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## Contradictory developments in the 2020s

### Progressive learning vs the increasingly likely possibility of a global military catastrophe

A calendar year is short and arbitrary from the viewpoint of historical processes. Moreover, point predictions are not usually possible in open social systems. Instead of anticipating specific events in 2022, I will therefore focus on contradictory developments in the world political economy – developments that may result in new nodal points in world history as soon as in 2022, or perhaps in 2023-24. The world economy is entering a new era because of processes of learning and unlearning. The Keynesian spell as a response to the global financial crisis of 2008-09 might have been short-lived, but unconventional monetary policies have become an essential part of the system. The Covid-19 crisis in 2020-21 has deepened the gap between the foregoing macroeconomic orthodoxy and the current and emerging policy realities. There is a widespread expectation that the economic role of the state will be strengthened permanently. Strengthening of the state, however, is consistent with nationalism and with the one-sidedness of vision, and with various fallacies of composition.

In 2006-07, I wrote a book called *The Political Economy of Global Security*,<sup>1</sup> outlining three main scenarios for a possible and likely future into the 2030s and 2040s. Scenario A focuses on possible paths involving the escalation of interstate conflicts that will gradually assemble the conditions for a global military catastrophe. Scenario B is based on the alternative idea that peaceful and possibly democratic reforms of the governance of the world economy are possible without a major global catastrophe and that these reforms will mitigate tendencies from scenario A, and may even help to overcome them. Leaving aside scenario C (of other tendencies toward a global catastrophe), what seems to have been happening so far is that aspects and components of both scenarios are materialising simultaneously.

<sup>1</sup> Patomäki, H. (2008) *The political economy of global security. War, future crises and changes in global governance*, London and New York: Routledge.

The main mechanisms pushing the world toward scenario A include (i) uneven growth, economic imbalances, and contradictory responses to them; (ii) competition over increasingly scarce resources and sinks, with this competition also taking forms that partly resemble those of earlier imperial practices; (iii) crisis-prone global finance and the precarious role of the US dollar in the global monetary system; (iv) de-democratisation and the increasing role of vested interests, and (v) securitisation, enemy-construction, and an armaments race.

In the main version of this scenario, the long downturn and uneven growth will persist in the world economy. In scenario A, uneven growth will generate diplomatic tensions between the established centres of the world economy and the new centres of growth. This competition is shaped by, but also shapes, internal developments – for instance in India, Russia, and the EU. In a sub-scenario, the US will crumble economically and react aggressively, causing a rapid process of securitisation and antagonisation, but in a tightly interconnected world economy no major crisis is isolated and it could also begin in Europe, China, or elsewhere. Competition among large states and blocs will lead to further securitisation, enemy-construction, new alliances, and an armaments race.

The post-cold war dynamics stem in part from various critical responses to the one-sidedness of the neoliberal world order. For example, in the early 2000s, Russia turned against universal liberal claims and related double standards and forms of self-righteousness (Kosovo, Iraq, colour-revolutions, etc). For years it has now advocated pluralism via multipolarity and power-balancing. However, this is only one aspect of complex processes that involve political economy mechanisms, conflicts over principles, and state-reasoning.

A series of episodes and developments such as the global financial crisis, the euro crisis, the rise of nationalist populism, authoritarian developments across the world including in China and Russia, and escalating arms races (including an offence–defence race in space) accord with scenario A. The increasingly acute conflicts in Eastern Europe and the South China Sea have the potential to escalate into full-scale war, even to nuclear war. Moreover, the Covid-19 crisis has further exacerbated some of the underlying tendencies – for instance through increasing inequalities and triggering nationalist responses, including by the EU.

Developments in real historical time are immensely complex, however. Complexity is manifest for instance in the way the Trump administration was defeated in elections. Complexity is also shown by the way the US has finally withdrawn from Afghanistan, after years of hesitation, indicating the ineffectiveness and expensiveness of military force in the contemporary interconnected world. Interestingly, Russia has fared no better. During the Putin era, Russia has been involved in a handful of limited wars and half of them continue as low-intensity conflicts. These conflicts have become a hefty economic and political burden to Russia, especially the Ukrainian conflict, while the overall economic growth between 2014 and 2020 has been negligible, affecting Putin's popularity. And yet we also know that regimes can respond to political opposition, economic difficulties, and rising or high inequalities by intensifying nationalistic sentiment and generating 'rally-around-the-flag' effects, as has happened in many places recently, from Brazil and India to China and Turkey. Similarly, while the EU faces the internal opposition of nationalists and also – albeit in a rather different sense – 'frugal' member states, it is also searching for 'strategic

autonomy', which involves the securitisation of potential dangers, thus contributing to the global geopolitical developments.

While the global security dynamics implicate regressive unlearning and a partial return to the interstate practices of the late 19th and early 20th centuries (there is also a continuation from the cold war era), recent political economy developments embrace progressive learning from negative experiences.

The macroeconomic 'consensus' of the 1990s did not work. Unconventional monetary policies are central bank responses to the threat of deflation and the consequences of economic crises. When the securities bought by the central banks include public debt, these policies can facilitate stimulus and fiscal deficits as per Keynesian theory.

The Covid-19 crisis of 2020-21 has caused further shifts, at a time when unconventional monetary policies had already become more or less permanent. And now there has been further experimentation with economic policy (eg, 'helicopter money'). What is more, it has finally been realised that national taxation is subject to contradictions in the interwoven world economy. Civil society actors and international organisations such as the OECD have kept tax evasion on the agenda since the 1990s. The OECD/G20 agreement in 2021 on corporate taxation exemplifies the process of moving from contradictions to social and political change. The publicly stated aim is to "end the global race to the bottom on corporate taxation". Although the agreement only defines the bottom and the rules of the game, without abolishing tax evasion, the agreement is nonetheless an example of learning leading to collective action.

Scenario B is about peaceful – and possibly democratic – reforms of global governance occurring in the absence of any major global catastrophe. It is possible that learning about global problems, contradictions, and threats will suffice to generate a movement that can transform and rebuild global governance systems. In the 2020s, the clearest example of this is the global climate movement. Any large-scale movement may eventually convince many governments to change the existing laws and create new international and global laws that can also affect the global security dynamics. A series of limited future economic crises and wars may further push the rise of movements, as may the gradual unfolding of the climate crisis, at least under politically favourable circumstances. Learning can of course also occur at the 'top', as the OECD/G20 agreement shows. What is important from the point of view of anticipating world-historical nodal points in the 2020s is that learning has already contributed to changes in the prevailing framework of macroeconomic policy and to global cooperation to tackle tax evasion, inequalities, and corporate power.

Meanwhile, the world has returned to a stage where it is once again of urgent importance to engage with confidence-building and arms control measures to restrain the increasingly dangerous global security dynamics. Yet what we see is not a cold war world but a world of complex interdependence. This interdependence also redefines worldwide relations of power (eg, value chains, the overlap between different national jurisdictions, global networks of informational and financial exchange, a global formation of aggregate efficient demand, etc). The steps taken so far to govern this interdependence are grossly inadequate to counter the main mechanisms that are pushing the world towards scenario A.

To paraphrase H. G. Wells, by changing just one word, 'civilisation is in a race between learning and catastrophe'. The point is not to wait passively for the next nodal point in world history or to predict exactly what, where, and when, but to contribute to our collective learning in order to ensure that we can avoid catastrophes and enable human progress.