Geopolitical Risk in a New World Order: It’s not only about Asia

Professor Alan Dupont

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Pax Americana is Unravelling
From a unipolar to a multipolar world

- At the end of the Cold War, US President George Herbert Bush, argued prematurely that a new world order had emerged. He wrongly assumed that the new world order would be one led by the US after the demise of its main competitor, the Soviet Union.

- The new world order that is now emerging will not be the unipolar world that he imagined.

- It will be a more multipolar world with China a serious peer competitor to the US.

- Financial, economic and military power is shifting decisively from the Atlantic to the Indo-Pacific.

- Like medieval feudal barons in a federated state, wannabe regional powers like Russia, Iran and India want to dominate their respective neighbourhoods.
Characteristics of the Emerging World Order

• heightened geopolitical risk.
• strategic volatility.
• proliferating conflicts between and within states.
• the emergence of transnational, non-military challenges to stability such as climate change, cyber attacks and disease epidemics.
• a more complex and interconnected security environment.
The Middle East
A fractured Middle East

• The post-colonial order in the Middle East is disintegrating with global implications for:
  – Energy
  – Nuclear weapons proliferation
  – Terrorism
  – Confessional politics (the Sunni-Shia divide)
Asia is continuing to rise but so are tensions

- China’s rise has been transformational and India’s may be as well.

- The jury is in. China is intent on becoming the pre-eminent state in Asia and a global power.

- This is leading to heightened tensions in the Western Pacific as China aggressively pursues its territorial claims.
China militarising and ‘terraforming’ South China Sea islands
After dredging
But its still a locomotive of the global economy

• China’s rise is also transforming the world’s economic and financial architecture as evidenced by the Silk Road initiative and Asian Infrastructure Investment Bank.

• Which poses the question of how to balance the risk that China’s rise may not be peaceful against the seductive attraction of its economic pull.
Transnational security challenges

• Since the Cold War an emerging class of non-military threats has shaped and complicated the political and security environment.

• They include climate change, unregulated population movements, transnational crime and terrorism, virulent new strains of infectious diseases and cyber attacks.

• These all have to be factored into risk assessments.
Implications for Australia

• Globalisation and the ‘wired world’ means that Australia’s geography is no longer a barrier to global perturbations.

• We are now much closer to the world’s major trade and energy routes and potential conflict zones.

• This presents risks as well as opportunities
Risks

• There is a heightened risk that Australia may be drawn into regional conflicts because of our alliance with the US and our proximity to contested islands in the South China Sea.

• Balancing our relations with our major trading partner, China, and major ally, the US, is becoming more difficult and demanding.

• We will be adversely affected by many of the emerging non-military security challenges.
Opportunities

• The rise of Asia will continue to benefit our economy provided we have the right policy settings and skill sets.

• Every threat also represents an opportunity eg. cyber security, pandemic and climate change mitigation.

• We could lead the world in developing risk based tools and strategies to provide superior foresight and societal resilience.
The End