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IS "THE WEST" LOSING ITS GRIP?

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IS "THE WEST" LOSING ITS GRIP?

The term "the West," meaning "the Western world," is used daily in the media, yet it is rarely clarified what this concept actually stands for, let alone how the West is faring in a rapidly changing global environment. The question becomes even more intriguing when considering that global hegemonies have historically experienced a period of flourishing, only to eventually enter a period of decline. Could it be that the West, as today's leading global hegemony, is losing its grip? With data from the World Bank and other sources, we can analyse whether this is indeed the case.

To examine the position and development of the Western world relative to other parts of the world, we must undertake a classification of countries that is relevant to this purpose. This involves not only defining which countries belong to the West, but also creating a meaningful and not overly complex classification and grouping of other countries. This gives us four categories of countries.

The **Western world** includes the US and its close allies, such as Canada, the UK, much of Europe, Australia, and New Zealand. A supplementary group, termed "**West-Adjacent**," consists of countries closely connected to the West but not traditionally considered part of it, like Japan, South Korea, and Israel, as well as certain EU countries like Hungary, Romania, and Bulgaria, along with Ukraine and Moldova. The rest of the world is divided into two groups: "**Non-West**," encompassing nations with strong political and cultural opposition to the West, including Russia, China, much of the Arab world, and several African and Asian countries with autocratic governance; and "**Neutral**," comprising countries that share some Western values but avoid siding with any power bloc. This group includes India, parts of Asia, and many countries in South America and Africa.

Demography

When we compare the population of the Western world to the rest of the world, we see that the West constitutes a relatively small minority of the global population, making up only 11.1 percent in 2023. While the population of the West has grown by 13.8 percent since 2000, the global population has more than doubled that growth rate, resulting in the West's share of the world population decreasing by 1.8 percentage points over the same period. Even when adding the West-Adjacent countries, the population share reaches only about 14.5 percent.

With over 1.4 billion inhabitants each, India and China together account for more than one-third of the world's population today. The population of the African continent now far exceeds that of the West and the West-Adjacent countries combined.

The West today faces stagnant or sometimes decreasing population numbers, and even more so in the West-Adjacent countries. Without immigration, the population would begin to decline in most of the countries. The weakest population growth is seen in the European part, where an ageing population is becoming an increasingly serious issue. Many countries in the Western world have fertility rates well below the level needed for the population to replace itself without immigration, which is

approximately 2.1 children per woman. For example, the fertility rate in many European countries and in Japan is around 1.3 to 1.7 children per woman, in South Korea only 0.8.

The growing demographic imbalances globally could become one of the greatest challenges of our time. According to the UN's latest population forecast (July 2024), Africa's population is expected to more than double by 2100, increasing from today's 1.5 billion to over 3.5 billion. During the same period, China's population is projected to more than halve, from today's 1.4 billion to just over 0.6 billion. Europe's population is expected to decrease by 150 million people. Even India, with the world's largest population, is projected to start declining after a peak around 2060.

The upcoming population decline will have far-reaching effects on economies and societies. The demographic shift, with more elderly and fewer young people, will put pressure on pension systems, healthcare, and labour markets. Economic growth will also be impacted, as population growth is a driver of economic expansion. At the same time, the sharp population increase in Africa will lead to rising refugee flows, especially if climate change makes certain areas difficult to inhabit.

Economy

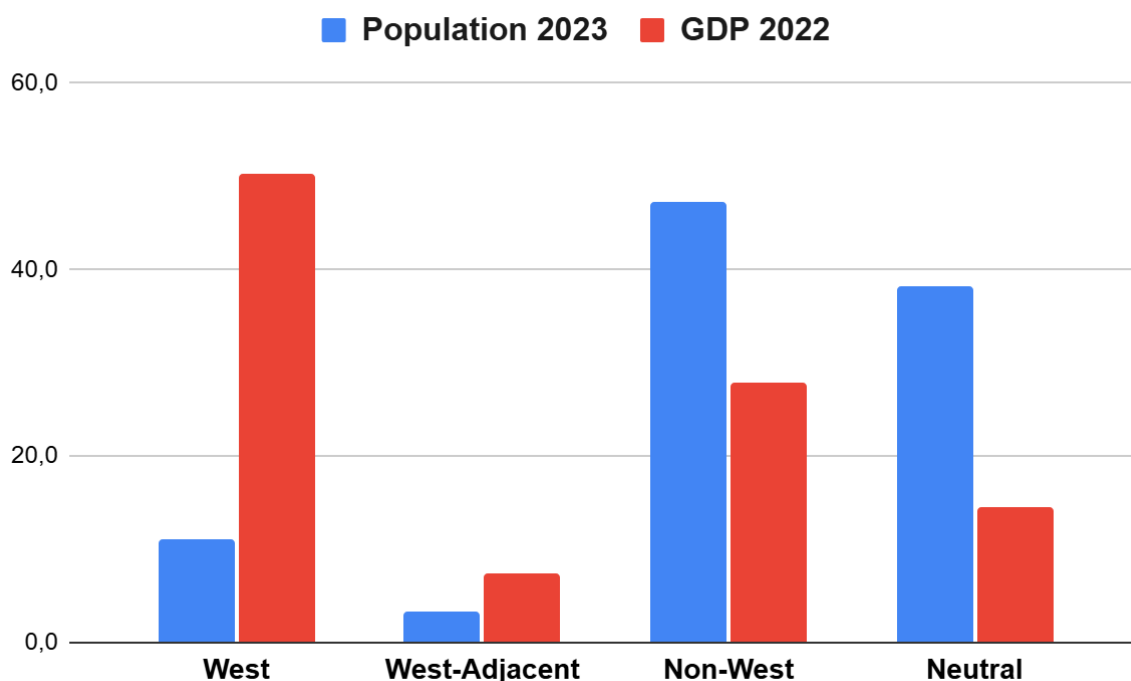
If we previously noted that the population of the West, including the West-Adjacent countries, accounts for barely 15 percent of the world's population, the picture changes dramatically when we look at these countries' economies in terms of GDP. In 2022, the combined GDP of the West and West-Adjacent countries comprised 57.6 percent of the world's total GDP. In contrast, the Non-West group, with just over 47 percent of the global population, generated only about 28 percent of the global GDP. The Neutral countries, which include many developing nations, accounted for 38.2 percent of the world's population but only just over 14 percent of global GDP. These figures confirm that the West is still the leading economic power bloc, but this is rapidly changing.

Since 2000, the share of the world's total GDP held by the West, including West-Adjacent countries, has declined from 80 percent in 2000 to today's 57.6 percent. As the economic significance of the West and West-Adjacent countries decreases, economic strength is rising in other parts of the world. In the Non-West group, the GDP share increased from 9 to nearly 28 percent between 2000 and 2022, with China being the primary driver in this group. The Neutral countries have also seen their share grow from 11 to 14.4 percent over the same period, with India being the largest economic player. Together, the Non-West and Neutral countries now generate 42.4 percent of the world's GDP.

There is no doubt that economic power is shifting from the West and West-Adjacent countries to other parts of the world. This shift, measurable through changes in GDP, is further reinforced by China's role as a major and highly active economic player by investments and ownerships, not only in the West but also globally. In the field of innovation, the gap between the West and major emerging

economies like China and India is narrowing. Furthermore the West demonstrates significant vulnerability due to its high dependency on countries like China and Russia for access to critical raw materials.

Figure 1: Percentage of World Population in 2023 and GDP in 2022 for the Four Country Groups



Source: World Bank

There are several aspects of these changing economic power dynamics that are worth noting:

- The **psychological aspect** in the gradual realisation that the West is losing its position as the world's economic centre may eventually reduce confidence and manoeuvrability on the global stage. This shift is reflected in the rise of protectionist measures such as tariffs, which offer short-term benefits but may harm the economy long-term.
- There's also a **moral aspect**. Noting that the West and West-Adjacent countries accounted for 80 percent of global GDP in 2000 with only 17.5 percent of the population, the current rebalancing of economic power may seem justified. Yet, economic growth increasingly benefits specific cities, regions, corporations, and even individuals, rather than entire populations.
- **Demographic trends** shape economic conditions as well. An ageing population presents challenges like labour shortages and welfare strain, which are pronounced in the West and West-Adjacent countries. Similar demographic pressures are emerging in Russia and soon in China, affecting their economic power and increasing global competition for talent.

- Lastly, there is a **democratic aspect**. The shift in economic influence to countries outside the West means that nations with more autocratic governments now hold greater sway over the world economy.

Democracy

According to the Democracy Report 2024 from the Swedish research institute V-Dem, approximately 71 percent of the world's population lives in countries that are not fully democratic, meaning they are governed in a more or less autocratic manner. This share has risen significantly over the past 20 years, from 50 percent in 2003 to today's 71 percent. The situation, however, is entirely different in the West, where all countries still are democracies. But note the choice of the word "still," as there are troubling trends in many Western countries that suggest democratic governance can no longer be taken for granted. In the West-Adjacent group, Hungary and Ukraine, do not meet all criteria for full democracies, though signs of democratic backsliding are present in an additional 5 countries.

In the rest of the world, democratic conditions are vastly different. In the Non-West group, over 98 percent of the population lives under autocratic regimes, and about a third of these countries are trending toward even stronger autocratic rule. Among Neutral countries, democracy is also weak in many places, with over 62 percent of the population living under more or less autocratic regimes.

But, in economic terms, democratically governed countries accounted for 65 percent of the world's GDP in 2022. However, as the global economic centre increasingly shifts toward countries in the Non-West and Neutral groups, a growing share of the world's total GDP will be generated in autocratically governed nations. The fact that many countries also are trending towards greater autocracy could mean that this shift occurs even faster than simple trend projections would suggest. Not least is, the election of Donald Trump as president of the United States, a cause for concern in this regard.

In general terms, research shows a positive correlation between democracy and economic development. Democracies tend to have stronger institutions that promote the rule of law, protect property rights, and provide greater transparency and accountability, creating a stable environment for economic growth. Well-functioning democratic institutions can reduce corruption, ensure efficient resource allocation, and incentivise investment and innovation. However, the relationship between democracy and economic development is not always linear or straightforward. Some countries with authoritarian regimes have achieved high economic growth, particularly during specific historical periods or under certain leadership, such as in China and Singapore.

A specific challenge for democratic countries is if economic growth diminishes or if it is perceived as primarily benefiting an already wealthy elite, this could lead to public protests and a shift towards more autocratic governments in democratic elections. The conclusion is straightforward: for democracy to survive, its benefits in terms of economic development and growth must be perceived as fair and

accessible to all, across different population groups, regions, cities, and neighbourhoods.

Military Capacity

Historically, global hegemonies have arisen and been maintained through extensive military capacity and capability. Often, there were strong imperialistic ambitions expressed through wars of conquest and colonisation. Even if the West today has no intention of initiating wars of conquest, there remains a strong need for substantial military capacity and the ability to defend its ideological, cultural, and economic interests. The military alliance NATO is a direct response to this need.

When comparing military budget figures, there is no doubt that the US remains the dominant superpower in the military sphere. In 2022, it alone accounted for nearly 40 percent of the world's total military expenditures. Together with other Western and West-Adjacent countries, this power bloc and its allies accounted for 65 percent of global military spending. However, this represents a decline of over 14 percentage points since 2000, when their share was around 79 percent. Conversely, the Non-West group has increased its share of global military spending from just over 12 percent in 2000 to nearly 26 percent in 2022, primarily due to China's military expansion, with its share rising from 3 to 14 percent. The Neutral group has seen a marginally increasing share over the same period.

It should be noted, however, that there is no direct correlation between military budget and military capability. Capability is also influenced by factors such as expertise, organisation, technological advancement, and the military partnerships and alliances a country participates in. Defence resolve and motivation also play a significant role, as Ukraine clearly demonstrates.

In recent years, the world has witnessed significant military buildup, as noted in the SIPRI (Stockholm International Peace Research Institute) Yearbook 2024. In 2023, global military expenditures rose by 6.8 percent, marking the largest annual increase since 2009. This was the ninth consecutive year of rising global military spending. The increase was primarily driven by the war between Russia and Ukraine, as well as other geopolitical tensions, particularly in the Middle East and parts of Africa. The US remained the top spender on defence, allocating \$916 billion, more than the next nine countries combined and over three times as much as China.

Access to nuclear weapons is perhaps the most critical means for a country, power bloc, or military alliance to secure and defend its position on the global military stage, if only for deterrence purposes. At the beginning of 2024, nine states — US, Russia, UK, France, China, India, Pakistan, North Korea, and Israel — collectively possessed 12,121 nuclear weapons, of which 9,585 were considered potentially operational. Approximately 3,904 of these warheads were deployed and assigned to operational forces, including around 2,100 kept on high alert, about 100 more than the previous year. The US and Russia dominate the nuclear

landscape, jointly holding nearly 85 percent of the world's potentially operational nuclear weapons (US 3,708 and Russia 4,380).

The global reductions in operational warheads appear to have stalled, and their numbers are now starting to rise again. Both the US and Russia are undertaking extensive programs to replace and modernise their nuclear weapons, missiles, aircraft, submarine systems, and nuclear weapons production facilities.

In conclusion we can say that, although the Non-West is catching up with the West's military dominance, some form of power balance still exists between the blocs, including in the nuclear arena. At best, this deters major powers from starting large-scale wars, but the risk of local and regional conflicts escalating remains high, which could have devastating consequences.

The European Union

In light of the recently held election to the European Parliament and the challenges and strategic decisions facing the EU in the coming years, it is worth examining the EU's position and development both globally and as part of the broader Western Bloc. Of the EU's 27 member states, 22 belong to the group of countries we here have defined as the West, while 5 countries are part of the West-Adjacent group: Bulgaria, Cyprus, Romania, Slovakia, and Hungary.

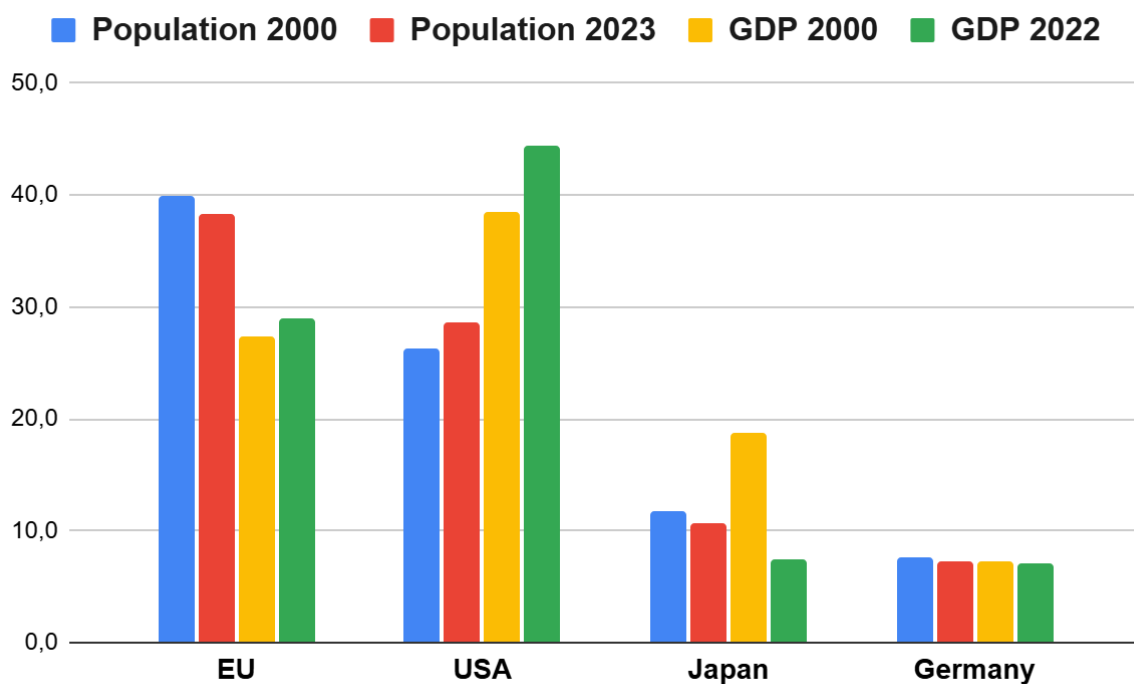
The EU is a small player on the global stage, particularly in terms of population, with its inhabitants making up only 5.6 percent of the world's total population. This share has decreased from 7 percent in 2000. Today, the EU's population is growing very slowly, and several countries have experienced population declines in recent years, especially in the eastern part. According to EU Commission projections, the EU's total population will peak in 2026, after which it is expected to decline by 6 percent by 2100. The EU faces significant demographic challenges due to an ageing population. The share of individuals over 80 is expected to more than double, from 6.1 percent in 2022 to 15.3 percent in 2100. Meanwhile, the working-age population (20-64 years) will shrink from 59 percent to 50 percent.

Economically, the EU is a more significant player on the global stage, but the combined GDP of its member states accounts for only 16.7 percent of the world's total GDP (2022), down from nearly 22 percent in 2000. Compared to the US, the EU is losing competitiveness. If we specifically examine the combined GDP of the Western Bloc (West + West-Adjacent countries), the US share has increased by nearly 6 percentage points to 44.4 percent since 2000, while the EU's share has grown by only 1.6 percentage points, now standing at 29 percent (2022). A major reason for this is a very weak performance in Japan, but also in Germany, traditionally regarded as the EU's economic engine.

The EU also struggles to keep pace with global competitors in innovation. Mario Draghi's report, "The Future of European Competitiveness" (EU Commission, September 9, 2024), highlights a significant productivity gap between Europe and

the US, driven by slower adoption of digital technologies, particularly in the tech sector. European industries are dominated by older, less dynamic firms, leading to lower investments in research and innovation compared to global rivals. The report emphasises the need to close the innovation gap with the US and China by restructuring EU research and innovation programs, reallocating resources to transformative projects, and strengthening infrastructure for academic institutions and innovation centres to attract talent and foster cross-border collaboration.

Figure 2: Percentage of the Western Bloc's (West + West-Adjacent countries) population in 2000 and 2023, and GDP in 2000 and 2022 for the EU and USA with Japan, and Germany reported separately.



Source: World Bank

In the short term, declining competitiveness and innovation capacity may be the EU's greatest challenge, but in the long term, the demographic situation is equally significant. The EU and its member states face the challenge of a shrinking working-age population and youth cohort, while the non-working elderly population is increasing sharply. This is especially true for those over 80, a group with greater healthcare and caregiving needs.

EU Commission reports indicate that without immigration, the EU's workforce would shrink by approximately 10 percent by 2050, with significant negative effects on the economy. In this context, the decision by many EU countries to limit immigration and even promote repatriation may appear as purely counterproductive measures, heavily influenced by immigration-critical populism.

The future of the EU's welfare and growth will depend on how effectively we can combine balanced immigration with reformed integration, education, and labour market policies that harness the potential of all people. Without such efforts, we

might face a Europe in decline, or perhaps the realisation of the vision once described by German professor and urban researcher Klaus Kunzmann as “Slow Park Europe.” In this scenario, Europe would become a vast open-air museum where we focus on catering to wealthy tourists from other parts of the world who come to experience our UNESCO-listed cultural and natural heritage. Protests against mass tourism would no longer be affordable, as other sectors of the economy would have stagnated. In our free time, we would volunteer to care for the elderly, as publicly funded care would have been reduced to a bare minimum.

Finally, climate change remains a major, and perhaps decisive, risk factor for the EU's future. The direct effects are already evident, both human and economic, through more frequent weather-related events such as heatwaves, wildfires, and floods. However, the longer-term indirect effects are even more perilous, such as the risk of global food shortages and large-scale migration toward temperate regions, which also leads to increased risks for conflicts.

Conclusions and Territorial Consequences in Europe

The answer to the question, if “the West is losing its grip”, is of course “yes.” The West and West-Adjacent countries have long represented a small and now declining share of the global population, the shifts in economic and military power are also occurring rapidly. China, alongside other Asian countries like India, is claiming an increasingly significant share of the world’s economy and military resources. The exact timing of when the West might “lose its grip” is uncertain, depending on the aspects we study. For instance, innovation and technological development still remain areas where parts of the West hold strong, but countries like China are gaining significant market share in electric vehicle production and control many of the critical raw materials essential for current and future industrial production, further exposing vulnerabilities in the West.

If the answer to the initial question unsurprisingly is “yes”, the more intriguing question is what comes next as the West loses its political, economic, and military dominance. The obvious answer is China, and eventually India, which, due to their large populations and growing economies, are emerging as new centres of global power. Major Non-Western economies have also formed the BRICS alliance as an alternative to the West. Although BRICS (now consisting of 9 countries, with China, India, and Russia as the strongest) is not yet particularly powerful in political terms, it collectively represents nearly half of the world’s population and over a quarter of the global GDP. Given this development, we are now entering a geopolitical era described as a “multipolar world”.

While a transition to a multipolar world might seem positive from a fairness perspective, it also introduces greater uncertainty in times of increasing challenges like climate change and the risk of escalating military conflicts. A power vacuum could emerge as the West declines and China grows, though its economic engine shows signs of slowing. Such a vacuum may encourage nations to focus more on protecting their economic, cultural, and ideological interests. The US

exemplifies this with increased trade tariffs and China through its global investments, particularly in Africa.

A multipolar world increases the risk of conflicts and wars, especially in a time of widespread military buildup and growing influence of autocratic regimes. Leaders like Putin may exploit power vacuums and even within the West democratic values are under pressure. The role of the United States is crucial, as it remains the dominant Western power. However, domestic polarisation raises questions about its ability to uphold democratic principles and sustain foreign commitments. This is particularly concerning for Europe, which relies heavily on the US for defence, as signals of declining US interest in NATO and uncertain support for Ukraine create significant security risks.

European Territorial Consequences

The global development towards a more multipolar world order, combined with climate change and international crises, presents increasing and partly altered challenges with a territorial dimension and thereby for Territorial Cohesion in Europe:

- Demographic trends with low birth rates and an aging population affect all of Europe, but are most noticeable in Eastern Europe and rural areas having experienced significant outmigration of younger individuals and people of working age. This impacts tax revenues and skills provision, which negatively affects both businesses and welfare systems. At the same time, the sharp population growth in Africa, combined with ongoing climate change, could lead to increasing refugee flows across the Mediterranean, primarily affecting Southern Europe, but also representing a potential for the whole of Europe.

If the EU and European governments are not prepared to develop strategies for increased labor and refugee immigration, combined with strong skills development initiatives, we will have to rely on efficiency improvements, robotisation, and AI to address skills shortages — something that in itself requires time, resources, and expertise. Territorial Cohesion must be strengthened to improve matching on labour markets through efforts to enhance local attractiveness and the connection between cities and rural areas.

- Europe and the EU are losing economic competitiveness and innovation capacity, both globally and compared to the United States. The most significant territorial impacts are seen in countries and regions dominated by industries where competition from China and the US is most pronounced, such as the automotive and tech industries. Increased protectionism and more trade tariffs also risk exacerbating these problems. At the same time, Europe has assets and potential areas where it leads, which can benefit both urban and rural areas. These include the green transition, the development and production of renewable energy, as well as cultural and natural values of great interest to international tourism.

However, crucial to Europe's competitiveness is the ability to strengthen

innovation capacity and secure skills provision. Mario Draghi's report, "The Future of European Competitiveness", therefore deserves to be taken very seriously. A specific issue related to Territorial Cohesion is that rural areas contributing to the green transition must be fully compensated for the natural resources utilized and the impacts on cultural and natural values resulting from increased renewable energy production and the extraction of critical raw materials.

- An increasing number of countries around the world are governed by more or less autocratic regimes. While most countries in Europe and the EU remain full democracies, there are concerning signs here as well. The issue has a distinct territorial dimension, as growing polarisation between urban and rural areas is part of the problem. Additionally, dissatisfaction is growing in marginalised urban areas, creating fertile ground for anti-democratic movements. In this context, Territorial Cohesion is of critical importance. Economic development and welfare must be ensured in both rural areas and the various neighborhoods of cities if democracy is to survive.
- The global security situation is becoming increasingly tense, including in the EU's vicinity. Dependence on the US as a military superpower and guarantor of EU countries' defense is significant but can no longer be taken for granted. The EU's own defense capabilities need to be strengthened, and self-sufficiency in food and critical raw materials must increase. In addition to an increased threat level for the EU as a whole, countries closest to Russia are particularly affected. However, rural areas in the EU could benefit from the situation through increased domestic food and raw material production, as well as by providing services to military operations and allocating land for training exercises. Even here, compensation must be provided for any impacts on natural and cultural values.

Final words

There is no doubt that both the Western world and humanity as a whole face challenges and problems on an unprecedented scale. The sheer number and complexity of these challenges often lead politicians and decision-makers to avoid tackling the most critical issues, instead focusing on immediate, smaller, more manageable problems. Voters, too, tend to prioritise immediate concerns over a distant and difficult-to-comprehend future. Yet humanity's creativity and ingenuity in overcoming challenges have continually surprised us. Let us, therefore, place hope in these qualities and do what we can—before it's too late.