

Multipolar or Fragmented World: An Economist's View



The New World Order Conference

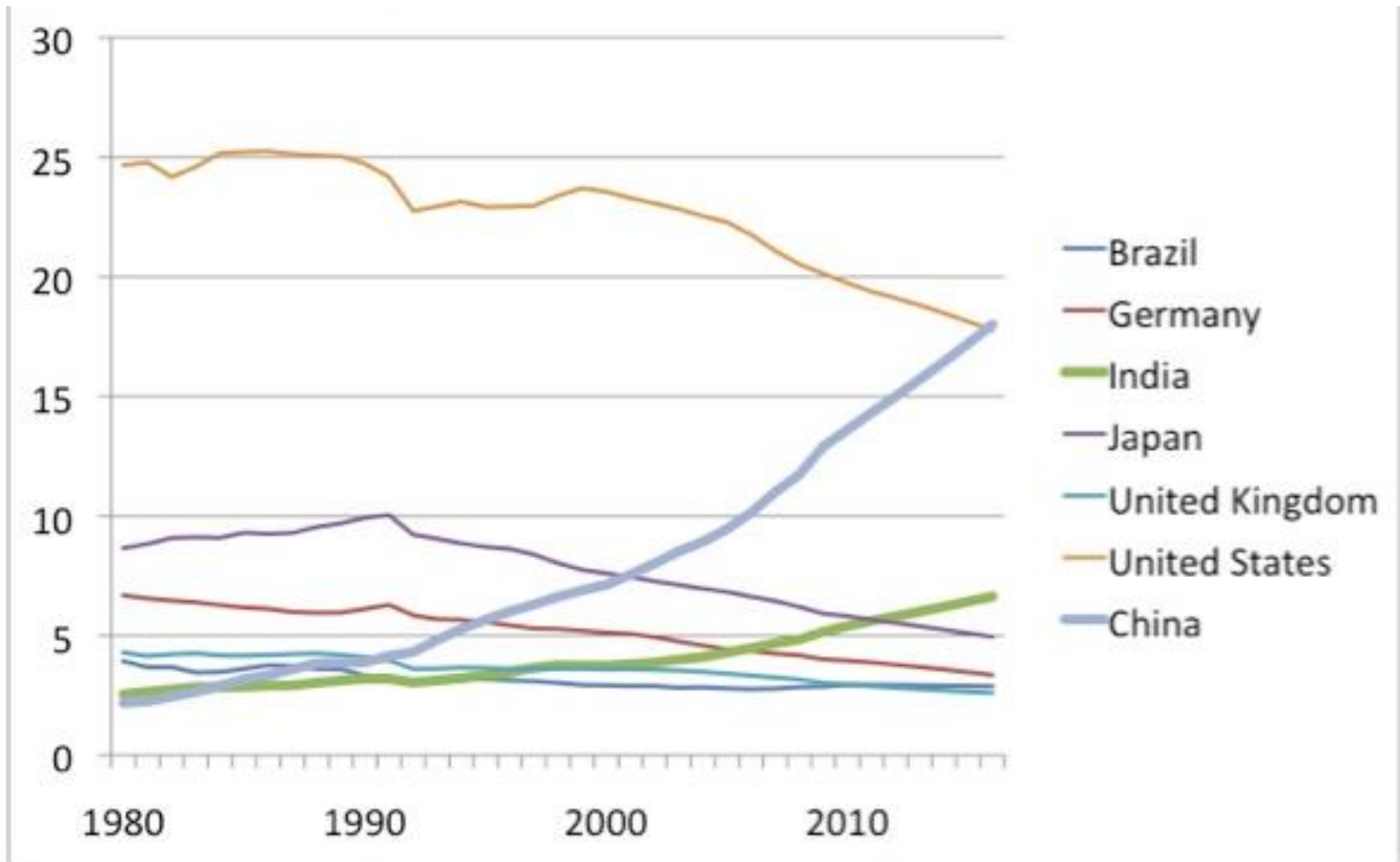
29 November 2017, Budapest
by Oleg Buklemishev, Moscow University

A formal definition

Multipolarity is a distribution of power in which more than two nation-states have nearly equal amounts of military, cultural, and economic influence.

Asia on the Rise

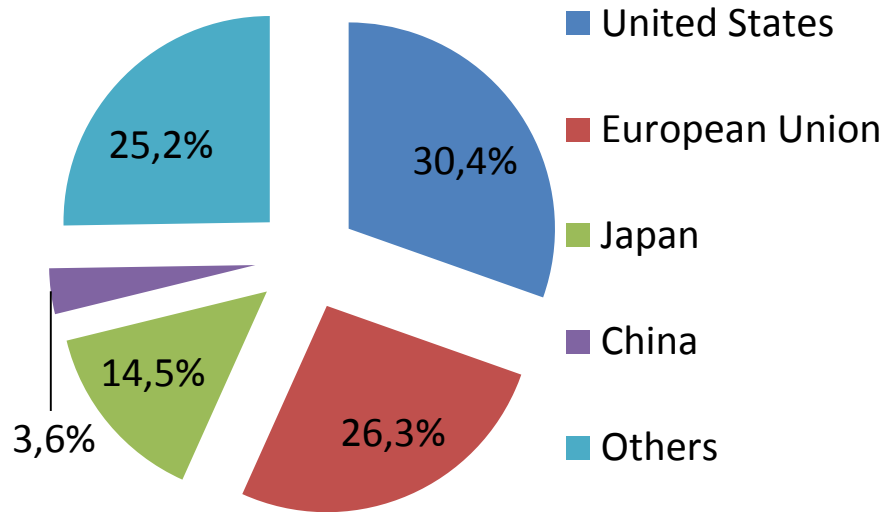
shares of major economies in global GDP, %



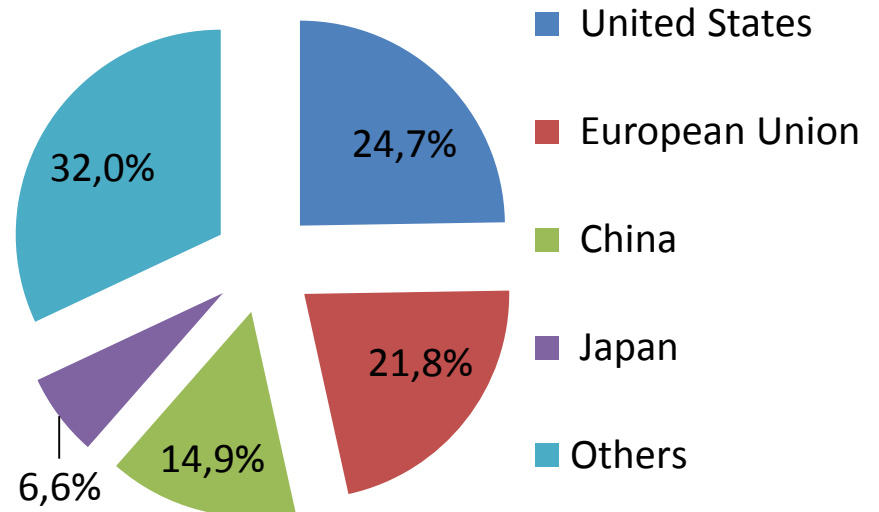
Relative Economic Power

(GDP in current prices)

In 2000



In 2016



Economic Might Projection

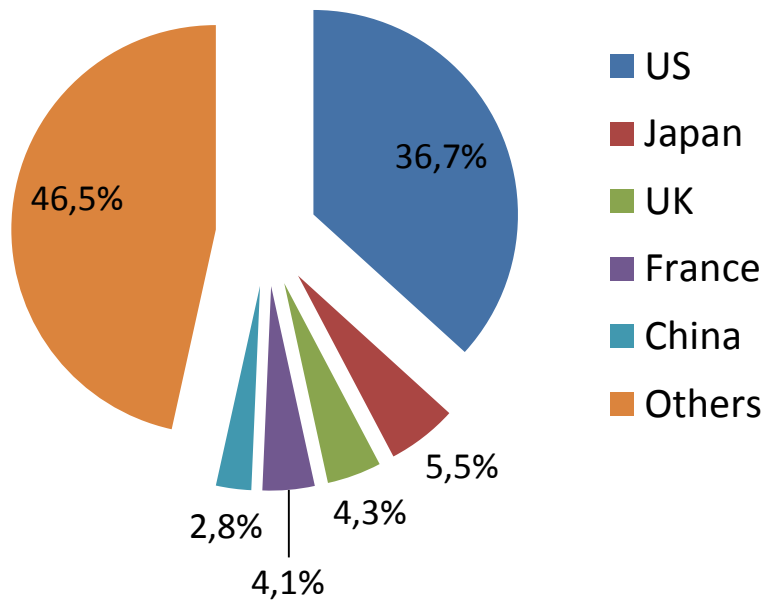
via ...

- Trade and investment gravity
- Military expenditures
- Reserve currency
- Role in international organizations
- Soft power expenditures
- etc.

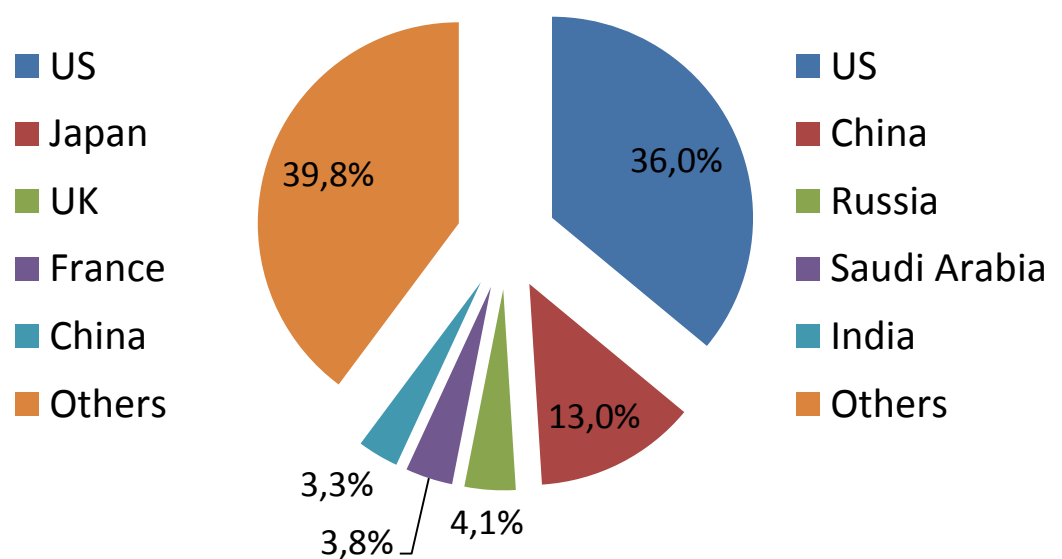
Buklemishev O., Danilov Yu. Economic Leadership and the “Leadership Rent” // World Economy and International Relations. — 2015. — № 10. — pp. 5–17.

Military expenditures: Serious Change?

In 2000

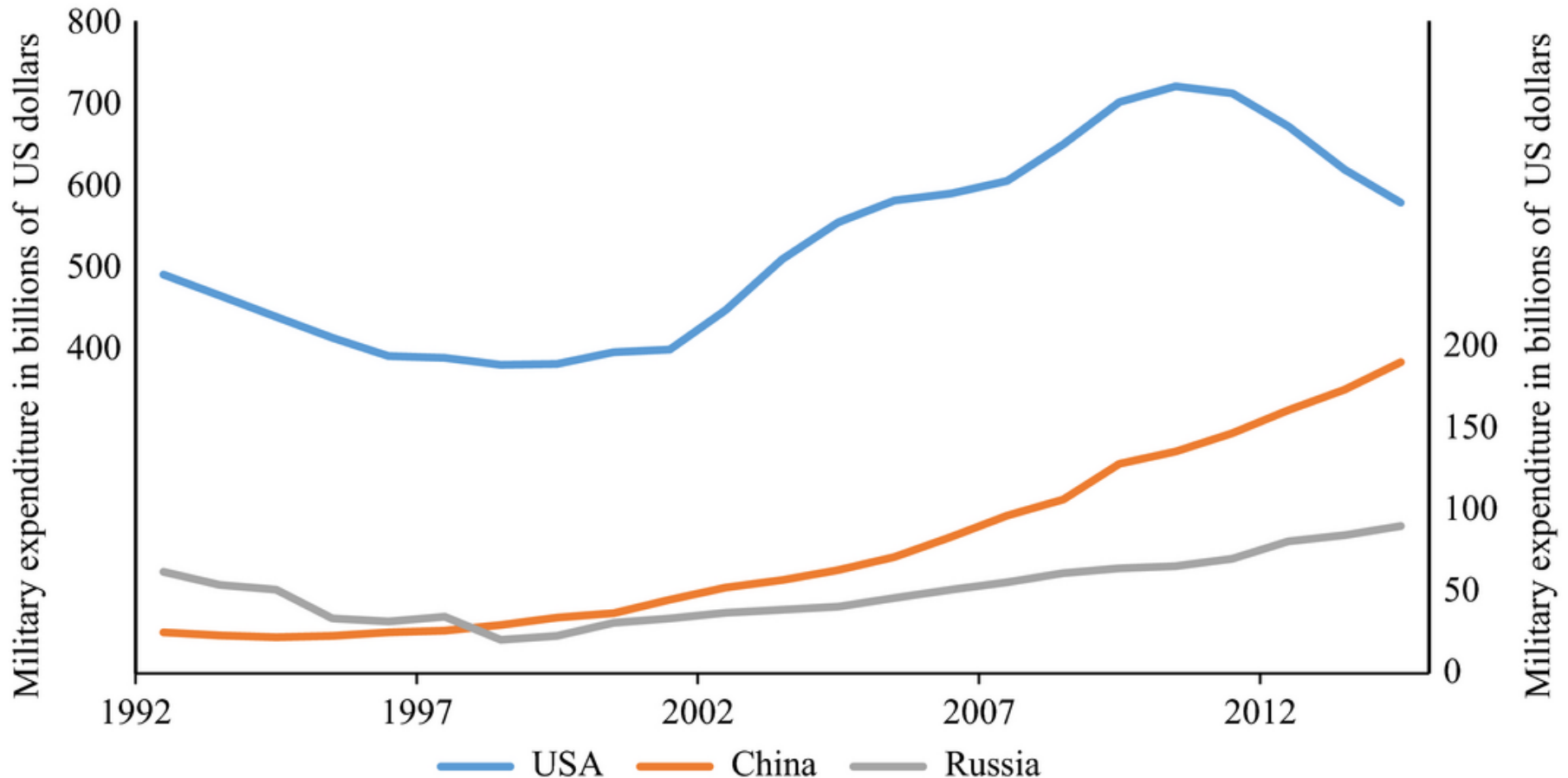


In 2016



Source: SIPRI

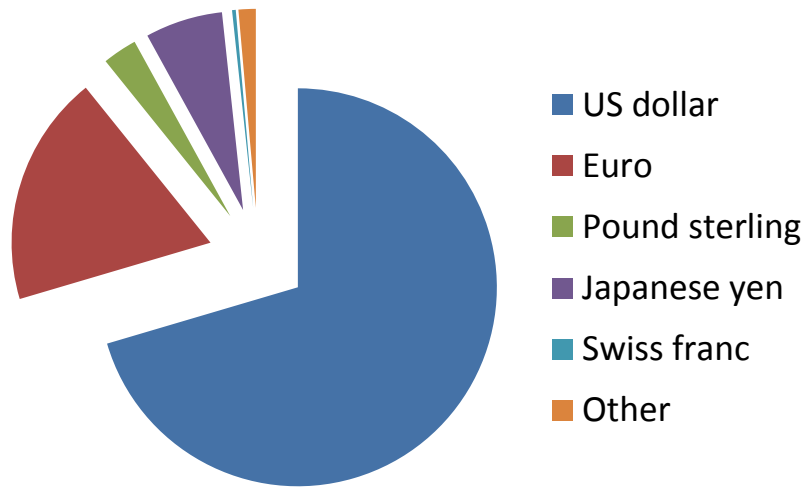
Military Expenditures, US and China: still different scales



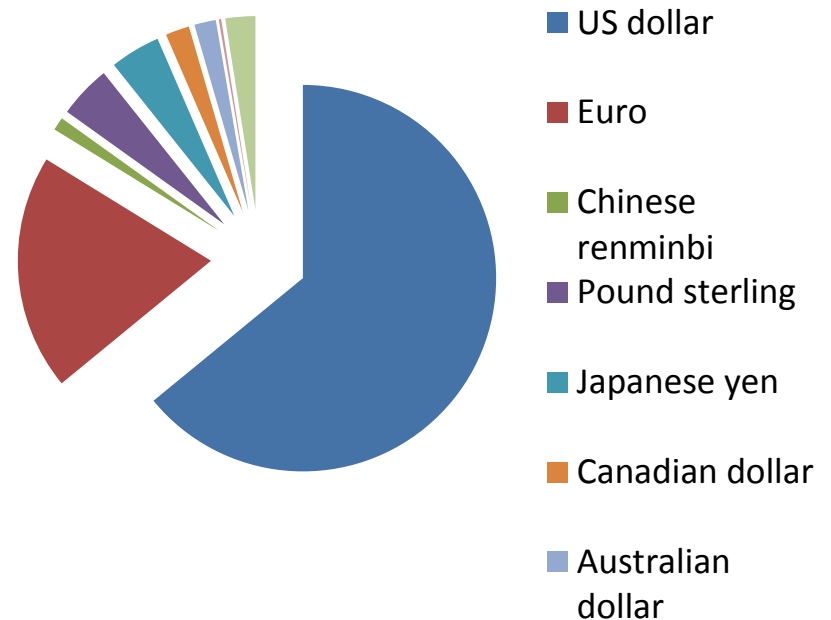
Source: Sandler, T. and George, J. (2016), Military Expenditure Trends for 1960–2014 and What They Reveal. *Glob Policy*, 7: 174–184. doi:10.1111/1758-5899.12328

Currencies in international reserves, %

In 2000



In 2016



Source: IMF, ECB

Renminbi's share in international transactions, %

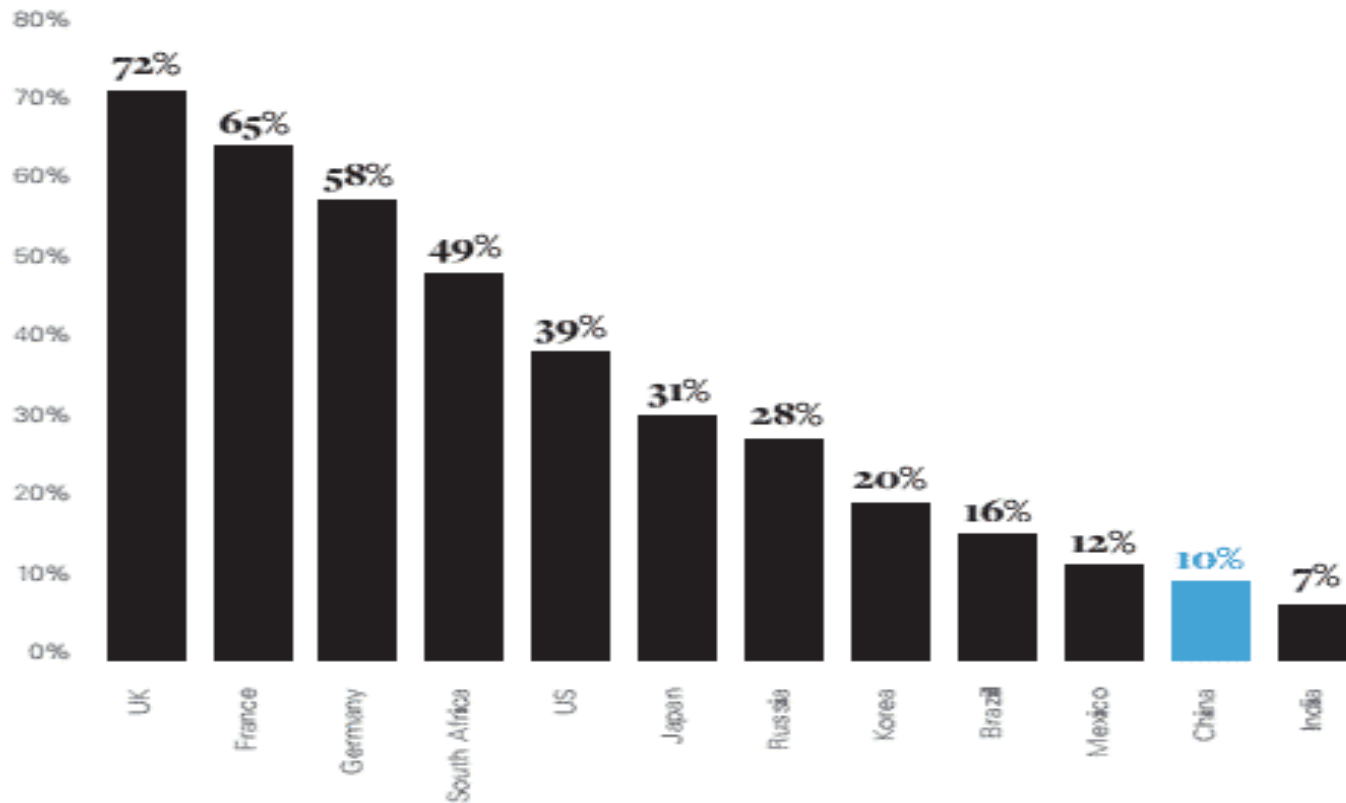


Source: SWIFT

Why Does It Take So Long?

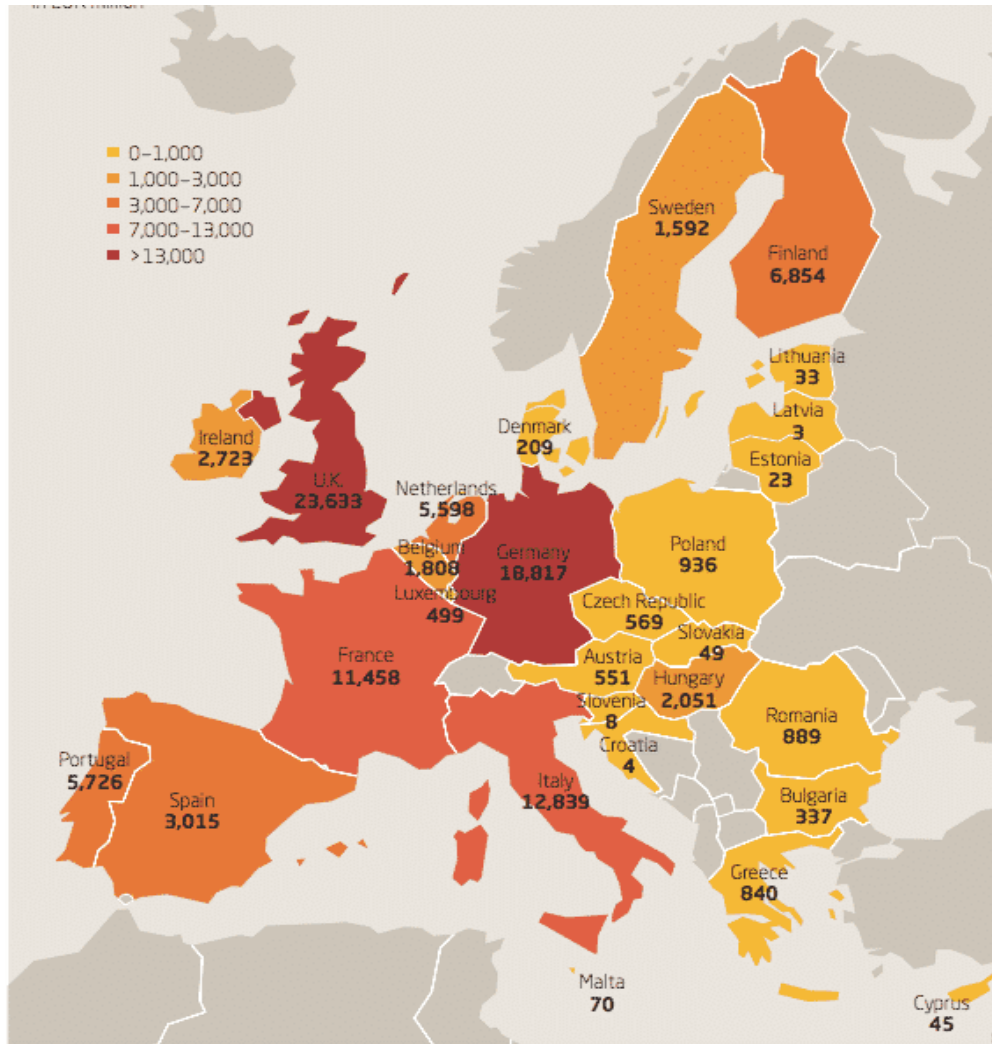
- Difference between “stocks” and “flows”
- Inertia and status quo preference (institutional trap)
- “Stickiness” by incumbents
- Neophytes’ unwillingness to exercise real leadership
- Rapid ascent creates headwinds

Ratio of OFDI Stock to GDP, %



Source: IMF, Rhodium Group

Nothing but Normal: Chinese FDI to EU-28, 2000-2016, mln euro



Source: IMF, Rhodium Group

Future-in-the-Past

- Leadership: absent rather than wicked
- Change: slow and bumpy rather than fast and sustained
- International institutions: increasingly illegitimate, inconvenient and irrelevant
- World: more fragmented rather than multipolar