

Scenarios for Energy and Resource Development on the North Slope and Adjacent Seas

Research and Monitoring
Prioritization for the NSSI

Global Political Stability

Summary

Global political stability is a complex dynamic system that is changing at an unprecedented rate due to globalizing markets, climate change, and shifting political powers. Human well-being and economic activity are linked to world events which may have long-lasting consequences. In the Arctic, oil and gas development and shipping are linked to the global political environment. While there are examples of political events that have had major effects on the price of oil in the past, the occurrence and magnitude of such events are difficult to predict.

Global political stability is an important driver for industry decision-making with respect to choosing locations for making large investments, but it can also affect sharing technology and resources, and the price of commodities.

Overview

A healthy ecosystem is an important component of human well-being, but well-being is an outcome of interactions among several factors: basic material for a good life, good social relations, health, security and freedom of choice and action (1). For this reason, economic, sociopolitical, cultural and religious, and demographic drivers interact together, often at more than once scale and crossing scales to impact on human wellbeing and a range of human activities.

The National Intelligence Council (NIC) predicts that by 2025 the international system as it's existed since World War II, will be unrecognizable due to the growing influence of nonstate actors, emerging powers and a globalizing economy (2). The NIC also predicts that along these changes in the geopolitical landscape, transnational issues will continually change as well, making it necessary to shift strategies as needed for continued global prosperity. At any given point in time, global political stability is the product of a complex web of international economic, political, trade and environmental relations. Global political stability as a whole may be impacted by locally or regionally occurring political unrest, economic and resource insecurities and natural disasters, just to name a few.

This may result in what the World Trade Organization (WTO) has termed "the vicious circle of political instability" describing the

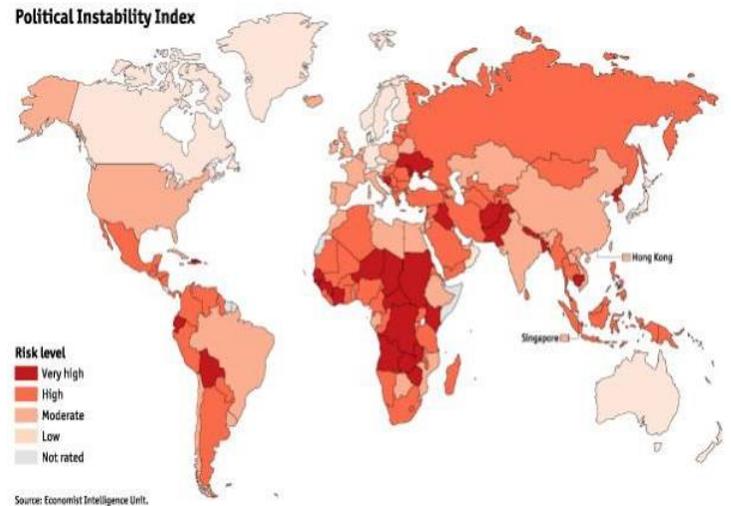


Figure 1. Map of political instability and risk.

Source: Economist Intelligence Unit (2010).

http://viewswire.eiu.com/site_info.asp?info_name=instability_map&page=noads

chain of events that unfold from political instability: low domestic and foreign investments lead to low economic growth, which increases poverty and social conflict, which then perpetuates the same process (3). The instruments for directly intervening with issues of political stability may include diplomacy in the form of international development or trade policies, or financial, humanitarian and military support; and these may come in the form of unilateral, bilateral or multilateral action in nation-state politics. However, global political stability is continually shaped, be it advertently or inadvertently, by the everyday dealings of global financial, political entities from both the public and private sectors.

Global political stability and political stability in the Arctic region interact as well, primarily due to impacts from climate change, global demand for oil (a strategic commodity), gas, and minerals, and shipping.

Political security

One of the important aspects of political stability is a lack of civil or religious unrest. Where the risk for such insecurities is low and institutions are stable, economic stability is more likely to take foothold, and opportunities increase for other types of capital (e.g. social capital) to flourish.

Arctic Council: The Arctic Council provides a model for international cooperation and coordination among Arctic States and indigenous communities. The Arctic Council addresses issues related to sustainable development and environmental protection. The U.S. has shown a high level of involvement in Arctic Council proceedings and recognizes it as a means to strengthen international cooperation (12).

Economic opportunities

The size, speed and directional flow of economic opportunities may signal political (in)stability. Global demand for certain commodities, shifting prices, offshore labor practices and the price of manufacturing can transfer economic power and can cause structural changes in the global economy (2). The Arctic is likely to see increased oil and gas exploration and mining activity, but with large uncertainties in the scale of such activities related to commodity price volatility, and sovereignty issues among others (13).

Environment as capital

Increasingly, the impacts from global climate change are translated into high costs in human, economic, political, and infrastructure resources. The increased frequency and severity of natural disasters stress already-vulnerable populations. Migration of people from rural to urban areas, and from poorer to richer countries is fueled by a gap in economic and physical security between adjacent regions (2), as the poorest, most at-risk populations seek increased security.

Projected Trends

The following general trends have been predicted by the NIC to continue into the next decade of development [2, 8]:

Growing resource constraints will continue to challenge the international system: demand for clean and secure energy sources and food and water sources will grow faster than production rates.

Climate change impacts will continue to limit the available options for meeting resource needs, while imposing significant costs on infrastructure capital and displacing populations in increasing numbers.

Geopolitics of energy will continue to impact global political stability, as both high or low energy price levels have major political implications. The flow of energy supply from East to West or West to East translates into flow of money and becomes a strategic pivot point in world economy and politics. OPEC and non-OPEC countries may use this trend to their political and economic advantage as was evident during the 1973/4 oil crisis, and more recently, in the 2013 International Energy Agency report on the global rippling effect of a North American oil supply shock (4).

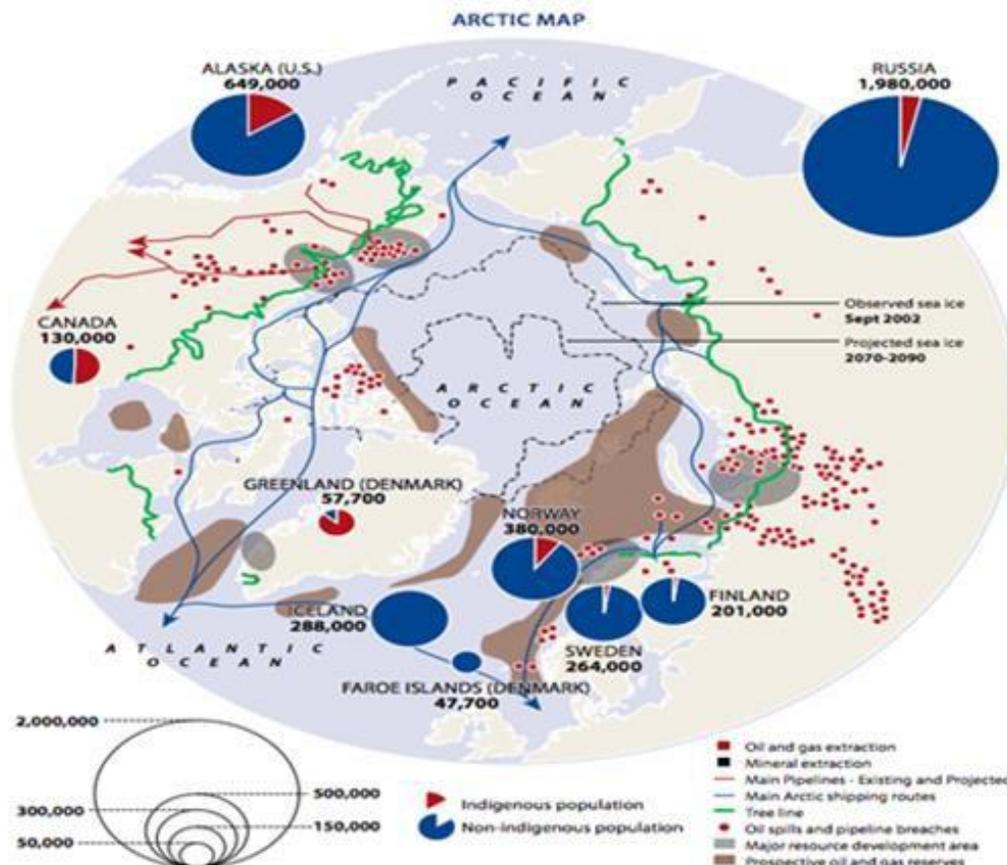


Figure 2: Arctic map of human populations, existing and proposed industrial development and infrastructure, and oil spills. (6)

Public Health will continue to be a major factor in global political prosperity, as sanitation, nutrition, housing, education, water supply pose health challenges -especially so in volatile economic and demographic conditions.

Nonstate actors (businesses, tribes, networks etc.) will continue to play an important role in global politics, as their relative power will grow, resulting in a multiplicity of actors fragmenting the international system. This may result in shifting political powers among governments and polycentric networks of interests.

Uncertainties

Uncertainties inherent in projecting trends are also a part of the likely future landscape of global security.

Shocks and surprises may occur in the form of a global pandemic, nuclear weapons use, and resulting economic volatility. Rapidly changing environments may cause political turbulence beyond predictions as nations may take unilateral actions to secure resources.

Geopolitical rivalries may cause shocks and surprises as the diverse needs and interests of local, state and regional level interests clash on the global stage. The diversity of stakeholders in this arena wield varying levels of influence, for example business and industry are central actors in environmental politics and policies in all industrialized countries; their lobbying arms and trade associations influence policy at all levels (5).

Emerging Arctic Security Challenges

Security

International conflict is predicted to be unlikely due to the overall propensity of Arctic nations to adhere to a rules-based approach (6). However, Russia is militarizing its Arctic territories, a move that gained pace recently with the opening of Russia's first Arctic Base on Wrangell Island (7). There is little doubt about the strategic significance of Arctic territories in terms of marine shipping, security and resource development. The U.S. Coast Guard and Russian Border Patrol for example, have cooperated for decades under a bilateral treaty to manage safety and security in the Bering Strait (6). The Nordic Defense Cooperation agreement, the North Atlantic Treaty Organization, and the European Union form a cooperative, although fragmented security organization in this region. But for those who live in the Arctic, Arctic security entails a much larger concept that includes mitigation of and adaptation to the impacts from climate change.

Development of U.S. coastal infrastructure (e.g. ports) will have an important role for the U Arctic in guaranteeing security of transportation and potential oil spill response. Advancement of U.S. security interests was specifically addressed as a priority in the U.S. Strategy for the Arctic (12).

Economy

Greater economic development will bring benefits to, and demands on, communities across the region (6). Russia has the greatest share of circumpolar economy thus far: it derives 12% of its GDP from the region (6). Climate change impacts may drive economic opportunities as they have the potential to shift transportation networks, make new connections in the global economy, and open new areas for resource development and tourism. But these developments must be balanced carefully with risks that may marginalize local communities and damage fragile high latitude environments (6).

Human development

Investing in human capital will be a vital component of increasing the region's adaptive capacity. Education and training helps to meet the cultural, technical, and political requirements of successful strategies for sustainable, healthy futures. Indigenous leadership will be an important partner in adaptive management of these resources (6).

Ecology

To help ensure the long-term vitality of Arctic ecology and planning for sustainable use of its living and non-living resources, decision-makers should integrate scientific and traditional expertise and explore collaboration among new partners (6).

Monitoring

Because of the pace of environmental change, the Arctic region is moving into an era of rapid dynamism (6). This is an opportunity for international cooperation in the region, as stability and prosperity is a collective interest among Arctic states. The future of global security is a bit more uncertain, but several efforts are underway to monitor various aspects of global political stability, both by public and private sector actors. The Global Monitoring for Food Security (8), and the Global Monitoring for Environment and Security (9) are funded by the European Space Agency, while the Global Governance Monitor (10) is a tracking program by the Council on Foreign Relations. These are but a few examples.

The United Nations is the single largest global policy forum, and its working groups lead the dialogue over peace and security on a global scale. The diplomatic challenge faced by the UN is the ability of states to balance between self-interest and global stability (11).

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