

## **“A new holistic and comprehensive approach to emerging security challenges” Key workshop take-outs**

### **Background**

The Confederation of Swedish Enterprise, Geneva Centre for Security Policy, the Swedish Defence University and the National Defense University (U.S.) cohosted a two day workshop with 27 thought leaders from government, military, academia, and the private sector, representing Estonia, Finland, Sweden, the United Kingdom, the United States and the European Union.

The format was based on short presentations of key challenges summarized by a majority of the participants, followed by several break-out sessions where each group was tasked with identifying the key security challenges ahead, as well as key policy solutions.

The two sections below highlight key challenges and solutions presented during the interactive sessions of the workshop. The views presented in this document do not represent the position of any individual workshop participant, but rather a synthesis of presented ideas.

### **The challenges**

The main concern, repeatedly aired in the workshop, is that the liberal democratic world order is in peril. This is exacerbated by a lack of leadership and unity amongst democratic states, as well as an unwillingness to sacrifice in order to uphold “Westphalia 2.0”.

China and Russia are key potential systemic challengers in this context. Russia as a more explicitly destructive force wanting to destroy the current global rules based system. China’s role is less directly confrontational, but the ambition is to co-opt or recast the current rules based system into something more attuned to the interest of the world’s most powerful dictatorship set upon becoming the world’s dominant economy.

If China and Russia are the biggest potential opponents to maintaining the current rules based world order key determinants in the authoritarian states’ possible success in overhauling the system will be the future of the democratic “swing states”. Will states like Brazil, India, and South Africa (as well as smaller states) successfully be brought into the global “liberal alliance”, will they remain aloof, or will they see more common interests with their authoritarian brethren in the BRICS group?

The current “liberal alliance”, and the trade system it is dependent upon, is propped up by a financial system which suffers from enormous inbuilt risk. One problem is the enormous debt burden. Another is the large amount of financial risk outside the formal banking system, which is thus not fully visible. On top of this – in itself – rather problematic situation, global growth rates have been underperforming IMF predictions for several years, with underlying demographic developments likely having been the key contributing factor, something which can be expected to continue. These lower “new normal” growth rates are occurring at the same time that pension liabilities and health care costs are predicted to continue growing, presenting a longer term political challenge. As a backdrop to this it should be remembered that the functioning of the global financial system is interconnected and dependent upon continued trust, something that the Icelandic crash and collapse of Lehman Brothers in 2008 illustrated can evaporate very quickly. The political “fix” to the underlying growth problem has been unprecedentedly low interest rates. It is unclear whether this is a sustainable solution, and it has contributed to growing wealth inequality, which in turn has a political price in terms of fueling populism.

In parallel to growing economic challenges in many Western societies technological developments in the digital arena have enabled new forms of disinformation operations. Russia has made active use of

these opportunities, as well as more traditional techniques to influence and destabilize open societies, whose free press, pluralism, free economies and restrained states present inherent vulnerabilities that can be exploited by a hostile actor pursuing a “wedge” strategy to divide and weaken the liberal democratic order.

These issues, as well as global warming, the growing importance of cyberspace, the rise of violent non-state actors, and rapid advances in artificial intelligence all highlight the continued need for global cooperation. Yet worryingly such cooperation is faltering.

## **The solutions**

The challenges are enormous, and addressing them will require tremendous political will across a range of domains.

The number one priority is protecting the global rules based order, which in turns requires a critical mass of states with democratic values. These states need clearer public commitments to maintaining the liberal world order, which entails an explicit willingness to sacrifice for this cause.

The rules of Westphalia 2.0 (WTO, ICJ, etc) need to be strictly enforced, and states that transgress the rules need to be punished. A prerequisite for this is the maintenance not only of cohesion amongst democratic states, but also their maintenance of a robust military capacity, as well as a resilient critical infrastructure(in the broad sense), which will deter “rule breaking” as well as other forms of offensive operations.

To strengthen the legitimacy and effectiveness of democratic governments they must do their utmost to ensure that rationality and functionality dominate the policy processes. Evidence based approaches should be taken where possible, and significant efforts should be made to quantify and effectively visualize the potential costs/benefits of policy options to decision makers and the broader electorate. The increasing complexity and speed of developments increase the premium on strategic analysis. Institutional structures to ensure that political decision makers are adequately informed of the strategic consequences of different policy actions (or inactions) are essential. In the Swedish example a properly staffed and adequately broad National Security Council would be one possible action in this space.

To counter social fragmentation in increasingly globalized and digitalized realities governments need to reinvent the social contract, creating clearer common narratives that foster a sense of belonging. Promoting democratic values, fact based news, tolerance, and minority rights are important components in this context. The codification of “human rights” must also be expanded into cyberspace.

In order to ensure the continued economic dominance of the liberal world order policy must prioritize agile labour regulation, tax transparency, a legal environment that fosters innovation, strong education systems and robust enforcement of intellectual property rights.

Effective protection of intellectual property (IP) will require regulation of the digital domain, as IP is increasingly manifested in digital format (even physical products may be produced from digital blue prints). The growing importance of key platforms in cyberspace (the predominantly American and Chinese giants) and the enormous US and Chinese investments in artificial intelligence and quantum computing make it likely that dominance in cyberspace will be a fight between the PRC and the USA<sup>1</sup>.

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<sup>1</sup> This is of course a simplification. Although companies like Amazon, Google, Apple, Facebook are incorporated in the U.S. they have significant activities in several countries around the world, and

China's enormous population and its authoritarian approach enabling its firms to leverage big data in a different way, give it some advantages in this race. The importance of a US win in this race requires that open societies maintain a collective open global marketplace that is large enough that its dominant firms will outcompete their Chinese (often state backed) competitors. The alternative is a future global cyber environment (and therefore economic environment) dominated by a communist dictatorship, that would likely cement Chinese leadership in key future technological developments and artificial intelligence, which would have far reaching commercial as well as military competitive implications.

Dealing with China requires enhanced coordinated action, creating a stronger "liberal democratic" counterweight in negotiations that can force more concessions out of the Chinese, rather than enabling China to play out shorter term individual state interests out against each other. The US, EU and key Asian partners need to create a common front in key areas such as deterring massive scale state sponsored industrial espionage and acquisition of strategic assets, both of which threaten the long term competitiveness, economic wellbeing, and thereby the attractiveness of the liberal democratic model versus its authoritarian alternative.

To further strengthen the "democratic block" free trade promotion, especially a deepened commitment to free trade between democratic states, is needed. A resurrection of TTIP, as well as bringing in Asian democracies in this process could serve these purposes well.

Although the need for greater global "democratic" cohesion is clear, and a strong collective block committed to upholding a rules based system is a prerequisite for continued positive global development, this does not imply that relations with powers such as China and Russia should only be confrontational. A balance is required, fostering cooperation on areas of common interest (such as the environment), as well as engagement aimed at defusing the risk for disastrous misunderstandings in the security space.

In terms of global engagement with the developing world generous foreign aid donors, such as Sweden, should become better at leveraging their foreign aid budgets for fostering enhanced security, reducing corruption and countering illicit trade in vulnerable states. This is in line with the new UN Sustainable Development Goals, which states such as Sweden have signed up to.

These are ambitious goals, but if they are not pursued – and aggressively so – the gains in stability, rule of law, and economic prosperity achieved in the post war era risk being reversed. Advances in science also mean that the potential costs of failure can be more catastrophic than ever before in history.

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employ enormous numbers of highly educated non-US citizens. Additionally a number of large "digital platforms", suppliers, and other leading ICT firms are non-US, but a part of the US dominated digital ecosystem (or have been sold to it). Leading Swedish examples include Ericsson and Spotify, and Microsoft's 2014 purchase of the Swedish game producer Mojang, with only 35 employees, for 2.5 billion US dollars also illustrate the economic benefit for small nations of belonging to a global digital ecosystem.