

Welcome to the Archipelago World -Mousavizadeh

By Reuters

July 25, 2011 4:25 PM GMT+1 · Updated July 25, 2011



-- Nader Mousavizadeh is CEO of Oxford Analytica, a global analysis and advisory firm. Previously, he was an investment banker at Goldman Sachs. He also was a special assistant to UN Secretary-General Kofi Annan and a UN Political Officer in Bosnia-Herzegovina. He was elected a Global Leader for Tomorrow by the World Economic Forum. --

LONDON, July 25 (Reuters) - Ten years after the attacks of September 11th, the brief moment of global solidarity that followed when we were "all Americans," in the words of Le Monde, seems as improbable as it is distant.

Barring a global catastrophe, the world is unlikely to unite again as it did on that day -- and not just because of the conduct and course of the wars of 9/11 in Afghanistan and Iraq. A deeper -- and more radical -- shift is at work in the politics of the global economy. A fragmentation of power, capital and ideas is creating a new map of the world -- with lasting implications for investors and policymakers alike.

The evidence is everywhere. Europe beginning to roll back key aspects of the free market even as it manages yet another bailout of Greece; the failure of the Copenhagen climate change negotiations; a Doha trade round dead in all but name; the emergence of new global governance structures, such as G-20; the flows of macro-finance investments between emerging markets combining state and business interests; China's "going out" strategy upending traditional vectors of global capital and influence; an Arab Awakening as much defined by its diversity as its aspiration for accountability and legitimate government; the resurgence of nationalist, populist movements across rich and poor parts of the world; a proliferation of hybrid economic and political systems defying old categories of left and right, liberal and authoritarian.

Conventional thinking holds that all this is a threat to an otherwise well ordered global order, or that it reflects a zero-sum shift from West to East, U.S. to China, democracies to dictatorships.

For large parts of the world, of course, the existing global order seemed less well ordered than designed to perpetuate, by any means necessary, dated power structures of the mid-20th century.

Equally, to see this merely as reflecting an all-embracing power shift to the East (as observers both Eastern and Western do) ignores the fact that pivotal powers such as Turkey, Brazil, Indonesia and Nigeria are charting distinct paths aimed above all at economic independence and national power -- beyond ideological labels.

Instead, what we're seeing is an emerging world of sovereign states vertically integrating national interests across the public and private sectors, and then going out strategically to compete for resources, growth and job creation.

Having previously understood global interdependence as a reason for horizontal integration across markets and regions, states as diverse as Finland, Saudi Arabia, Japan and Mexico are now pursuing distinct, often bilateral, strategies for economic and political security. This is the new dynamic of global competition -- one with implications as profound as they can seem contradictory.

From southeast Asia to west Africa, commodity states are leveraging their economies to the Chinese demand driver without wishing to replace Washington's dominance with Beijing's. Across the Middle East, citizens are deploying technology and newfound communications tools to demand consent in how they're governed without losing their ability to see their values and traditions reflected in the fabric of their societies.

In Latin America, state-owned corporations are working with governments to pursue inclusive growth of a kind that holds promise beyond what was achieved by structural adjustment programs imposed by Western-dominated multilateral institutions.

There is an undeniable logic here. After all, it was never credible that climate change threatened each country or region in the same way -- or to the same degree; that an over-leveraged West threatened the global economy as much as it did its own dominance over rising powers; that the attempts of rogue states acquiring weapons of mass destruction represent an equal threat to states large and small, West and East. And now the narrative has been broken. Where you stand really is a function of where you sit -- for states and people alike.

Today, after a six-month period of sovereign debt crises, tsunamis, nuclear disasters, revolutions, uprisings, and military interventions (and the list could go on), it would be natural to see this emerging order as inherently unstable. Volatility may seem like the new norm, but we're more likely seeing a turbulent transition to a more resilient, and more diverse, global economy governed by national interests. The old stability was as much an illusion in Mubarak's Egypt as it is in a global economy structured for the benefit of a few dominant, but deeply indebted, powers.

For the West, negotiating this new mosaic of power will require a mix of pragmatism, modesty, innovation and strategic patience. It means, at times, partnering with Chinese investments in Africa instead of trying to convince its leaders that they have more to gain from yet more conditional aid.

It means, at other times, accepting that an Egyptian government more legitimate and accountable in the eyes of its people will chart a course less pliable to Western demands. It means looking at a successful, modernizing Muslim country like Turkey and understanding that there is far more to

gain by engaging with its growing influence than in lecturing it on the character of its politics, as long it remains a constitutional democracy.

Above all, it means focusing on management of the structural drivers of global growth and development -- including energy, commodities, inflation and, yes, climate change -- in ways that address the ways they affect different countries in different ways.

The locus of legitimacy has returned to the nation-state, and as new powers gain the economic and political power to assert their interests, no solution that isn't both global and national will be successful or sustainable.

A multi-speed global economy -- with diverging long-term growth profiles -- will increasingly be mirrored by a multi-dimensional global politics. This is a Great Game worthy of the name and the winners will be those states and corporations increasingly seeking their own success irrespective of traditional boundaries of geography, ideology, interest and alliances.

Welcome to the Archipelago World.
