



It's Bifurcation, not Bipolarity: Understanding World Order after the Ukraine Invasion

By Richard Higgott & Simon Reich | 7 July 2022

Key Issues

- Allusions of a new bipolarity (Cold War 2.0) are mistaken. Rather a new order, best described as *fuzzy bifurcation* is developing.
- Similarly mistaken are claims about the “end of globalisation”. Supply chains, FDI, financial and digital services are not for decoupling.
- In contrast to the Cold War, the logics of security and international economics are no longer aligned. Rather they are in direct tension. Geo-politics “may be back.” But it does not axiomatically trump global economics.
- This tension affords states a flexibility of action greater than during the Cold War. States may bandwagon with the USA on security but hedge on other policy issues such as trade or environment. The EU reflects this ambivalence. Continued reliance on the USA for security should be contrasted with hedging on trade and climate and even significant autonomy on digitalisation.

Introduction

Changes in world order require policy adaptation on the part of governments. The pre-requisite for good policy adaptation is an accurate reading of the nature and magnitude of that change. This is easier said than done. While there are always competing interpretations of change, the temptation to proclaim an irreversible shift in the state of the world is understandable. Several years of the COVID pandemic, the United States’ withdrawal from Afghanistan and now Russia’s invasion of Ukraine have produced “heroic” readings of change which might not be the most useful basis on which to make policy. Academics and decisionmakers are declaring, in cavalier fashion, that we are at a “turning point,” ‘tipping point’, ‘inflection point’ or ‘watershed moment’ the consequences

of which include ‘the end of globalisation’, the arrival of [Cold War 2.0](#) and a return to containment in a bipolar world.

These views – to the regret of some, like Robert Kagan, who point out that there are worse things than American hegemony – capture a commonly held view, that the liberal international order is over. We concur. Further, the European illusion – that its continent was a war-free zone – has been punctured. But so too has the American view of itself as a model democracy. The last vestiges of a belief in the moral superiority of trans-Atlanticism is evaporating and ‘the rest’ know it. But it is also popular to suggest that the global system will devolve into either bipolarity or multipolarity. Globalisation will retreat to be seen as but an ‘era,’ [much as historians did at the beginning of the 20th century.](#) We are less certain about this.

For sure, major events — like world wars and pandemics — occasion change. But ideas, structures and processes rarely become redundant overnight. Rather, it is longer-term processes that occasion change. In combination, the succession of mistaken policy turns by the US and the gradual rise of China to superpower status are far more consequential than any one-off episode. Hence our preference for the contingent, the nuanced — and we argue, the fuzzy — requiring judgments set against the long arc of history rather than any “tipping point”. The war in Ukraine will consolidate an era of what we will define as fuzzy bifurcation. In practical terms, alliances in one policy domain will not axiomatically carry over into others, as bipolarity presumes. The borders between domains are now porous rather than largely closed as they were during the Cold War. That is because the logics of globalisation and geopolitics are now in a tension that was not present during the tightly disciplined bi-polar Cold War. The same is true of multipolarity, where assumptions that security policy remain dominant still prevail. Instead, policy making will be contextual, complex and messy — fuzzy indeed.

Fuzzy bifurcation has major strategic implications for the EU. On some issues, notably security, the EU will *band-wagon* with the United States; on trade, it will *hedge* between the USA and China; on the environment and climate change it may well *balance* with China against the US, and in some domains, notably digitalisation, AI and intellectual property, policies of *strategic autonomy* may even emerge. It is not a world in which bipolarity (nor multipolarity) will consolidate. Geopolitics does not now axiomatically trump global economics. A good test of this assertion will be to see if NATO’s new found resolve will withstand the accompanying longer term economic crises.

The Continuity of Globalisation and the Countervailing Logics of Geo-Politics

Much has been made of the adverse effects of the process of decoupling and the effects of the West’s new sanctions regime on globalisation. Even the recent Davos meeting departed from its usual one-world thesis to the theme of “History at a Turning Point.” But a return to the insulation of the economic blocs of the Cold War is neither likely nor feasible.

For sure, COVID and the war in Ukraine have interrupted supply chains and have consequences for the provision of energy, some agricultural staples and inflation. It is, however, the longer-term rise of nativism, protectionism and defensive nationalism (masquerading as “resilience”) that have generated calls for de-coupling, especially now that it is also part of China’s global view.

But supply chains remain dizzyingly complex. There are a range of reasons for assuming they will be sustained. Globalisation’s logic and operational form endures. Notwithstanding political pressures, there are at least four reasons why globalisation will survive.

First, the decline in cross-border goods traded relative to global GDP has nothing to do with either COVID or Ukraine as would-be tipping points. Efficiency gains over several decades in manufacturing as a result of technological advance has shrunk the significance of trade in goods, in contrast to the growth of trade in services, FDI and especially data flows. The value of goods traded has bounced back strongly since the outbreak of COVID (see image one on page six).

Second, despite pressures for de-coupling, international supply chains are becoming much more specialised, making them more difficult to unravel. Specialist chips are not easily replicated or pulled out of supply chains. Their production will remain concentrated in R&D hubs. Indeed, supply chains are finding it difficult to meet the pressures generated by US and European demand for goods in the current inflationary context.

Third, many states and companies are reluctant to choose between competing American and Chinese economic models. Both present pros and cons on issues of access to capital, markets and technology.

Fourth, “end of globalisation” protagonists under-play the globally integrative dynamics of digitalisation and social communication. The emergence of separate digital ecologies will not insulate the US and Chinese economies from the permeable practices of both the legal and illegal internets and intranets. Globalisation is not dead. It is changing.

Proponents of bipolarity understate these factors. Employing the logic of geopolitics, they privilege the security and military dimensions of international order engendered by the war in Ukraine. Despite sanctions against Russia, realists understate the economic dimensions that integrate the global economy. Perhaps easy to do during the Cold War, when the political blocs were also economically insulated, this understatement cannot be the case today.

Even Russia, sanctions notwithstanding, will remain part of the global economic system, given its massive oil and gas revenues. China and India continue to buy Russia's oil, with [Russia earning 93 billion EUR in fuel exports](#) in the first 100 days

and to secure agreements regarding its political opponents. Saudi Arabia refuses to pump more oil. India and Israel stand aside, essentially nonaligned, because their interests are too nuanced to simply throw in their lot with the United States. Geopolitics and geoeconomics do not run in the same direction as they did during the Cold War.

Certainly, the global system is dividing. Economics pulls states in one direction, geopolitics in another. But this process is not best captured by bipolarity. It is fuzzy. Sometimes states will cleave towards the US and sometimes towards China, but states on both sides are indefatigably tied by globalisation. This situation is likely to continue. Disciplined Cold War bipolarity is unattainable unless Americans propose

“

Regional economic arrangements, especially in Asia, are accelerating. But globalisation is adapting, not reversing.

”

of the Ukraine war (with the EU accounting for 57 billion EUR of that sum). Other countries continue to purchase both Russia's legitimate staples exports and those stolen from Ukraine. The same uneven pattern is true of corporate behaviour. Major firms, from fast food chains to online dating agencies like Tinder, have continued [operating in Russia](#).

The logic of geo-politics pulls in a different direction to global economic logic. States are encouraged to side with the United States against China either on the basis of values (democracy versus autocracy) or interests (threats from revanchist Russia and an aggressive China). Yet the “West against the rest” is a misnomer. America's closest allies, from Europe to Asia, nestle under the American security umbrella. But even allies have become more strategic about who to side with in the non-security policy domains. The EU sided with the US at COP 21 in Paris on climate change, only to side with the Chinese in Glasgow in 2021. Hungary is embedded in NATO and the EU, yet Viktor Orban calls EU leadership “opponents” as he buys Russian oil and gas. Turkey trades with Russia and used Finnish and Swedish admission to NATO as leverage for arms exports

to rid themselves of most of the clothes they wear and the Apple phones they use. Europe would need to reduce to zero its dependence on Russian gas. It is difficult to imagine Europeans willingly freezing for several winters.

The Features of Fuzzy Bifurcation

What explains the resilience of geo-economics vis-a-vis the changing nature of geo-politics? Bipolarity and multipolarity both portend a world where alliances stretch across multiple policy domains – from national and human security to trade and the search for global public goods like climate change and the control of global pandemics. Alliances are normally solid and consistent. None of this describes the contemporary situation, which has three characteristics built on the principles of hybridity and behaviour.

The first, an overall feature of the current global system, is a growing hybridity of both state and non-state actors (civil and uncivil), initially described by Jessica Mathews as a powershift. But that pattern has now extended across policy domains in a diffuse

and porous order. The presence, relevance and capabilities of actors vary by context. States may be more important in traditional security conflicts; mercenaries, irregulars and hackers in hybrid wars; corporations in trade and hi-tech conflicts; and foundations or international organisations in aspects of global health, such as the war against malaria.

Second, the strategies of states are far more adaptive in this hybrid context. Nowadays, states reflexively hedge between US or China, depending on the policy issue. Europeans may unite with the USA when faced with military threats from Russia in central and eastern Europe. But, although inexorably tied to both America's and China's economies, even the EU's abandonment of an investment agreement with China over human rights issues does not mean European states will automatically throw their economic lot in with the US in any trade war. For the EU, being able to choose represents the foundation of its aspirational strategic autonomy. In short, even security allies may band-wagon, balance, hedge or seek strategic autonomy in other domains.

Third, unlike the Cold War era, there is no constancy to alliance behaviour because, more often than not, market considerations transcend issues of geopolitics when the two are in tension. Despite being courted, oil producers have generally proved reluctant to expand production simply at Europe's and the US' behest. And a majority of African, Asian and Middle Eastern states have refused to commit to the West's sanction regime. Most tellingly, however, the USA-China trade relationship will remain the world's largest bilateral economic relationship, even as mutual antagonisms exacerbate. Limited unravelling may take place. But the processes are too complex and the costs too great to be unlimited. US-China relations are the embodiment of the current tension between geopolitics and geoeconomics.

The Implications of Fuzzy Bifurcation

Fuzzy bifurcation, not bipolarity, presages a messy world in which the notion of a liberal order is but a distant memory. The goal of a uniform bi-polar alliance structure operating in disciplined competition reminiscent of the Cold War will prove

equally illusive. State and major nonstate actors will not always bandwagon in their relationships with the two great powers. They will also hedge and look to use the loopholes that porous bifurcation affords.

We can anticipate that the EU will strive for greater strategic autonomy where it can, if only to provide some insurance should Donald Trump or a comparable nationalist politician return to the White House. While the Ukraine war may have exposed Europe's reliance on the US for its security, that is not the case with other policy domains such as digitalisation where it effectively strives to create a distinct [European digital ecology](#) emphasising transparency, privacy and consumer rights. The same is true, in intent if not in the language used, for other major states. India relies on both China and the USA. But this is a sign of dependence rather than the autonomy. Its overriding goal is to avoid being seen to side with one or the other. When asked about his country's rejection of American-sponsored sanctions, for example, India's Minister of External Affairs bluntly commented "Europe's problems are not India's problems." Likewise, Brazil and Mexico's refusal to coalesce with the US and EU does not augur well for an alliance structure built on democracy.

Further, contrast Saudi Arabia's and Turkey's efforts to balance between America and Russia with the behaviour of states like Greece and Hungary being supposedly forced to choose between a security alliance with the US and economic linkages with China. In practice, the difference largely disappears: they have all hedged, allowing them to find their way through this process. The fuzzy nature of bifurcation will allow them to navigate international relations in a way that bi-polar Cold War disciplines would not. Nowhere is that better illustrated than Europe's continued, if sometime abbreviated, trade in gas with Russia.

It is reckless to talk definitively about the long-term effects of the Russian invasion of Ukraine on the policy behaviour of third-party states towards the USA and China. But it is possible to argue that the American position has improved while for China the war presents a setback in its revisionist desires for world order reform, captured in its Global Security

Initiative (GSI) to counter American “hegemonism”. These desires will be tested by its “friendship without limits” agreement with Russia. While rhetorical support – saying little other than blaming the West – has been strong, its practical support has been restrained. Its non-provision of military aid and non-transgression of the sanction regime reflect a desire to avoid alienating wider global opinion. If the EU was willing to abandon a massive investment agreement over human rights abuse, then the prospect of further undermining its economic relations with the EU and broader standing in the international community will not have been lost on China’s leadership.

The international standing of the USA on the other hand has, however temporarily, been enhanced by its response to the Russian invasion. European and Asian allies, in the language of geopolitics, have band-wagoned rather than hedged. The prospect of closer China-Russia relations has had the effect of moving major Asian players, notably South Korea and Japan, into greater alignment with the US than at any time in the last decade. US support of Ukraine has not eradicated negative views of the Afghanistan withdrawal or the AUKUS agreement, but it has gone some way to mitigating them. The US has not won the democracy versus authoritarianism contest. But Russian behaviour has reminded non-great powers of the capacity for ruthlessness of big authoritarian states. If states are forced to choose on various policy issues then the USA will look to many like a least-intrusive, least-bad option than China.

Conclusion: the EU and the Future of Fuzzy Bifurcation

So, what are the implications for the ‘West,’ and the EU in particular, of our argument? President Biden aspires to reconstruct a Cold War style trans-Atlantic style coalition (also extending to key Pacific partners). The likelihood is that he will be frustrated. European security band-wagoning will not preclude dissonant behaviour in other policy domains as the EU strategises to secure greater autonomy beyond the military domain.

The USA and China still need to compete for influence in other areas, notably finance, trade and the socio-cultural domain where the battle over

values and ideas has only just begun. Both the US and the EU have breached transatlantic solidarity over trade and climate. Despite China boosting the USA in European eyes with their stances on Ukraine, EU hedging between them will continue, enhanced by a feeling that US reconciliation might not live beyond 2024 presidential election. Fuzzy bifurcation will both facilitate and consolidate European ambivalence.

A trans-Atlantic democratic coalition that transcends security therefore remains fanciful. Europeans will continue to get some oil and a lot of gas from Russia. They will continue to get their clothes, home appliances and phones from China. And they will proclaim the virtues of a global Green New Deal, even if a Chinese government fails to implement its agreed measures and a future US administration rejects it. While the clear alignments promised by the advocates of a new bi-polar future are alluring, they are also “heroic” assumptions.

Certainly, some global economic fragmentation is occurring. Regional economic arrangements, especially in Asia, are accelerating. But globalisation is adapting, not reversing. The invasion of Ukraine has transformed Europe’s geopolitical landscape as Europeans discard long-cherished beliefs of Europe as a ‘war-free zone’. Yet neither represent a tipping point or watershed moment between democratic and authoritarian states. Autocracies are not the only states not to be drawn on Ukraine. Beyond India, fence-sitting can be found amongst other larger non-western democracies such as Mexico and Indonesia. Biden’s juxtaposition of democracies and autocracies unnerves many democracies and non-democracies alike. Not only do they have strong economic ties to China, they often have workable relationships with less democratic neighbours. Their problem with the Russian invasion is more to do with the effect of its rogue behaviour on global stability and the price of natural resources and staples.

While the Russian invasion of Ukraine has brought fuzzy bifurcation into sharp relief, it is China’s continued rise and its contest with an existentially confused USA that are more consequential for the restructuring of world order – economically, ideationally and geo-politically. European devotees

of a liberal international order now (probably) recognise it is at an end, at least as a purportedly universal project. Far more probable is a future in which fuzzy bifurcation will ensure that the linkages and alignments between states will be complex and systematically varied from policy domain to policy domain. In this fuzzy world, one-size-fits-all policy making—underwritten by epochal assumptions of tipping points or watershed moments—will not work.

For most states, with perhaps the exception of

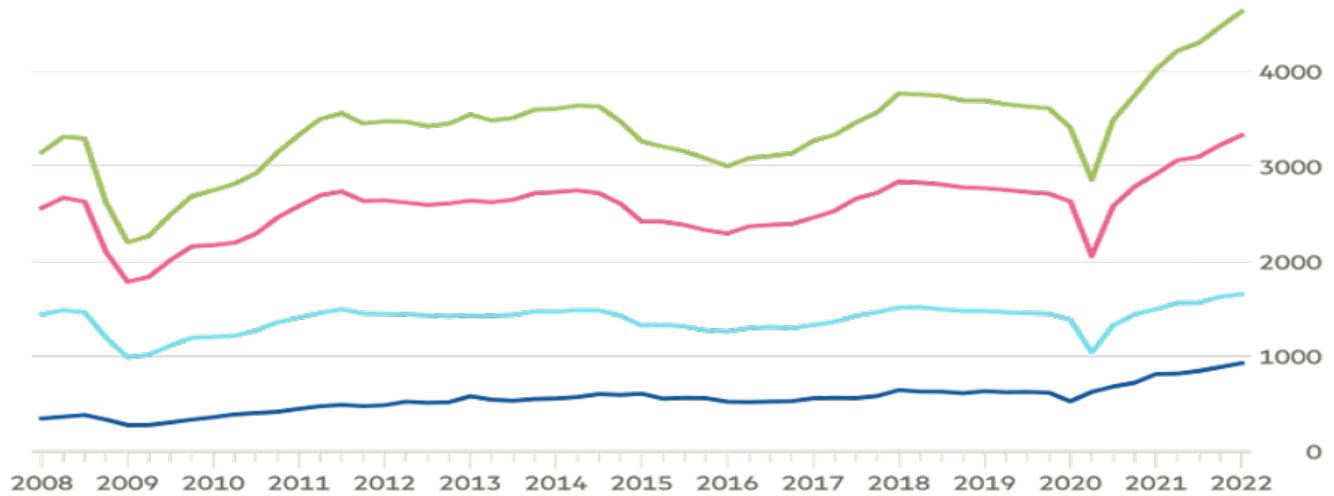
the USA, flexibility of practice rather than a grand strategic vision will become the order of the day. What is clear is that the implicit clean lines of Cold War bi-polarity or even the only slightly more blurred demarcations of multipolarity misstate the new order, with important implications for policy makers. This messy world has been evolving for quite some time. The COVID pandemic and Ukraine war have simply made the contrasting logics of economic globalisation and political polarisation more transparent. This is best seen as fuzzy bifurcation, not bi-polarity.

Image 1

World goods trade growing

Quarterly merchandise exports, USD bn

China All OECD G7 G20



© FT

(Financial Times, May 26, 2022)

ABOUT THE AUTHORS

Richard Higgott



Prof. Dr. Richard Higgott, FAcSS is a Distinguished Professor of Diplomacy at the Centre for Security, Diplomacy and Strategy (CSDS) of the Brussels School of Governance (BSOG-VUB), Visiting Professor in Political Science at the University of Siena and Emeritus Professor of International Political Economy at the University of Warwick. He has been Professor and Director of Graduate Studies in Foreign Affairs at the Australian National University; Professor of Government at the University of Manchester; and Director of the Australian Institute of International Affairs. He is the author/editor of over 20 books and 130 articles in journals incl. *International Organization*, *Political Science Quarterly*, and *International Affairs*. His latest book *Civilisation, States and the Reset of World Order* was published by Routledge in 2021. richard.higgott@vub.be

Simon Reich



Prof. Dr. Simon Reich is a Professor in the Division of Global Affairs and Department of Political Science at Rutgers, Newark and Chercheur Associé at Le Centre de recherches internationales (CERI), Sciences Po (Paris). He is author, co-author and editor of 13 books. His most recent is *American Grand Strategy in Comparative Perspective: Type, Time and Space* (with Peter Dombrowski, Cambridge University Press, 2021). His work has been translated into Chinese, Dutch, French, German, Japanese and Turkish. Reich co-edits a book series, 'Oxford Studies in Grand Strategy'. He previously served as Director of Research and Analysis at the Royal Institute for International Affairs (Chatham House) and as the inaugural director of the Ford Institute for Human Security at the University of Pittsburgh. simonreich@gmail.com

The **Centre for Security, Diplomacy and Strategy (CSDS)** seeks to contribute to a better understanding of the key contemporary security and diplomatic challenges of the 21st century – and their impact on Europe – while reaching out to the policy community that will ultimately need to handle such challenges. Our expertise in security studies will seek to establish comprehensive theoretical and policy coverage of strategic competition and its impact on Europe, whilst paying particular attention to the Transatlantic relationship and the wider Indo-Pacific region. Diplomacy as a field of study will be treated broadly and comparatively to encompass traditional statecraft and foreign policy analysis, as well as public, economic and cultural diplomacy.

The **CSDS Policy Brief** offers a peer-reviewed, interdisciplinary platform for critical analysis, information and interaction. In providing concise and to the point information, it serves as a reference point for policy makers in discussing geo-political, geo-economic and security issues of relevance for Europe. [Subscribe here](#). The CSDS Policy Brief is a discussion forum; authors express their own views. If you consider contributing, contact the editor Prof. Michael Reiterer: michael.reiterer@vub.be.

Follow us at:

Twitter [@CSDS_Brussels](#)

LinkedIn [CSDS Brussels](#)

Youtube [CSDS](#)

<http://csds.brussels-school.be>



BRUSSELS
SCHOOL OF
GOVERNANCE

Visitor's address:

Pleinlaan 5, 1050 Brussels, Belgium

Mailing address:

Pleinlaan 2, 1050 Brussels, Belgium

The Brussels School of Governance is an alliance between the Institute for European Studies (Vrije Universiteit Brussel) and Vesalius College.

info_bsog@vub.be

www.brussels-school.be