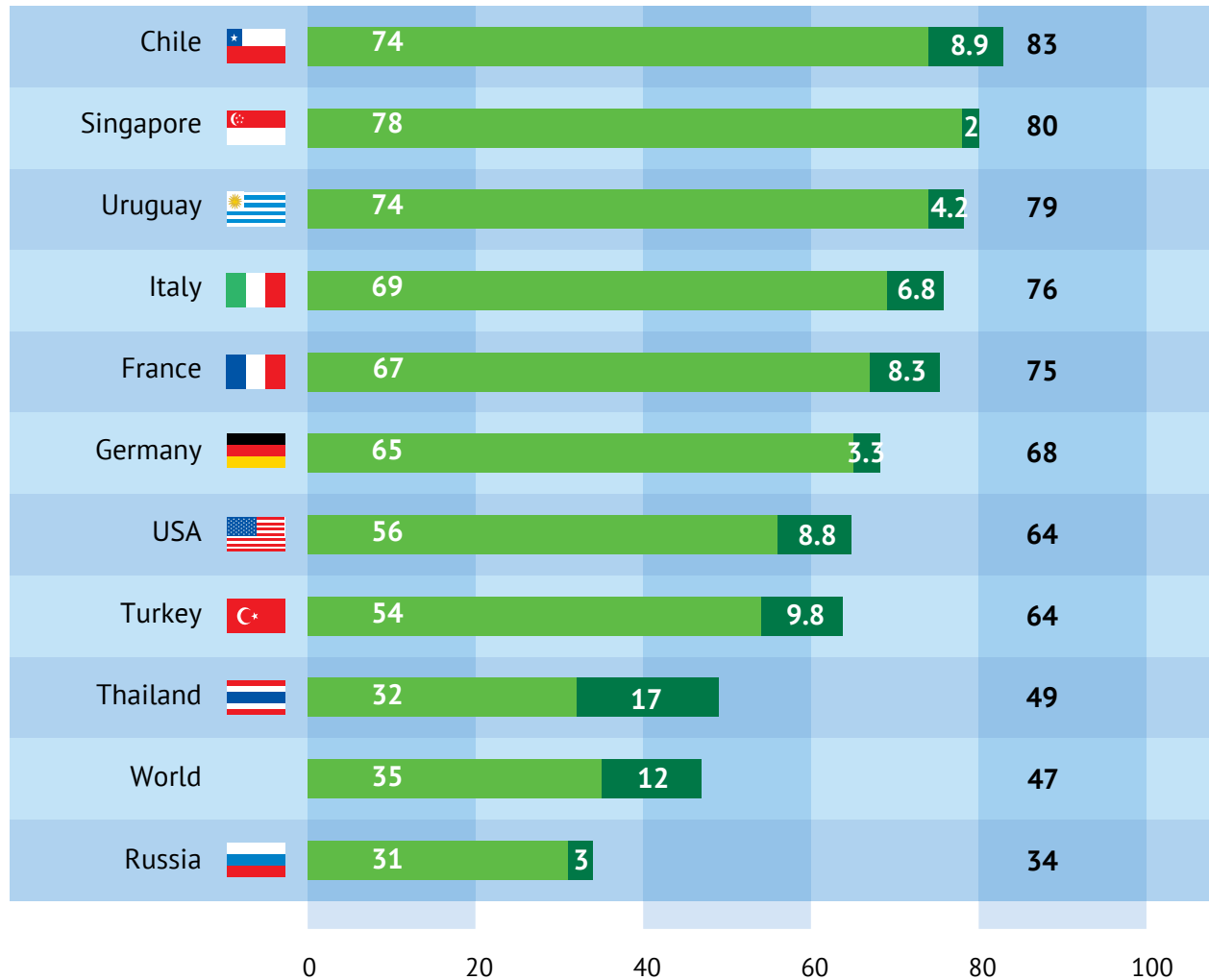
Why vaccination is needed



Sources: ourworldindata.org, eiu.com, nytimes.com, news agencies.

THE SHARE OF THOSE VACCINATED AGAINST COVID-19 BY OCTOBER 9, %

■ Fully vaccinated
 ■ Received at least one dose of the COVID-19 vaccine



Sources: ourworldindata.org, eiu.com, nytimes.com, news agencies.

was technically feasible long before COVID-19, but lockdowns were required to make it a global phenomenon. New forms of employment, less costly and more accessible, will become part of everyday life even after we leave the epidemic behind.

However, digital technology has taken on a new role. First, cyber security is now perhaps the most important issue in the world. All the processes that undergird our lives, society and state have come to depend on digital technology. This increases the overall feeling of

vulnerability. Second, as the economy and social practices go through their own digital revolution, efforts to control individuals are becoming increasingly effective, bringing power relations down to the personal level. This kind of power can emanate from a growing number of sources be they corporate entities or government institutions. The very concept of privacy has been steadily eroding for quite a while now, but the need to exercise social control in order to enforce lockdowns greatly accelerated this trend.

Becoming lost, escaping the watchful eye of the state and corporations, or avoiding visibility and exposure in general has become all but impossible in a post-COVID world. Private players rushed in to exploit these opportunities, using geolocation, data from surveillance cameras and various mobile devices not only to trace every step a person takes, but to take surveillance even further by using big data on a system-wide basis.

There is nothing new about trying to perfect surveillance methods, but it is only now that we are seeing the difference between what Michel Foucault might call a “prison-type society” and a “panopticon-type society”. In the former, the prisoner can still evade the guard’s eye – this is how society used to function. In the latter, prisoners have lost this possibility. The idea is that the prison cell offers enough comfort and relative well-being to offset the substantial curtailment of personal freedoms. Whether this is the case, we will find out soon, judging by the way various social groups are behaving. With social tension on the rise almost everywhere, the first symptoms are quite alarming. It would not be an exaggeration to say that having to work from home created a lot of stress, people had to put in longer hours, blurring, if not erasing, the lines between work and leisure, as well as between public and private. That said, we have yet to assess how the digital revolution and the curtailment of freedoms are affecting peoples’ cognitive abilities and mental state.

People face tighter controls regardless of how affluent the society they live in. It used to be that those on the fringe were relatively invisible to the state, but the digital revolution has reached down to

the poorest segments of society. Digitised poverty has become a new reality. Smartphones and computers used to symbolise wealth, but today almost everyone can afford them. It is noteworthy that the ways of staying on the margins and withdrawing from reality, be it through computer games, virtual communities, etc. have been in place for a long time, but it is only today that they are enhancing their capabilities to better and deeper monitor the “escapees” through the means of communication.

Controls introduced to fight the pandemic deserve special attention. Their critics have already labelled them “medical totalitarianism,” since healthcare officials can now set the rules for society by introducing quarantines and various restrictions, mask and vaccine mandates, etc. In 2020, we speculated² that the notion of biopower has every chance of making its way from 20th century philosophical literature into everyday language. It happened even more quickly than expected. Never-ending tests and unrelenting debates over vaccination are what shapes today’s reality. Test results determine your level of access, and consequently the ability to carry on with your professional or social life. As the fears of the unknown that emerged in spring 2020 subside, “medical totalitarianism” is increasingly viewed as a real threat to human rights and freedoms, giving rise to social protests in many countries. But governments have been swift in suppressing them, citing public health concerns, of all things.

Will “total biopower” become the new normal? Are masks and restrictions here to stay? Apart from medical considerations, governments may be tempted to use the virus as a pretext for sustaining this atmosphere of uncertainty. There is also an obvious business side to this, generating incredible profits for the developers and makers of all these vaccines, tests, medicines and related goods.

Paradoxically, this growing control has the potential to unify. Surveillance is becoming all-encompassing in both democratic and

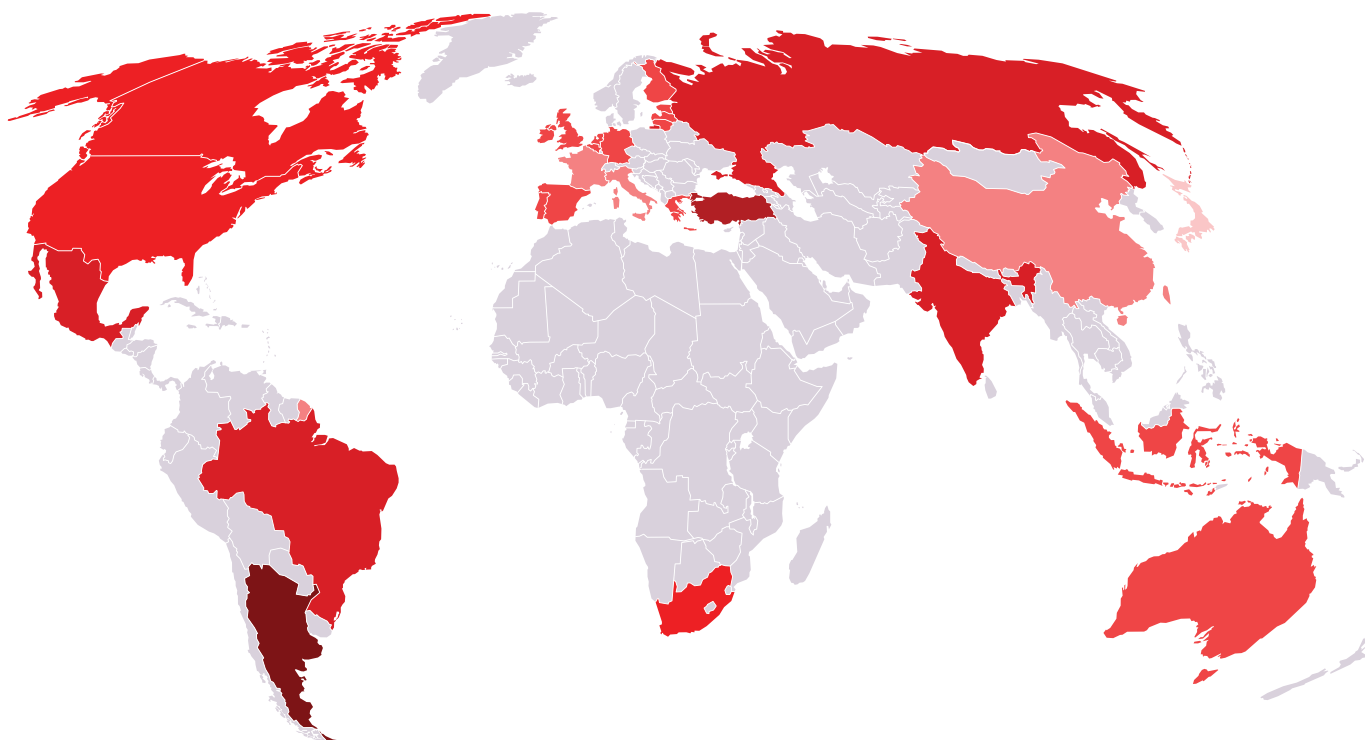
² See, for example, Oleg Barabanov *Global Biopower: From Theory to Reality?* URL: <https://valdaiclub.com/a/highlights/global-biopower-from-theory-to-reality/>

INFLATION THROUGHOUT THE WORLD

Inflation rate in the G20 countries in 2021*

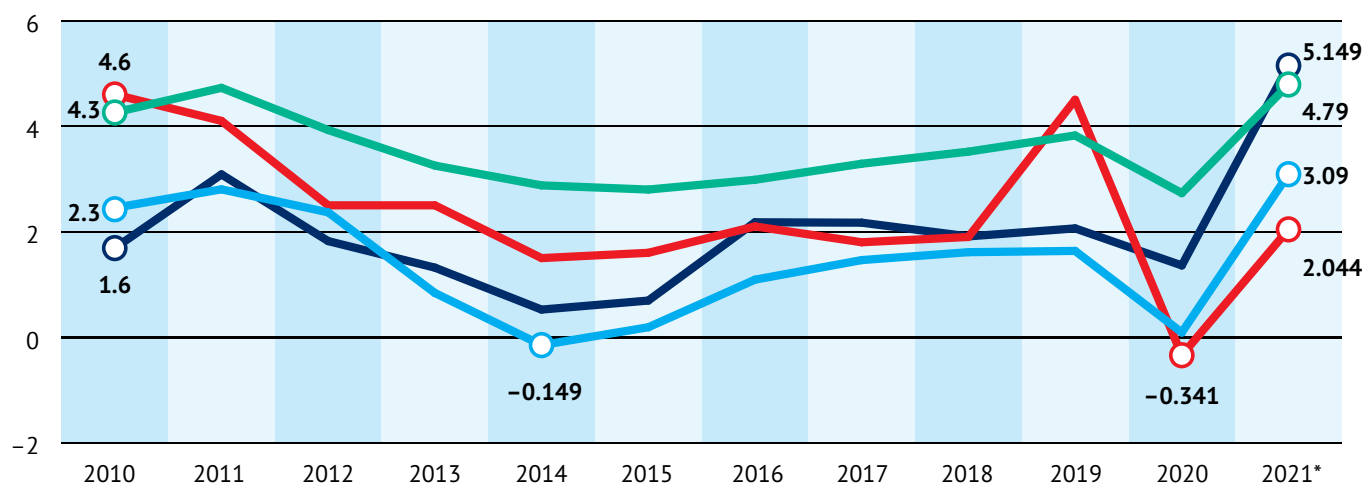
The data show the annual inflation rate in selected countries. For the Eurozone (excluding Germany, France, Italy and Spain) the average is shown for 19 countries

<0% 0–2% 2–3% 3–5% 5–7.5% >15% >45%



Global inflation 2010–2021, %

World EU China USA



*Forecast.

Sources: OECD, IMF.

authoritarian states, and individual freedoms suffer regardless of the type of political regime. Representatives of the free world insist that authoritarian regimes will abuse these new capabilities, while democracies will remain committed to human rights, but this seems unlikely. The very logic underpinning society is now based on mandatory controls, and nothing prevents them from spreading further.

One of the reasons is that people are eager for exposure in the digital space, and much of the information they post to social media betrays their anonymity. In addition, people are unable to do without their devices even for a short time. When Facebook services went down for six hours in early October 2021, it caused a frenzy around the world, demonstrating the extent of human dependence on communications platforms. It also highlighted the danger of monopolies in this sphere. There will be a push to find alternatives that are not global in nature, leading to a more fragmented communications landscape in economics and politics that so far has been unaffected by this process.

Globalisation in Reverse: Dividing Up the Globe

The pandemic has left an obvious and indelible impression on the economy. There is the short-term impact, of course, when the economy is brought to a halt or suddenly slows down, causing an overall decline in economic activity. However, what matters more are structural changes driven by the response to the pandemic. At the beginning of the pandemic, many believed that once the crisis ends, no matter its duration, with most agreeing that it would be short-lived, there will be a protracted economic boom, deepening and reinforcing globalisation. However, this is not what happened. Due to the world's political fragmentation, the economy has not become a means for countering these developments and failed to live up to the promise of

a “global linchpin.” In fact, it headed in the same direction as politics. Self-reliance and the ability to function with a high degree of isolation have become essential for guaranteeing the sustainable development of all countries.

Many of them, primarily the major economies, enacted massive relief packages on an unprecedented scale, causing a global spike in inflation. Higher inflation tends to reinforce the restrictive trends in foreign economic regulation when, for example, governments increase export duties to fight price increases at home. Growing protectionism in the form of import duties and non-tariff barriers exacerbates the situation with inflation by inflating import prices. Overall, coupled with protectionism, inflation forces countries to turn inwards even more and increases the odds that the global economy will head towards stagflation.

Lately, economists have been wrong more often than others. Their promises of a V-shaped recovery or estimates of when the acute phase of the crisis will be over do not matter as much as their assessment of where the global economy is headed. The world faces an unprecedented level of uncertainty, which poses a formidable challenge to all governments. What kind of an economic policy should they choose if they ignore how their economies will develop? It is now clear to everyone that the pandemic will leave a lasting and maybe even a chronic impact. New waves keep rolling in, and trying to guess when this will end is futile. At the very least, with all this alarmist sentiment everyone now knows that it is a matter of time before the next pandemic occurs.

In this context, there is a case to be made in favour of a strict policy that would prioritise macroeconomic stability and maximum reserves instead of seeking to boost economic growth. The first wave of the pandemic in 2020, when most believed that the crisis would be short-lived, demonstrated that efforts to stretch the available resources instead of using them up as helicopter money enables governments to provide targeted social support for a longer time. The need for these measures could become even greater as the crisis moves into the next phases. Therefore, in a chronic pandemic it makes more sense

for states to save funds. People will be increasingly expecting their governments to ensure their welfare and engage in proactive and expansive social policy, although this does not mean that governments will necessarily be willing or even able to meet this demand. For too long, the government's withdrawal from its social commitments has been mainstream.

The same question applies to healthcare, a sector that found itself at the forefront of the global battle against COVID-19. Should governments give up on their efforts to optimise healthcare, which has been the dominant approach rooted in neoliberal views since the 1980s? Is creating reserve capacity, spare hospital beds and setting up more hospitals for treating infectious diseases advisable? In a normal situation and considering the current level of healthcare services, all this seems redundant. Maybe there is a better way to use these resources? But once in a generation or with an even higher frequency, a disaster like COVID-19 may occur, overwhelming the healthcare services in most countries. Keeping reserve capacity on standby requires spending viewed as excessive in normal times. If the coronavirus is a once in a generation exception, reverting to optimisation makes sense. If so, it will not be long before governments decide to scratch reserve capacity, just as many countries gradually turned back to nuclear energy within just a few years after Chernobyl and Fukushima disasters. However, if the state steps up its dirigiste and mobilising role in the economy, this may well transform healthcare.

Sustainable development has been one of the key terms since the end of the 20th century. It stands for achieving harmony and striking a balance between economic and social changes, environmental protection, progress in technology and research, investment and personal development. In recent years, sustainable development has been linked to the green transition, meaning a global change in the way we manage our economies for halting climate change. The pandemic emphasised the symbiotic relationship between humans and nature, as well as its dangers, and put a spotlight on eco-sensitive development. The growing number of green funds and surging green investment have been one of the responses to the pandemic-related challenges.

That said, the very philosophy underpinning action on the environment and climate has radically changed. At the turn of the 21st century, there was a dominant view that global problems require global solutions so that everyone contributes to the process. This principle lies at the core of the Kyoto Protocol, and has made its way, even if in a somewhat different form, into the Paris Agreement on climate change. Whether the measures set forth in these documents are effective can be discussed separately, but by their spirit, they fully conform to the globalisation era with its belief in a unified world.

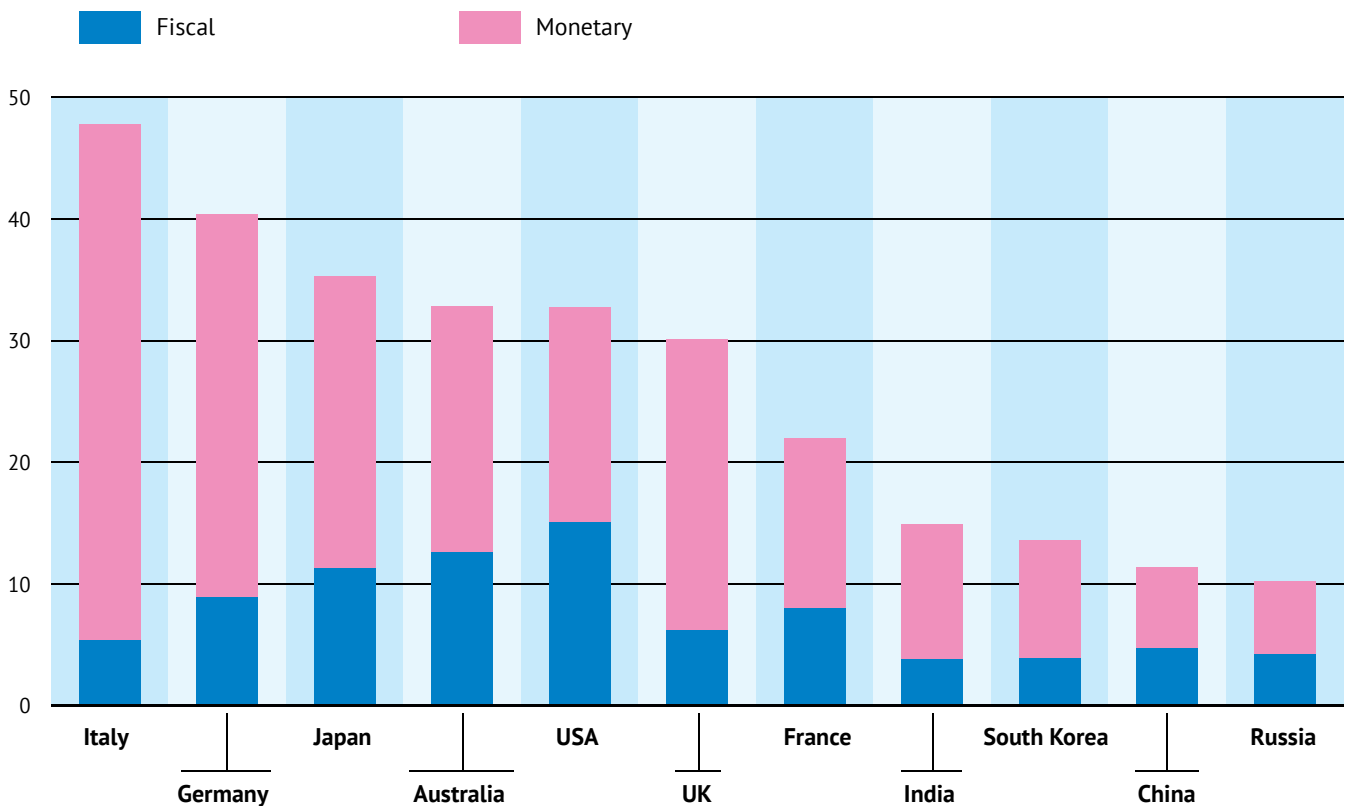
Today, debates on climate take place at the highest international level, including at UN events, but it is now countries, economies or their associations that play a leading role. The green transition has emerged as a tool for changing the economic development model and achieving a new level of competitiveness as part of a grand strategy for recovery after the COVID-19 crisis. Instead of dealing with climate change, consultations that are taking place focus on promoting competition based on environmental and climate-related instruments.

The green transition has three main components: the carbon tax, the hydrogen economy and the universal introduction of ESG standards. They may be effective for achieving their purpose and bringing about the transformation they were designed to facilitate, but they do nothing to bring the world closer together. They are even more likely to exacerbate the global divide, splitting the world into achievers and underachievers.

The European Union intends to start introducing its carbon tax between 2023 and 2026, and other countries may well follow suit. This would create a financial foundation for ensuring that as the economy recovers from the crisis the green transition goes as smoothly as possible. It can be argued that this initiative will lead to a tax war with other actors. In the end, a reasonable compromise is quite possible, but before it happens a serious standoff is very likely.

The hydrogen economy could well replace the carbon economy. On this topic, debates will focus on what green hydrogen, i.e. hydrogen obtained using green technology, actually stands for, if it is to be

FISCAL AND MONETARY STIMULUS, %



Sources: OECD, IMF

exempt from carbon tax. There is potential for conflict here as well, since hydrogen made using natural gas could be left out of the green transition, which would be a heavy blow for many countries.

In all likelihood, ESG standards will play a central role in international rankings of countries and corporations and will be no less important than financial performance today. Accordingly, indicators on the consumption of clean energy and industrial emissions will have a direct bearing on the financial standing of countries and corporations, their investment appeal and interest rates they can get from the banks. The standard's environmental aspects are intertwined with social (gender, non-discriminatory, etc.) and governance (fighting corruption) practices. In fact, the ESG standards will quickly split countries and corporations into "good" and "bad" ones.

Overall, the green transition will inevitably result in regulation wars with a clash on the measurement criteria, standardisation, regulation principles and primarily on deciding who gets to set these rules and certify compliance. The stakes are high. Who will benefit the most from a global green transition? This will be a genuine test for the multipolar world order concept. To what extent are non-Western centres of power ready to fight for parity within the emerging international regulatory framework, or will they opt for devising their own rules and regulations? The United States and the European Union have been enjoying unchallenged leadership in this sphere so far.

There is no doubt that the green transition will be one of the key factors in global development that will have its winners and losers. Overall, the international landscape will become increasingly polarised. Truth be told, controlling the green transition tools, which are likely to be retained by the leading Western powers, will not guarantee success. Many of the proposed measures and strategies are more about ideology and vision rather than sober calculations, which means that the results may not necessarily match expectations. In any case, the green transition promises conflict-prone and unpredictable developments in the near future.

Gas Explosion and the Aftermath

Conflict, including in its classic interstate form, remains a defining category of international relations. The pandemic brought many global economic, social, cultural, sports and even political processes to a halt in most countries, while international conflicts carried on. Why? If we imagine a hierarchy of state needs like the one developed by Abraham Maslow to rank human needs, physical safety and sovereignty form the pyramid's foundation. Countries may well sacrifice other needs, but not security. For that, they are ready to sacrifice everything.

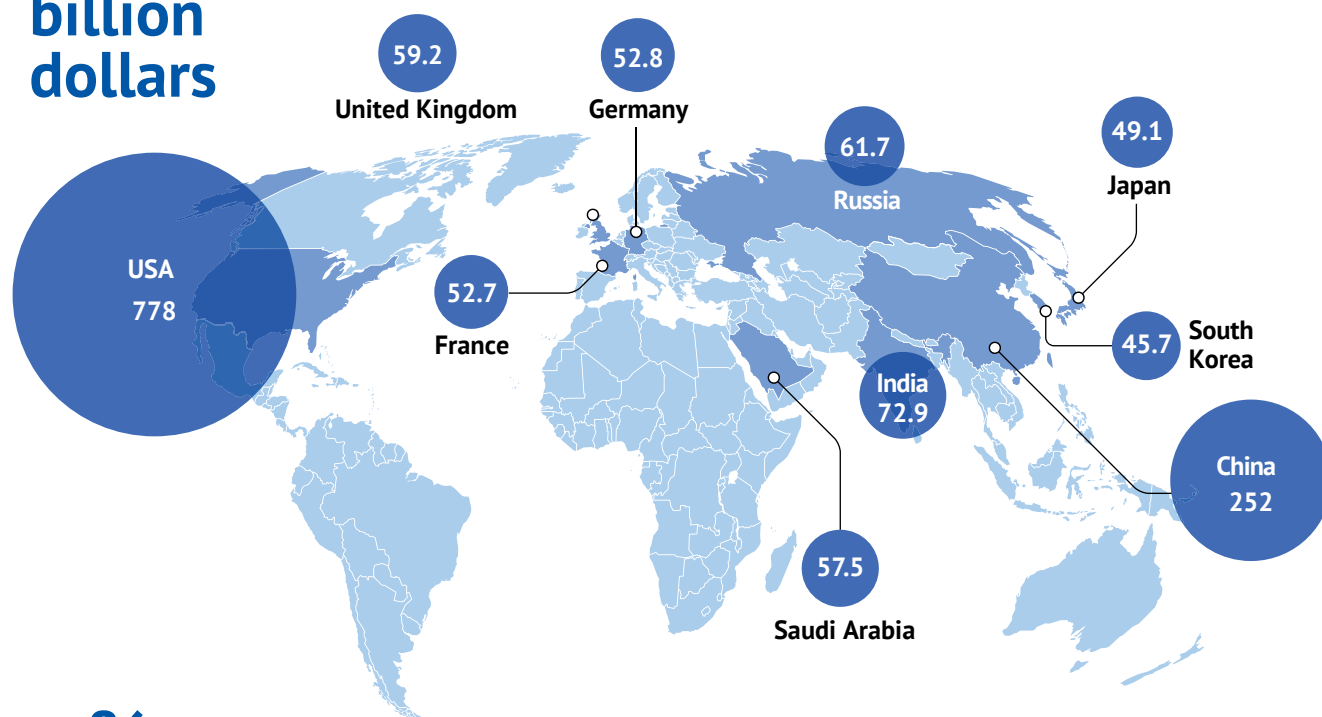
During the pandemic, countries have not scaled back their involvement in or preparations for military crises. The potential for competitors to inflict geopolitical damage has not become any less of an issue for states facing threats related to the coronavirus pandemic. Examples include the war in South Caucasus, the continuing hostilities in Syria, Libya, Yemen, the undeniable escalation of tensions and militarisation of the Indo-Pacific, and the lingering explosive situation with the conflict in Ukraine. The fact that most conflicts have escalated proves that the leading countries, primarily the United States, Russia and China, believe that “normality,” viewed as the competition among major powers that started long before the pandemic, is here to stay.

However, it would be wrong to say that the pandemic had no effect, and that states only acted in accordance with existing trends and decisions, as if international relations were developing by inertia. Of course, states sought to benefit from the pandemic in order to consolidate power both within their borders and beyond. They could have gotten by without doing so, it simply would have taken a bit more time. The pandemic added new questions and problems to the development agenda that otherwise would have stayed off the radar.

In one of the annual Valdai Discussion Club’s reports, we used the word “crumbling”³ to describe the current state of the world order, in order to evoke how a dilapidated building does not collapse all at once, but falls apart gradually, piece by piece. We can now take this metaphor further by comparing the pandemic to a gas explosion or some other unforeseen stress on the structure resulting from a combination of bad luck and accumulated wear and tear. After an impact of this kind, the crumbling accelerates in some places, while in others the deformations temporarily slow down the process. This affects the way residents behave. They start clinging to the parts of the building that are still standing, trying to hold on without thinking

³ Oleg Barabanov, Timofei Bordachev, Yaroslav Lissovolik, Fyodor Lukyanov, Andrey Sushentsov, Ivan Timofeev *Living in a Crumbling World*. Valdai Club Annual Report. URL: <https://valdaiclub.com/a/reports/living-in-a-crumbling-world/>

TOP-10 BIGGEST MILITARY SPENDERS IN 2020

billion
dollars

%



USA 39

Others 25.1



South Korea 2.3



Japan 2.5



France 2.7



Germany 2.7



China 13



India 3.7



Russia 3.1



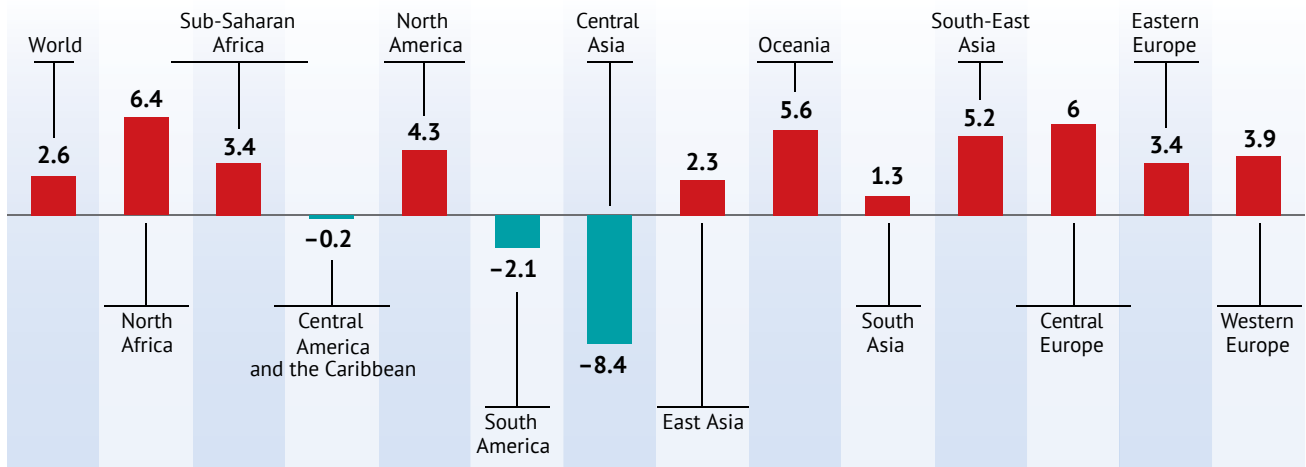
United Kingdom 3



Saudi Arabia 2.9

Sources: sipri.org, www.nato.int

MILITARY EXPENDITURES IN 2020 IN COMPARISON TO 2019 (%)



Sour: sipri.org, www.nato.int

about others. Competition is not only a product of a changing balance of power, but can also result from the degradation of the existing order and the temptation of all those affected to save themselves, without worrying if there is enough room on the boat for others.

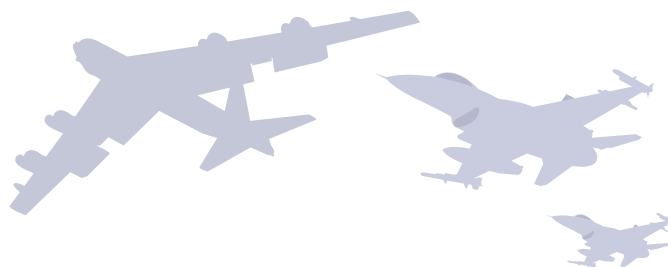
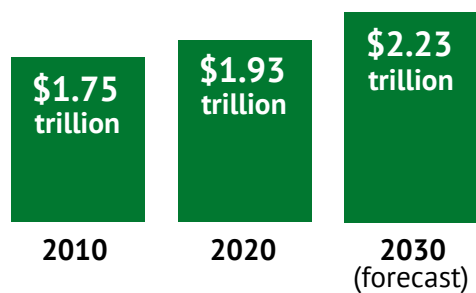
This is an entirely new situation. While one leader has given way to another on the world stage before, this time it is realigning the system. China cannot simply take over from the United States as the new dominant power because that would mark the end of the order built on US leadership: founded in the second half of the 20th century, the order acquired its pyramidal shape after the Cold War. At this stage, competition is not about who is reaping the maximum benefits and imposing its agenda and views on others, but who is accumulating more resources for surviving the deep crisis afflicting market capitalist economy and the global order. Once the “end of history” phase is over and the still unpredictable future arrives, the resulting crisis will require a radical rebuilding effort.

However, the pandemic has given us a glimpse of what the future holds for international politics after the 30-year historical transition period that followed the Cold War. Today, the central trend

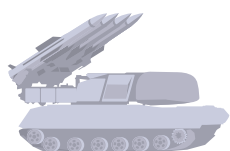
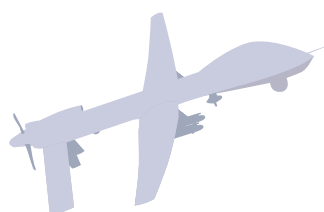
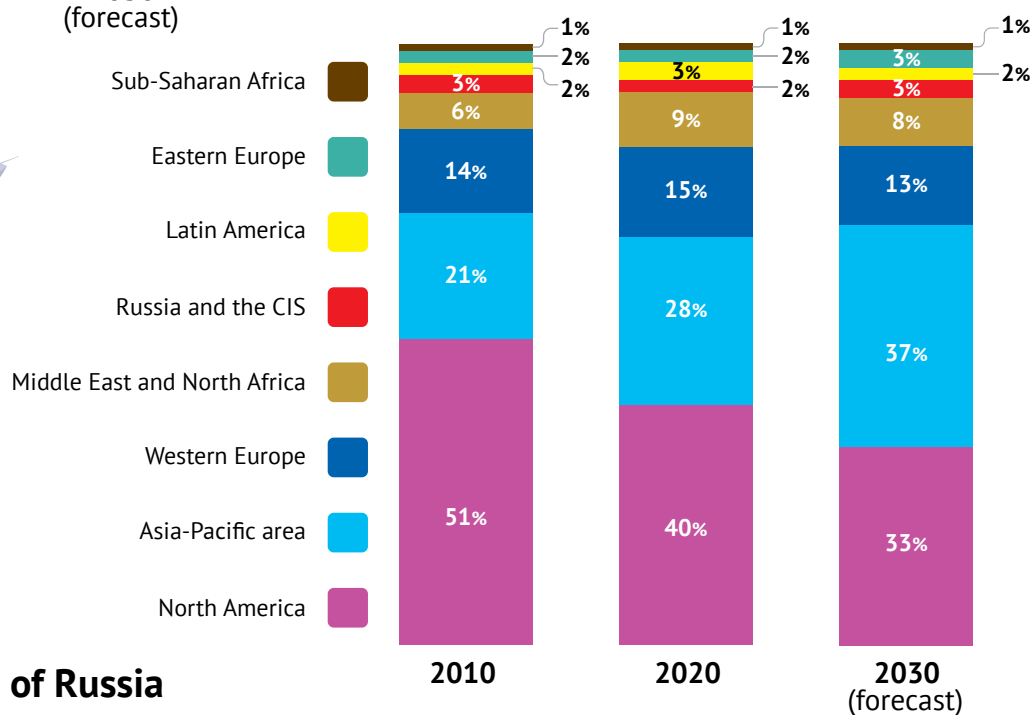
DEFENCE BUDGET GROWTH IN 2020

After seven years of continuous growth,
global defence spending surged to 1.9% trillion in 2020,
according to defence spending data provided by Jane's

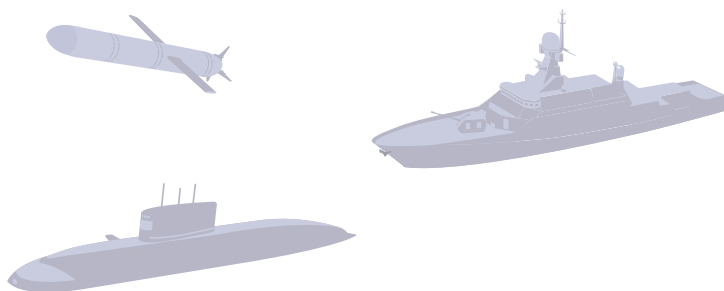
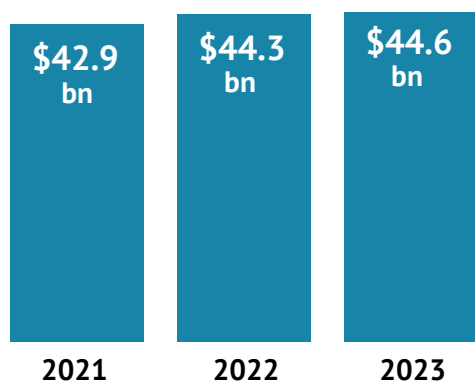
Military budgets around the world



Military budgets by region



Defence budget of Russia



Sources: janes.com, tass.ru, economy.gov.ru

is the insulation of states from each other and attempts to influence their behaviour from the outside,

It has found physical expression in the consistent efforts to restrain the fundamental freedoms of globalisation and curtail elements that subject countries to factors outside of their control. Countries are not currently fighting one another but rather against globalisation, its main derivatives and drivers. Nuclear weapons and, in general, the habit of living in comfort without assuming much responsibility have so far prevented these differences between states from escalating into a full-blown conflict.

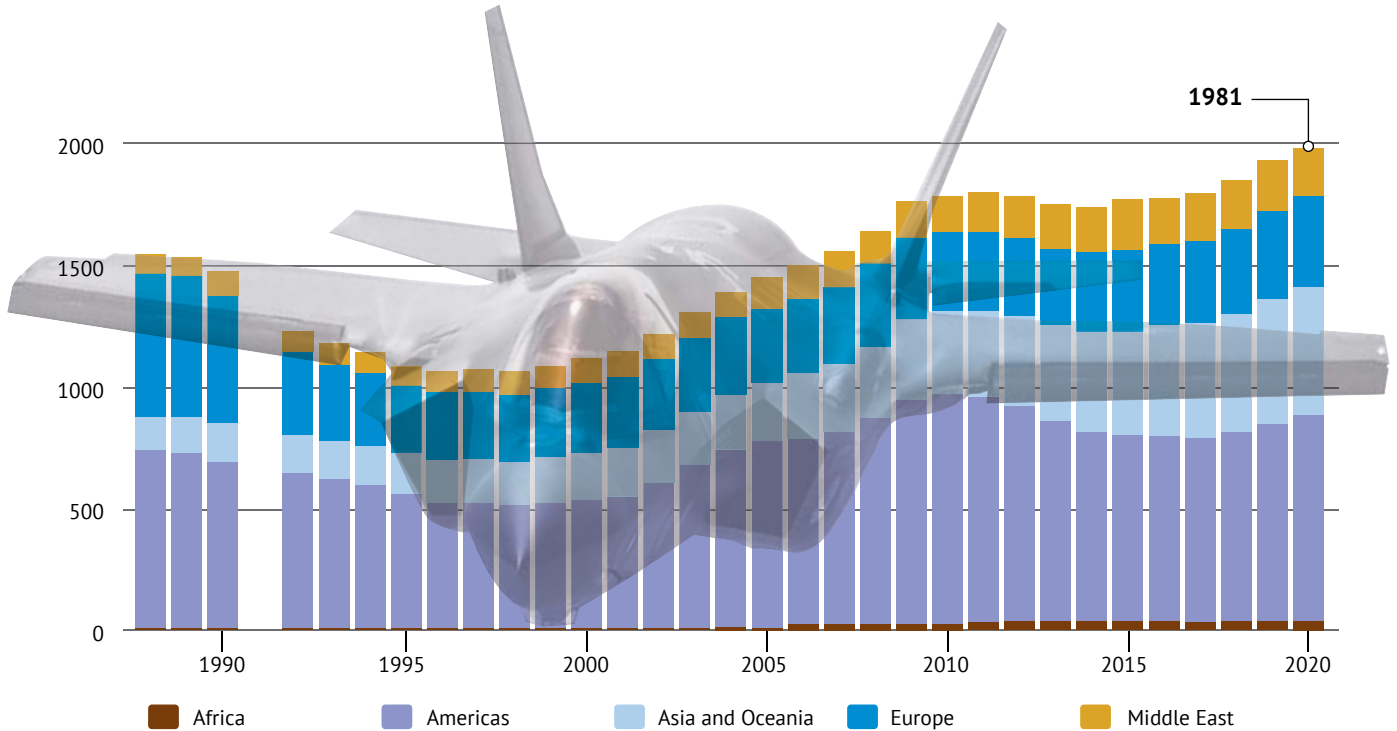
The international community is moving toward a new balance of power, free from powerful institutions or centres of power. Far from an orderly retreat, countries are constantly seeking to expand their comparative advantages. Anything can serve as a frontline, or a battlefield, including vaccines, human rights, economics and military affairs. Strategic relationships are losing out to tactical engagement. Military conflicts, which have become suicidal for all sides, have been replaced by sanctions and trade wars, and this sublimation of direct clashes into non-military showdowns promises to continue. The economic transformation discussed above also provides ample opportunities for engaging in various forms of struggle.

What sets this balance of power apart is that it lacks a common source of legitimacy. It cannot give rise to the emergence of powerful groupings, since mid-size and small actors will keep switching from one camp to another. In fact, no one is interested in a rigid construct. No major power will risk finding itself in a position when it will have to go to war in order to blow up the international order. Even the hypothetical full-blown alliance between China and Russia would not bring the world to the brink like in 1914. There are simply too many global and regional forces at play. But while the existence of a multitude of actors prevents a bloc-based divide from materialising, it also threatens to further destabilise the situation.

WORLD MILITARY SPENDING IN 2020

Total global military expenditures rose to \$1,981 billion last year, an increase of 2.6 percent from 2019

World Military Spending, 1988–2020
(billion dollars in 2019 prices)



Sources: sipri.org, www.nato.int

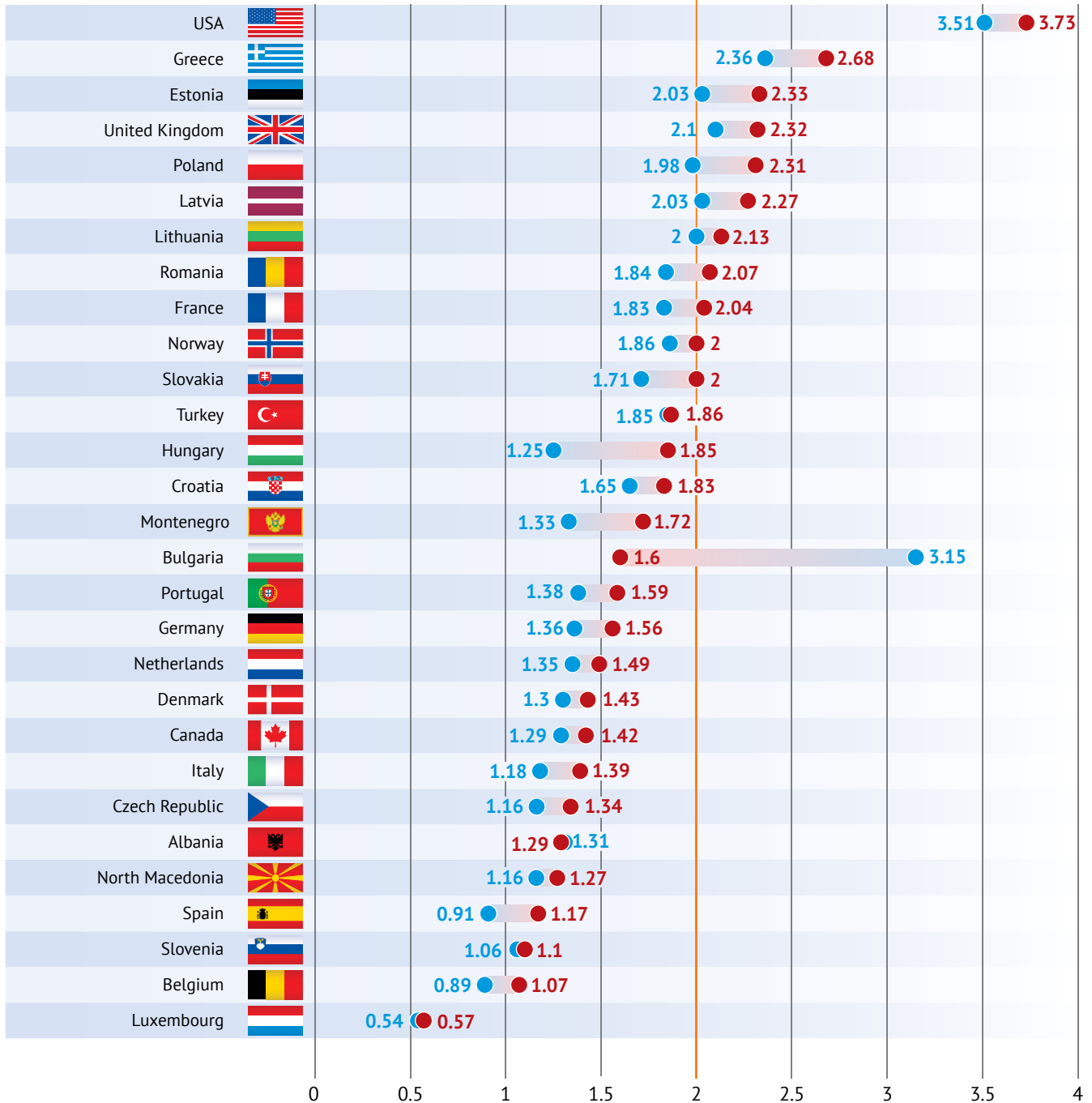
Fortunately, it would be impossible to restore the balance of power that emerged from the Cold War, since that distribution of power was unjust and at odds with the post-WWII world order. The West enjoyed special rights and privileges because the system of interstate relations it created became global, allowing Western countries to benefit from this order more than others could. To continue with the building metaphor, some residents in the same building received special privileges, while others did not. The building is about to crumble, and now the West's only advantage is that it has accumulated more resources to survive a disaster that will affect everyone.

NATO MILITARY SPENDING, % OF GDP



NATO member states have to spend
2% or more of their GDP on their militaries

● 2019 ● 2020



Sources: sipri.org, www.nato.int

The fact that the international community largely consists of small and medium actors becomes a major factor as countries fight for survival. Most of these countries gained their independence in the second half of the 20th century, when the international landscape provided the most favourable environment. To be effective, institutions needed to have many members that are formerly equal. However, these institutions were primarily designed to serve the interests of the major powers, though others could also benefit from them. Today, institutions no longer serve the most powerful as a means of survival, which makes support from weaker states irrelevant. Some medium and smaller powers that possess certain resources seek to capitalise on them and find a niche for themselves. Some countries succeed, while many others rapidly deteriorate because they lack the power to keep the still usable parts of the crumbling building in place. This applies to all spheres, including military and political matters, economic, social policy, international trade, and even culture. It is impossible to predict how many residents of the building will retain their status. In previous eras, the decline of a state or territory meant it would fall under the control and responsibility of more powerful neighbours. Today, this is almost impossible. At the very most, neighbours try to do something to minimise risks emanating from next-door. Expansionism in its classical form has become outmoded.

Genuine de-globalisation is the second feature of the new stage of pandemic-induced crumbling. It is no longer a question of adapting the existing global economic order to suit some countries. Powers are now seeking to keep resources within reach without seeking to benefit from the utilities of the crumbling building, which does not exist anymore as an integrated structure. This signals a definitive break with the globalisation of the second half of the 20th century. The green transition brings with it more potential for conflict, as has been described above, and so will hardly help build a new global structure.

The third major change is the fact that force is becoming less of a factor for individual states. Force remains a major determinant, but since there is nothing to govern, and the main problems are located within, not beyond, the borders, using force for purposes

beyond survival does not make much sense anymore. Sanctions and trade wars show why. They are not intended to coax Russia, China or even Iran back into the liberal world order at this point, but simply to undermine their positions in the global struggle for survival on the ruins of the old order. Nuclear powers retain their military supremacy but they can hardly use it for dealing with matters of international politics beyond the critical objective, from a strategic perspective, of preventing a global war. The fact that Russia, the United States and China have the largest stockpiles of weapons does not make them stronger in the struggle for resources, but leaves open the possibility of destroying the world, and themselves with it, if they lose all hope of preserving their standing.

Doing Better

Institutions have clearly become dysfunctional and unable to recover their former regulatory functions. Governments and their people have taken ownership of their destinies. There is a future again. It is not predestined, and everyone of us can contribute to shaping it. This is not so much about the future of the planet, even though universal problems cannot be ignored, as it is about countries taken separately. Passing the buck is no longer an option, as we have already written in one of the previous Valdai reports. It is time to grow up⁴.

This means that we need to banish from discussion the idea of returning to some kind of a past order. In fact, these categories have become irrelevant, while institutions merely serve as camouflage for state action. We are entering an era of creativity in international affairs with the potential to yield the most surprising, unconventional outcomes, from unusual and even counterintuitive alliances that are mostly tactical in nature, to bold transformative steps. Again, it was not a direct effect of the pandemic. Everything started much earlier.

⁴ Oleg Barabanov, Timofei Bordachev, Yaroslav Lissovolik, Fyodor Lukyanov, Andrey Sushentsov, Ivan Timofeev *Time to Grow Up, or the Case for Anarchy*. Valdai Club Annual Report. URL: <https://valdaiclub.com/a/reports/annual-report-time-to-grow-up/>

Before the outbreak, states, including Russia, could hope to restore the past order so that those who were left behind gained more rights. Now the crumbling of the world order has become irreversible. Everyone who believed that they were left behind will now get a chance to erect a new edifice and show their talent, if they had any talent in the first place.

The main objective of the next stage of international politics is to prevent any savage behaviour as rules and institutions crumble and it becomes every country for itself. This is hardly a very uplifting mission, but it is what the past thirty years amounted to. The first post-Cold War attempt to build a stable and relatively just world order without a major war ended with what we have today. The pandemic is giving the world a second chance, even if in an extreme environment. However, the previous attempt was made under the most comfortable conditions, which explains, in part, why everything happened the way it did. This time we must act with caution and responsibility. We must do better.

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