

Hegemony or Co-operation? Four Scenarios of World Politics

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The Terrorist Attacks – a Watershed in International Politics?

The events and developments of 2001 came as a surprise in more ways than one. A lengthy period of economic growth unexpectedly gave way to doubts and uncertainty. The bubble of new technology and burgeoning economies burst, sending the United States, Europe and Asia all drifting simultaneously into recession. Economic forecasts had to be continually adjusted downwards and confusion mounted after the September terrorist attacks. Since then, both the long and short-term developmental prospects for the world economy and politics have been exceedingly conflicting.

The terrorist strikes of 11 September 2001 on New York and Washington have generally been seen as heralding a new era in world politics. In this era, the foreign policy and economic development of the United States, the lone global superpower, will influence the future of our international environment in a most crucial way. How will the US war on terror continue? How could it affect the development of Finland's international environment? What effects and challenges will Finland face as a result of all this?

This article is based on the report of a small-scale scenario project undertaken during the spring and summer of 2002 by Convocatium Ltd and entitled "Hegemony or Co-operation – Four Scenarios of World Politics". The project's fundamental basis and question setting were grounded in the monthly talks held at the Cen-

tre for Finnish Policy and Business Studies (EVA) after September 2001. The purpose of these talks was to outline the political and economic implications and significance of the September events and their aftermath. The core question behind the talks is: Has the war on terror, declared after 11 September, led to such a fundamental change in world politics and the global economy that the preconditions for Finnish national prosperity have been significantly altered, as they were after the collapse of the bipolar world order a decade ago?

The question will thus be addressed through scenarios. Scenarios are not forecasts. They are mutually alternative future environments and the chains of events leading up to them. One important conclusion emerges from the use of scenarios: We have entered into an age of rapidly diverging lines of development and increased uncertainty. Finland might have to reconsider its economic policy or foreign and security policies, and companies their strategies, considerably faster than is currently expected.

The report first takes a brief historical glance at previous changes in the environment and Finland's success in facing these transitions. Subsequently it looks at a few situation assessments made in the immediate aftermath of the September attacks and then moves on to follow the progression of the war on terror to date, and finally puts forward a group of core questions that guided the creation of the scenarios. These are:

Further terrorist strikes and the expansion of the war on terror

The actions of the US and the future of the international coalition

Relations between the United States, the EU and Russia

Developmental prospects for the international economy

We shall focus on presenting the scenarios themselves and leave these important points – significant for drafting the scenarios – without closer examination.

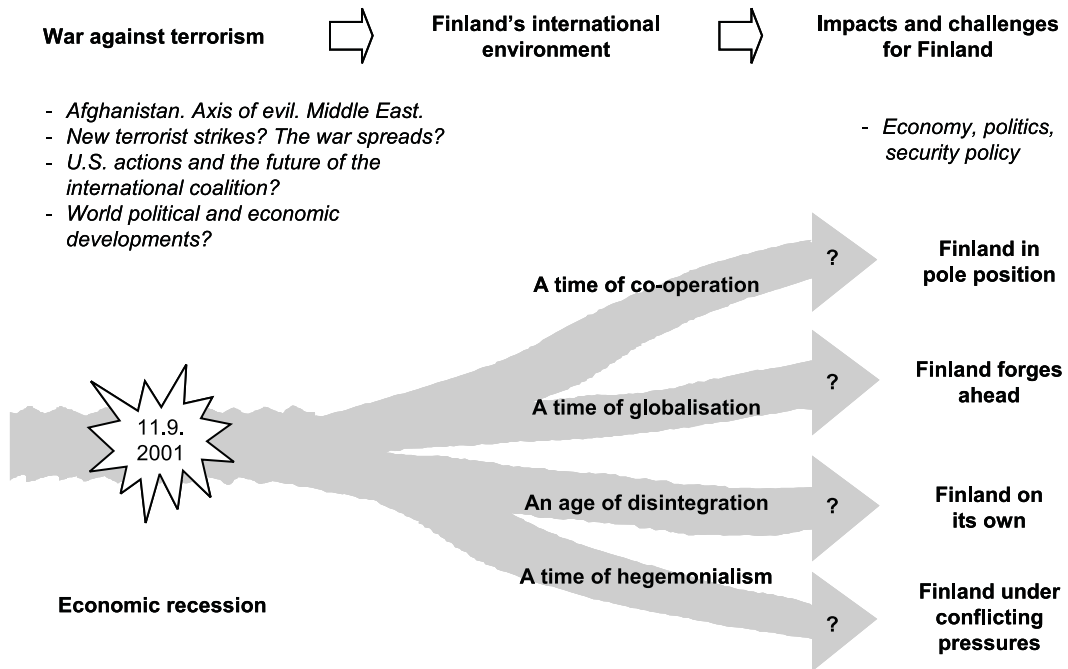
A Constructive Superpower – a Time of Co-operation.

The United States’ Coalition Operates Successfully

The scenario is based on the United States exercising a constructive and multilateral foreign policy that lays a strong emphasis on international co-operation. International co-operation intensifies under the lead of the United States

in a situation where new convincing evidence is obtained about Iraqi Weapons of Mass Destruction (WMD) programmes. Further terrorist strikes against the United States and its close allies greatly influence public opinion in several countries, thus increasing internal political pressure to take decisive action against terrorism. Strong evidence implicating Iraq in links to terrorist organisations, together with the country’s defiant behaviour, lead to wide acceptance amongst the international community of collective punitive measures against Iraq. In addition, due to strong United States involvement, mutually acceptable results are obtained in the Israeli-Palestinian conflict. This opens the door for the more reluctant Arab states to quietly accept the UN mandate to replace the current Iraqi administration by military force. The United States-led coalition is a viable force and the operation is executed successfully leading to increased stability in the Middle East. An era of new international co-operation has begun.

Hegemony or Co-operation? Four Scenarios of World Politics



Trans-Atlantic Co-operation Intensifies

Even after the operation against Iraq, the war on terror and preventing the proliferation of WMD dominate the foreign policy of the United States, and consequently that of the international community. Relations with the United States acquire an increasingly pronounced role in both the EU and its individual member states. Due to the jointly executed and collectively accepted new Iraqi operation, differences of opinion between the United States and its allies subside. The global leadership of the United States is unchallenged. Solutions are sought actively for trade conflicts between the United States and the EU. Conditions for EU reform and expansion develop favourably.

The expanding Nato is developed into an efficient force in the war on terror. Co-operation with Russia progresses promisingly with the establishment of a new Co-operation Committee. A common EU foreign and security policy is developed with a firm Trans-Atlantic emphasis. Right wing parties gain in elections in EU member states, but the far right and ultra nationalist parties fail to achieve significant influence.

Russia as a Strategic Partner

Russia continues on the path of social reforms and renewed economic structures, and commits itself to international co-operation despite periodically intense criticism by domestic opposition. Russia also continues to develop "strategic partnerships" with both the United States, by making concessions over e.g. the geopolitical status of Central Asia, and the European Union, by building long term economic co-operation in the energy sector, among others. No significant international attention is paid to Chechnya.

Global Economy on the Growth Track

As a consequence of the operation in Iraq, the energy market is disturbed and oil prices experience fluctuations, which are, however, temporary. The market recovers quickly. International security and economic co-operation create stability and the global economy slowly returns to the growth track, led by economic growth in both the United States and Europe. Headway is made in achieving free global trade and Russia,

strengthened by promising economic growth, is admitted to the WTO. To eliminate the root causes of terrorism more resources are channelled into reducing poverty and inequality in the world.

Finland in a Pole Position

Limitless Possibilities

In this scenario the long term prospects for Finland's economy and commercial life are rather bright. However, oil prices fluctuate due to the United States-led operation in Iraq. After the short and successful operation the United States slowly pulls the economy back onto the growth track, also in the EU. Solutions are found for existing trade conflicts between the United States and the EU. The energy deposits in northern Russia become more significant to Europe. Russia continues its Western reorientation and focuses significantly on furthering its economic development by e.g. renewing legislation. The importance of north-western Russia as an export market for Finland and also as a target for investments increases, fuelled by promising economic development and Russia's membership in the WTO. An era of new opportunities begins for internationally competitive Finnish companies.

The Power of EU Membership

The influences and challenges faced by the Finnish political system and administration originate chiefly from the EU. Finland has consolidated its position and participates actively in both renewing the EU and in the Union's decisions to support the United States-led operation against Iraq. In Finland, however, the political parties have divergent views and emphases as to the necessity and justification of the operation, but differences of opinion subside after the new terrorist strikes and the closing of ranks in the international community. Later on, the significance of global development and equality issues increases markedly as the focus of international co-operation shifts to eliminating the "breeding ground for terrorism". Finland is faced with increasing pressure to participate in international humanitarian work and to raise its development aid.

Towards Alignment

New challenges surface also in the field of security. The “strategic partnership” between Russia, the EU and the United States develops favourably. The stability of Northern Europe and of Finland’s neighbouring regions increases further. Nato expands and is reconstituted as an instrument central to the war on terror. The EU’s crisis management capabilities are developed in close co-operation with Nato and the United States. The questions of Nato membership and of non-alignment acquire a new meaning. Eliminating the “breeding ground for terrorism” becomes a more pronounced goal in Finland’s civilian crisis management and peacekeeping operations.

The war on terror, closer international co-operation and the Iraqi operation affect the public debate in Finland concerning the country’s international and security political status. At first opinions are polarised, but the successful use of collective force has a favourable effect on support for Nato membership.

An Imperialist Superpower – a Time of Hegemonialism.

The United States Acts Unilaterally

The central basis for this scenario is a unilateralist foreign policy that strongly emphasises national interests and focuses on geopolitical and strategic viewpoints and the control of global energy resources that is advocated by the “hawks” in the current United States administration. The hegemonic aim of the United States is to strengthen its position as the lone super power and to guarantee its own safety under all conditions without hesitating to resort to pre-emptive military operations. The United States undertakes a military operation to change Iraq’s leadership without wide support from the international community and without a UN mandate. As a consequence of the operation, Iraq drifts into a prolonged period of internal political, administrative and economic problems and the United States is widely accused of “neo-imperialism”. After the operation there is political unrest in several Arab countries and the political instability in the Middle East remains at a high level, which ties up significant US resources. However, the most important “allies” of the United States manage to

hold on to their power for the time being.

As a consequence of the unilateral actions of the United States, world politics again develop as a power game for large states, one aspect of which is the re-emergence of military, political and economic zones of influence. *Realpolitik* thinking gains wider support.

Trans-Atlantic Co-operation Falls into Crisis

Increasing criticism towards the United States’ foreign and security policies is voiced within the EU as anti-American sentiments grow deeper. Differences in foreign policy between the EU and the United States are also reflected in new conflicts in trade policies. The United States pushes through the operation in Iraq with mainly British assistance while Nato is left out. Nato is not incorporated into United States security policies in the same way as previously. Stiffening Russian responses towards United States foreign policy halt the development of Nato-Russia co-operation. New political will to consolidate the Union, to develop a common foreign and security policy and to achieve a more independent military capability surfaces in several EU member states. The large EU states move to intensify mutual co-operation and to dominate the development of the Union at the expense of the smaller states. Right wing parties gain in elections in many EU states and in some, ultra nationalistic parties achieve a pivotal position in forming coalition governments. All these factors create obstacles to Union expansion.

Russia Changes Track

In Russia the United States is commonly seen as merely pursuing its own global interests. Russia adopts a more rigid foreign policy toward Nato expansion, the US presence in Central Asia and to the National Missile Defence system in the US. Relations between several Central Asian states and Russia become tenser. Russia’s membership in the WTO is put off and new international attention is drawn to the situation in Chechnya.

Global Recession Deepens

Due to the Iraqi operation energy markets experience major disturbances and oil price fluctu-

tuations. Several other markets also experience growing uncertainty as the political differences between the United States and other countries become more marked. The scope of operation of international institutions is limited by lack of political consensus between countries. Protectionism gains ground. The economic problems faced by the US accumulate, which in turn is an important factor in fuelling unilateral foreign policy. The global recession deepens and is protracted.

Finland under Conflicting Pressures

Risk of Collapse Increases

Prospects for the Finnish economy and business life are grim in this scenario. The problems experienced by the American economy and uncertainty caused by the international political situation has a great effect on the world's markets. Oil prices rise significantly as a consequence of the Iraqi operation executed by the United States. The resolution of trade conflicts between the EU and the US does not progress as political differences come to a head, which in turn has its own negative effects on Finnish export industry. The risk of the economy drifting into a crisis increases.

Balancing Act in the Midst of Tension

Finland has to participate in common EU policy making and statements concerning the US operation in Iraq and its other unilateral actions. There is new political will in several of the larger EU member states to develop common EU foreign and security policy and more independent military capabilities. The position of small countries becomes increasingly tenuous as the large member states determinedly strive to assert on one hand the EU's global influence and on the other hand their own influence within the Union. Building relations with the United States is affected by growing anti-Americanism and criticism of US foreign policy. Finland has to attempt to retain and expand its relations with the United States in a situation where it is simultaneously, as part of the EU, building a counter power to it. At the same time Russia's relations to both the US and the EU undergo change.

Difficult Choices

The challenges faced by Finnish security policy change. Russia takes a firmer stance against United States foreign policy, which affects the interaction between the powers concerning security policy and, above all, the renewal and expansion of Nato. In the increasingly tense international climate, the United States concentrates primarily on its own security and national interests. The large EU member states search for new common policies. As a consequence, Nato's role as a creator of collective security suffers, and the political disagreements caused by US actions tear at the alliance. The stability of Finland's neighbouring regions is in a state of flux.

Criticism of the United States, coupled with anti-Nato sentiment, increases in Finnish society. However, an increasingly hard-line Russian foreign policy leads to a more positive view of Nato and also to a longing for traditional neutrality. Views are polarised, which has a clear effect on the stances of political parties and of society as a whole.

An Economic Superpower – a Time of Globalisation.

The United States Acts with Caution

In this scenario the role the war on terror plays in United States foreign and domestic policy gradually diminishes. No new significant acts of terror eventuate and economic and market problems come to the forefront of political attention. The United States strives to avoid excessively "unilateralist" action towards Iraq, as it judges the political and economic risks to be too great. "Axis of Evil" states accused of supporting terrorism and of possessing Weapons of Mass Destruction are pressured by the international community by both economic and political means. The broad coalition against terror holds up and the war on terror is waged "underground" without new interstate acts of war. The United States continues to struggle to solve the Israeli-Palestinian conflict. In the US political emphasis gradually moves to economic policy, through which solutions are sought for current economic and market-related problems.

Trans-Atlantic Co-operation Continues

Disagreements in foreign policy between the United States and the EU gradually subside as the moderates of the current administration dominate foreign policy. Solutions are actively sought for the existing trade conflicts between the United States and the EU. A new role for the expanding Nato is modelled not only to answer the concern for collective security, but the war on terror and crisis management as well. Development of the EU as a whole and of its common foreign and security policy continues slowly and progressively. Right wing parties gain in elections in EU member states, but the far right and ultra nationalistic parties achieve no significant influence.

Russia Reforms its Economy

Russia sticks to President Putin's "West-oriented" foreign policy despite mounting domestic criticism. Economic reforms progress, which attracts the interest of Western companies in Russian markets. As the reforms are effected, Russia becomes a member of the WTO.

Instability in the Global Economy

While the international political situation slowly stabilises, market-led globalisation of the economy proceeds steadily. However, the development of the global economy is unstable. Short-term periods of rather slow growth are followed by various market area, business area and stock market crises, which create uncertainty in the global economy. The economic upturn that is slowly beginning in Asia and the United States is gradually reflected in Europe.

Finland Forges Ahead

Fast Changes and Increasing Risks

Prospects for the Finnish economy are relatively good in this scenario, provided that the good pace of development of the previous years' globalisation period can be retained. The war on terror proceeds successfully without interstate armed conflicts or incidents and its importance gradually lessens as the United States and its allies content themselves in pressuring the "Axis of Evil" by economic and political means.

In the wake of the gradual speeding up of the United States economy, other economic areas also move into growth. Solutions are found for trade conflicts between the United States and the EU. Oil prices decrease as the political situation slowly stabilises. Russia's economic reforms progress promisingly and it becomes a member of the WTO. However, the development of the global economy as a whole is prone to disturbances and instability. With the progression of globalisation, Finnish companies are presented with good opportunities for success, provided that market changes are utilised and the many new risks are correctly managed.

Capacity for Reform is Crucial

The progression of the war on terror "underground" decreases tensions in the international community in general and between individual states. The focus moves to eliminating the "breeding ground for terrorism" and global questions of equality and poverty are emphasised. However, both in the US and the EU the greatest attention is gradually and increasingly given to accelerating economic growth, and first and foremost to increasing competitiveness, enhancing the operating prerequisites of companies and implementing other reforms. The development of the EU as a whole and of its common foreign and security policy proceeds slowly. Future public debate increasingly takes into account the negative effects of globalisation, global management and the need for its development.

Broadening Co-operation

The expanding Nato shapes its role in the war on terror and advances its co-operation with Russia. Russian co-operation with the West, and in particular with the United States, progresses favourably. Talks concerning Finland's security policy and Nato membership are held in a situation of relaxed international politics and of stable development in neighbouring regions. Finland participates in broadening international co-operation and focuses especially on expanding its national and European crisis management and peacekeeping capabilities.

A Stumbling Superpower – an Age of Disintegration.

The United States Loses its Grip

The basis for this scenario is the increase – for various reasons – of isolationist tendencies in United States foreign policy. The prolonged recession in the US coupled with business scandals shake the current administration, too. New terrorist strikes do not eventuate and policy conflicts within the administration come to a head. This leads to replacements and limits efficiency. President Bush fails to get sufficient domestic and international support for toppling the Iraqi leadership and the operation is not carried out. Neither does the United States succeed in leading Israel and the Palestinians into serious peace talks and the conflict escalates again.

There is considerable political unrest in several of the United States' traditional allies, such as Egypt, Jordan, Saudi-Arabia and Pakistan, due to which the political orientation of these crucial states is altered. The currently divided Arab world pulls together politically. The United States unilaterally emphasises its national interests but its foreign policy is erratic, which further contributes to anti-American sentiments. There is also a significant increase in criticism of the current US administration.

As the United States loses its grip, the national agendas and profiles of regional powers – such as Russia and China – loom ever more clearly.

Trans-Atlantic Co-operation in Trouble

As a consequence of the escalating Middle Eastern crisis the United States is targeted by mounting criticism in Europe. Problems with the US economy and the increase in protectionist tendencies are reflected in growing trade tensions between the United States and Europe/the EU. The large EU member states, particularly France and Germany, emphasise their national interests in foreign policy and economic matters.

Right wing and ultra nationalistic political parties gain in elections in several EU member states and rise to positions of significant power. While national interests dominate political de-

bate, the Union becomes incapable of reform or expansion. Increasing international political tension changes Nato's role to one of upholding the collective security of its current members. Nato's reform and expansion is retarded.

Russia Raises its Profile

Russia attempts to expand its regional influence in e.g. the Middle East and Central Asia by opposing an increased United States presence in the region. The relations between several Central Asian states and Russia become even tenser. Russia's membership in the WTO is postponed and the international community pays increasing attention to Russia's actions in Chechnya.

Gloomy Prospects for Global Economy

There are disruptions in the energy market and oil prices rise. Using the "oil weapon" features in serious negotiations between the main oil producing countries and, as a consequence, oil production is cut. Growing international tension reduces consumer confidence in economic recovery. The prospects for the global economy become increasingly gloomy as uncertainty intensifies in the United States market and spills over into the global economy. Free world trade is also delayed, as the international situation becomes more inflamed.

Finland on its Own

Growing Uncertainty

Prospects for the Finnish economy and business life clearly weaken in this scenario. The international political situation becomes tenser after the escalation of the Israeli-Palestinian conflict and the political upheavals in several Arab countries. Oil prices take a hike. Prospects for the global economy grow significantly gloomier as consumer spending and investments in the US continue to dwindle. Following the deteriorating outlook for the United States economy, EU consumers and companies become more careful. Increased uncertainty is quickly reflected in Finland's export industry and the economy as a whole.

Return of Bilateralism

The great challenge for the Finnish political system is renewing national and especially EU strategy in a situation in which the nationalistic tendencies of the large member states are emphasised and the Union's development is at a standstill. The international political climate turns tenser and the operations of international organisations become more difficult. Finland's bilateral relations acquire increased importance. Nationalistic tones become more common in politics and new kinds of cultural juxtapositions appear even in Finland as a reflection of the tenser world political situation. This leads to wide-ranging debates on immigration policy problems, while the population ages and the need for foreign labour increases.

Diverging Views

Finland's security environment becomes more problematic. United States and Russian views diverge further as Russia aims at raising its national profile. This has an effect on the strategic balance of Northern Europe and prevents Nato from expanding into the Baltic countries. The escalating Israeli-Palestinian conflict and the generally tenser international political situation add to the debate on the significance of collective security provided by Nato and Finland's potential Nato membership. However, public opinion is more markedly divided on the issue of Nato membership between joining, non-alliance and traditional neutrality.

Turning point or Anomaly?

These scenarios are not forecasts but rather frameworks to provide points of reference for thought and action. Recent years have brought

many a strategic surprise with them. Often the unfolding of events has appeared perfectly obvious upon later examination; the signs have been plain. Nevertheless, the events did come as a surprise, for there was no means of perceiving and interpreting the relevant signs of the times. Making scenarios is about perceiving and interpreting current phenomena. It is also about redeveloping prevailing patterns of thought and finding new factors for success.

Our international environment changes quickly and it can develop in multiple ways. So then, which one of these scenarios will actually eventuate? It is unlikely that any one of them will eventuate as such. Signs of each scenario are observable and each presents Finland with very different challenges. The relevant question is: what if a certain scenario becomes reality, how should we act? Real events are often combinations of the scenarios perceivable to us now. It is important to consider scenarios in their totality – the challenges, necessities, opportunities and threats that they present – and to develop the capabilities to meet those challenges.

It is still too early to say how profound a transition world politics and the global economy is undergoing. Is this a real change of direction towards hegemonialism, or merely an anomaly that will in due time be succeeded by a return to globalisation, or maybe something else? In any case we must examine our own time and situation from all sides and without prejudice, to better understand how the prerequisites for our prosperity are changing – so that we will not become victims of unfavourable external conditions and strategic surprises. Finally – there are no good or bad scenarios, only good or bad political decisions or strategies, as has been shown by Finland's success during both the exceedingly difficult cold war times and the more opportune period of 1990s globalisation.