

Global Security Briefing – December 2018

2018: Passing the Buck

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Summary

2018 has been a quieter year than many expected from the high tensions at the end of 2017, not least in Korea and, so far, the Persian Gulf. Yet the underlying drivers of global conflict have continued to increase, including colossal wealth disparities, new peaks in greenhouse gas emissions and the demise of arms control regimes. Inaction has characterised policy responses; a shift to belated action may have mixed consequences in 2019-2020.

Introduction

The final briefing in this series in 2017 looked back at the year-gone-by, pointing to the analyses from Oxford Research Group over the previous months. Sub-titled [*More than a Troubling Year?*](#), it expressed fears over the state of global insecurity and the potential for sudden crises, stemming not least from the character of the President Donald Trump.

This final briefing of 2018 repeats the exercise. In some respects, the global security environment is slightly more stable, not least the decline of the so-called Islamic State (IS) and the avoidance of conflict with North Korea, but continuing US tensions with Russia, Iran and China, the potential loss of the Intermediate-Range Nuclear Forces (INF) Treaty and the rising impact of climate change all point to a fractious world.

2018 in Review

As last year, this briefing looks at the three broad divisions of human activity: inequality, environmental limitations and security postures and their interconnections.

Socioeconomic Divisions

In 2018 there were further indications of the widening socio-economic divide, both in what are regarded as the world's rich states but also those with more rapidly growing economies. In Britain, with its stagnant economy, the wealth of the richest thousand people rose 10% from £658 billion to £724 billion, according to the *Sunday Times* Rich List, meaning that, on average, each of these individuals increased his or her wealth by £66 million. Worldwide, according to a recent [UBS report](#), the number of dollar billionaires (2,158 in all) increased their wealth by \$1.4 trillion (19%) to almost \$9 trillion during 2017. An indication of the spread of wealth in rapidly growing countries was

China, where there were an estimated 373 billionaires, compared with just 16 twelve years earlier. More than a hundred of these emerged last year alone.

An indicator of the changing distribution of wealth is the rapid recent growth of Family Offices. These are essentially the investment arms of wealthy families and have existed for many years in such family wealth groups as the Rockefellers and the Morgans, but there are now many hundreds of FOs, more than two-thirds established in the past two decades alone. Many are single-family-orientated, even though the family involved may comprise scores of individuals, but other have broadened out into what are private wealth managers for extremely rich clusters of individuals. According to a recent [Economist report](#), FOs typically oversee \$500 million to \$1 billion but can range up to £25 billion or more.

There are three features relevant to the wider issue of socio-economic divisions. One is that there is no generalised regulation of the activities of FOs even though they are thought to be responsible for around a third, more than \$3 trillion, of all billionaire wealth. A second is that they are able to attract some of the most knowledgeable and effective lawyers and wealth managers, even from some of the largest and best known investment banks. To the combination of minimal regulation, management ability and an inter-connectedness of the system is then added the third feature, the notable lack of transparency, which makes it difficult to get a clear picture of their power and influence, one part of a wider system of wealth control.

The last few months of the year saw a growing concern over the overall state of the world economy and the fear of a recession or even of a financial crisis at the level of 2008. That earlier experience was largely the result of a combination of greed, inadequate regulation and incompetence in investment decisions, the latter rooted in the mistaken belief that economic growth was never-ending. The more precise instigation of the crisis was unsustainable toxic loans, principally in the mortgage market and especially the marketing of collateralised debt obligations (CDO)s. A repeat of that is of less concern now, whereas loans to companies rather than mortgages for housing are now seen as being close to out of control. This increase in collateralised loan obligations (CLOs) based on this pattern of lending has been particularly marked and is probably the greatest single current concern. Based on the experience of 2008, the worst consequences of a further crisis will once again fall on the weakest.

Environmental Limits

The November briefing ([Climate Change, Populism and National Security](#)) covered the situation in the immediate run-up to the COP24 Climate Summit in Katowice, Poland. Since then COP24 has concluded but its results have been unimpressive despite some attempts at positive public relations. COP24 was intended to formalise the implementation of the agreements tentatively reached at COP21 in Paris in 2015, but there is a severe lack of transparency and all-too-obvious signs that some leading states, including Trump's United States and Putin's Russia, still do not take the problem seriously.

This, though, comes in the wake of major scientific reports indicating an accelerating impact of climate change that requires rapid decarbonisation in the next twelve years. At present there is simply no large-scale effective leadership from the most powerful states and not a remote chance that revised targets will be set or even that the now-modest COP21 aims will be met.

Against this, though, there are three indicators of change. One is that some small island states are already experiencing the consequences of climatic disruption and are insistent that their predicaments be recognised. While having little economic clout they are full members of the UN and can, as a group of 38 Small Island Developing States (SIDS), make a great deal of diplomatic noise. Some of this noise may also be felt at the intra-state level as the 20 additional non-state SIDS are island territories or colonies of the United States, United Kingdom, France, Netherlands and New Zealand.

A second indicator, as noted in last year's report, is the continuing improvement in renewable energy technologies, bringing more sources down to and below grid parity with electricity generated from fossil carbon.

The final element is the unexpected rise in nonviolent direct action in pursuit of radical decarbonisation. The Extinction Rebellion movement in the UK was the first nationwide example of this, with large numbers of participants ready to face prison for their actions. The movement has developed rapidly in the space of the last three months of the year, has plans for actions across more than twenty countries and appears able to attract many thousands of supporters at short notice. While it is far too early to predict how far this will go, there are indications that it could expand at a far faster rate than governments anticipate, its ability to attract people under the age of thirty being especially significant.

Security

The [summit](#) between Donald Trump and Kim Jong-un in Singapore in June exceeded the expectations of most analysts in that it was followed by a notable easing in relations. Much of this was down to pre- and post-Summit diplomatic activity between North and South Korea and this was intensified during the second-half of the year. The agreements reached at Singapore involved very few directly verifiable elements although North and South Korea were subsequently able to agree a number of confidence-building measures, many of them related to border security. While President Trump felt able to claim a major diplomatic triumph, many of his advisors were far less pleased with the result. From their perspective the main gainer was actually Kim Jong-un rather than Trump as he could now present himself as an equal to a superpower while largely ignoring the sanctions previously imposed on his regime.

Whether the US-North Korea improvement in relations persists is likely to be dependent on the [behaviour of the latter](#). From the Pyongyang perspective, what is desired is a substantial improvement in the economy based partly on a further opening-up of trade and some cut in military spending, but with this paralleled by the consolidation rather

than the cessation of a nuclear weapons capability sufficient to provide a basic counter to what it perceives as the potential for US aggression. The indications so far are that this is very much the path being pursued, with low profile but persistent development of a nuclear arsenal and delivery systems in a manner difficult to confirm by remote sensing.

A highly autocratic, centralised and brutal regime is therefore making progress according to its own measure and will continue unless, at some stage, Trump comes to accept that he is not in control of the relationship. So far, his own perception of success and belief in his own prowess is such that he is either unwilling or unable to face this reality. This may well continue but the risk is that there is a sudden change of face leading to a crisis. The greatest danger of this may be not in 2019 but in 2020 when he faces re-election at a time when North Korea will be able to say that it is satisfied with the state of development of its nuclear forces.

In the Middle East, IS has lost all but the last vestiges of its geographical caliphate but has up to 20,000 paramilitaries still living in Iraq and Syria. Its “virtual” caliphate continues with a prolific output via social media and a continual encouragement of attacks on the “far enemy”. The great majority of these have so far been countered, the exception being the Strasbourg Christmas Market attack on 11 December, which killed five people and injured eleven.

Meanwhile the wider problem of Islamist paramilitary violence increased in intensity, especially across the Sahel region of Northern Africa, much of the Western security focus being on the deteriorating security situation in Burkina Faso. There were also persistent concerns over levels of insecurity in Libya and there remained the potential for the growth of extreme resistance in Egypt despite the repressive action of the Sisi presidency.

In Afghanistan there was some talk at the end of the month of the possibility of significant diplomatic engagement between the United States and the Taliban, possibly in Qatar, but the Taliban has made such substantial military gains in the country during 2018 that it is far from clear that they are willing to compromise without gaining a guaranteed and substantial post-conflict role in governance.

The Yemen War continued throughout the year with considerable further loss of life, but some negotiations were facilitated by the UN in Sweden in December. In this context the international diplomatic and media pressure on the effective ruler of Saudi Arabia, Crown Prince Mohammed Bin Salman, over the murder of Jamal Khashoggi might have encouraged a desire by the Saudis to seek a settlement in Yemen, but support from Trump remained strong, as did his [continuing insistence](#) that the main threat to regional security came from Iran.

Trump also advocated further increase in military spending, looking towards a possible budget of \$750 billion for FY2020. This, combined with his intended withdrawal from the 1987 INF treaty, indicated that East-West relations would remain a serious cause for concern in 2019.

Conclusion

2017 was described as a troubling year in many respects and repeated the need for challenges to conventional thinking, but also pointed to the reaction to aggressive attitudes in many parts of the world. This could well be repeated word-for-word, to which we would have to add the rise of extreme attitudes in some parts of Europe, especially over migration.

There are, though, some tentative indicators of change, especially a clearly increased recognition of the huge importance of climate disruption. While integrated and radical responses are urgently needed to the three challenges of socio-economic divisions, climate change and obsolete security attitudes, the recognition of the extent of just one of these problems really should be welcomed, even if just with guarded optimism.

About the Author

Paul Rogers is Oxford Research Group's Senior Fellow in international security and Professor of Peace Studies at the University of Bradford. His '[Monthly Global Security Briefings](#)' are available from our website. His latest book *Irregular War: ISIS and the New Threats from the Margins* was published by I B Tauris in June 2016. These briefings are circulated free of charge for non-profit use, but please **consider making a donation to ORG**, if you are able to do so.

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