

The Return of Politics

Celebrating the first year of

FRISKOP

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The crisis of the LIO as a driver of political risk

The LIO is in crisis but not everything is changing

1. What remains the same?
2. What kind of change are we seeing, and what order(s) will emerge?
3. What are the implications for political risk?

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1. What remains the same?

- a) Lack of hierarchy and enforcability of rules
→ power continues to matter
- b) International Society remains ordered

→ Change does not *per se* signal a lack of order. What we should focus on is the pace and scope of change

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2. What kind of change are we seeing, and what order(s) will emerge?

a) The pace of change: largely technologically driven

b) The scope of change:

Contestation over principles, rules, norms, procedures and institutions that constitute the post Cold War LIO

→ Not only change within the LIO, but change of the type of order in which states interact

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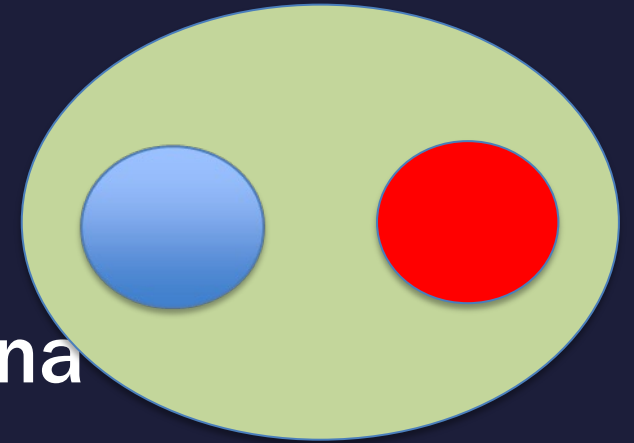
Take for example:

- Development (Washington vs. Beijing consensus, RBI)
- Contestation of HR and legitimate intervention
- Contestation over Sovereignty (shield vs. responsibility / war)
- Status seeking



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2. What kind of change are we seeing, and what order(s) will emerge?
 - a. Regional international order led by China
 - b. Regional international order led by US
 - c. Global international order structuring
Great Power Competition



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3. What are the implications for political risk?

a) Cooperation across RIO (economically) necessary, but greater uncertainties (demand does not create supply)

- Sensitive to GP promise keeping / credibility (critical junctures more likely)
- GPC likely to trump economic considerations
- Expect more de-risking, de-coupling, and diversification strategies
- Status seeking linked to identity and belonging. Economic and security analysis alone likely to underpredict conflict and political risk

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3. What are the implications for political risk?

b) Cooperation within the US led RIO

- Deliver on promise of open markets and democracy
- Overcoming political polarization
- Voice to new democracies
- Leadership



The crisis of the LIO as a driver of political risk

Crisis of LIO drives political risk, newly emerging orders are likely to be characterized by greater political risks than we have seen in the last 20 – 30 years

Increased need for political risk assessment