

CHAPTER 2



DISRUPTIVE RISKS OF GLOBALIZATION

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When goods don't cross borders, soldiers will.

— Attributed to Frédéric Bastiat

Introduction

Globalization is no longer a phase;¹ it is the underlying condition of the modern world.² From economic integration to labor mobility to digital connectivity and cross-border finance, it shapes how states compete, cooperate, and secure their interests. However, the speed and scale of these global flows have also created friction: economic nationalism, supply chain

insecurity, and political fragmentation have emerged as reactive forces.³

Yet globalization has not receded. Instead, it has entered a new phase—what might be called neo-globalization. Unlike the structured, rules-based order of the Bretton Woods era,⁴ this phase is diffuse, decentralized, and often leaderless. Global internet use has quadrupled in two decades.⁵ International trade and data flows continue to expand.⁶ What remains is not coordinated governance, but a relentless, bottom-up surge of goods, services, and information, moving faster than the ability of institutions to adapt.⁷

This chapter uses the lens of complex interdependence to examine how globalization's evolving structures—economic, technological, and digital—create new forms of strategic vulnerability and diffuse insecurity.⁸ Traditional models of national defense, focused on territorial protection and conventional force, are increasingly ill-suited to transnational, non-linear, and system-wide threats. From cyberattacks and pandemics to economic coercion and digital disinformation, today's vulnerabilities rarely stop at the border.

These dynamics are especially pronounced in the Indo-Pacific,⁹ where strategic rivalry intersects with deep economic entanglement. Tensions between the United States and China unfold not just in military terms but through interdependent supply chains, dual-use technology, and asymmetric tools of influence.¹⁰ In this environment, war may be deterred, but insecurity is diffused and persistent.

This paradox of being bound together and strategically exposed defines the disruptive risks of globalization. Managing these risks requires more than withdrawal or ideological entrenchment. It demands a modern conception of security—one that balances national sovereignty with practical coordination, and resilience with strategic foresight.

This chapter explores how globalization continues to reshape the security environment. It examines how economic, technological, and societal forces converge with traditional defense concerns and outlines strategic options for navigating a world where interconnectedness itself has become a domain of competition.

Rethinking Security in an Interconnected World

The evolution of security reflects the expanding scale of human interaction and the increasing complexity of global interdependence. Where early states focused on defending territory through localized conflicts, today's threats are often intangible, ranging from cyberattacks and terrorism to financial shocks and systemic disruption.

Globalization has accelerated this shift. It has introduced a new category of transnational risks that no single nation can manage in isolation. Threats such as pandemics, cyber intrusions, and strategic resource constraints have supplanted territorial conquest as dominant sources of insecurity. These challenges demand a broader, more adaptive security framework.

This shift is not without precedent.¹¹ Today's interconnected environment has made large-scale wars between major powers less rational but not less dangerous. Interdependence has not reduced risk. It has redistributed and reframed it.

Modern security threats often bypass the Westphalian model of sovereign states. Transnational networks like ISIS and Al Qaeda exploit global systems of finance, mobility, and information.¹² Meanwhile, system-level shocks like pandemics travel rapidly through supply chains and data networks, affecting entire regions in real time. In this landscape, vulnerability is no longer determined by geography, but by connectivity.¹³

Traditional threats have not disappeared. In regions marked by unresolved conflict, fragile governance, or strategic rivalry, conventional warfare remains a live concern. But the convergence of old and new threats—between tanks and trade routes, militias and malware—requires an integrated approach to security planning.

Navigating this environment calls for strategic foresight, resilient systems, and a readiness to adapt across multiple domains. In a world shaped by exposure as much as by power, security must be understood not only in terms of defense capabilities but also in terms of how nations absorb, mitigate, and respond to shocks that move at global speed.

Strategic Exposure: Transnational Threats in the Modern Era

The defining feature of 21st-century security is the rise of threats that move faster than traditional systems can track, contain, or deter. While large-scale wars between states have become less frequent, the risks posed by transnational threats—pandemics, cyberattacks, supply chain disruptions, and illicit maritime activity—have expanded dramatically.

These threats are system-wide in nature. They move through networks, not borders, affecting nations regardless of size, strength, or geography. The COVID-19 pandemic revealed how a localized outbreak could rapidly disable global logistics, strain national healthcare systems, and upend markets. It also exposed overreliance on fragile supply chains and limitations of outdated contingency planning.

The effects of these disruptions are interlinked: workforce dislocation, constrained trade flows, resource scarcity, and political unrest often reinforce one another. For less-resourced states, the challenge is even greater; limited infrastructure and institutional capacity make recovery slower and exposure more severe.

Still, the pandemic also highlighted avenues for resilience. Rapid advances in vaccine development, adaptive logistics, and information-sharing demonstrated that innovation often emerges under pressure. In many cases, local networks and non-state actors responded more nimbly than large

bureaucracies, revealing the value of flexible partnerships and decentralized solutions.

The strategic takeaway is clear: transnational threats are here to stay, and national preparedness alone is insufficient. What matters now is how nations invest in early warning systems, secure critical infrastructure, and align responses with trusted partners. Future disruptions, whether cyber, biological, or economic, will reward those who can adapt at speed and scale.

While some global institutions continue to play a role, the decisive edge will come from tailored, interest-driven coalitions that can act quickly, share intelligence, and avoid institutional drag.¹⁴ In this era of strategic exposure, preparedness is no longer a static capability; it is a dynamic, ongoing posture.

Economic Exposure in a Connected World

Globalization's economic engine—powered by the movement of goods, capital, and labor—has reshaped how states pursue prosperity and manage risk. Concepts like comparative advantage and distributed production are no longer theoretical; they are embedded in the daily operation of global supply chains, financial systems, and labor markets. This interconnectedness has enabled growth, but it has also created new forms of strategic exposure.

Nowhere is this more evident than in the complex dependencies that bind national economies together.¹⁵ Disruptions in one region—whether due to port shutdowns,

cyberattacks, or geopolitical tension—can ripple across continents in days. The COVID-19 pandemic exposed the fragility of just-in-time manufacturing and highlighted the strategic risks of over-concentrated production hubs.¹⁶ It also revealed how interdependence, once seen as a buffer against conflict, can become a channel for cascading disruption.

Labor mobility and cross-border investment have likewise driven innovation and expanded opportunity.¹⁷ But they also raise difficult questions about resilience. Shocks to supply chains or financial markets can undermine national stability, especially in states with narrow industrial bases or limited fiscal capacity. Strategic competition can further weaponize these linkages through sanctions, export controls, or financial coercion, turning economic tools into instruments of influence.

For policymakers, the task is not to reverse globalization, but to manage its risks more effectively. This requires greater attention to redundancy, diversification, and domestic capacity-building. It also calls for cooperative frameworks to ensure that interdependence does not become a source of coercion or strategic disadvantage.

In short, the economic logic of globalization remains intact, but it must be governed with strategic foresight. In an era of systemic disruption, states that understand and shape their global exposures will be best positioned to secure their interests and sustain stability.

Technology: A Force Multiplier of Risk

Technology is an accelerant of globalization. Digital platforms like Amazon, WhatsApp, and TikTok enable unprecedented speed in communication, commerce, and coordination.¹⁸ Their reach is transnational, their user base massive, and their influence often exceeds that of state institutions. This connectivity has driven economic integration and cultural exchange, but it has also amplified exposure to disruption.

The same tools that knit global systems together are now routinely exploited for destabilizing purposes. Disinformation campaigns, cyber intrusions, data theft, and critical infrastructure targeting all illustrate how malign actors can weaponize openness. Unlike traditional threats, these attacks require neither borders nor armies. A single actor, operating from a laptop, can inflict damage on banks, hospitals, or public trust.¹⁹

This asymmetry is compounded by governance gaps. Many digital systems operate in legal gray zones, outpacing states' ability to regulate, audit, or defend them.²⁰ When technology firms function as de facto transnational entities, with limited accountability and immense datasets, they challenge sovereign authority while remaining indispensable to national security.

Managing this duality requires a coordinated and adaptive response. Key elements of that response include:

- **Shared Norms and Standards**

Building consensus on acceptable behavior in cyberspace and enforcing accountability for violations.

- **Resilient Architecture**

Designing systems that assume disruption is inevitable and prioritize containment, redundancy, and rapid recovery.

- **Digital Literacy and Trust**

Equipping populations to navigate information ecosystems with discernment and resilience.

- **Allied Coordination**

Enhancing cross-border cooperation between like-minded governments and private sector partners to mitigate strategic vulnerabilities.

The digital domain is now a frontline of competition. It is not merely a technical space but a strategic environment. Those who govern digital interdependence—balancing innovation with control, and openness with security—will shape global power.

Strategic Entanglement in the Indo-Pacific

The Indo-Pacific is the frontline of globalization's disruptive risks. It is home to the world's busiest sea lanes, most integrated supply chains, and asymmetries between prosperity and fragility.²¹ These interconnections bring opportunity, but

they also sharpen the tools of coercion, disruption, and contestation.

Economic entanglement, especially between China and its trading partners, generates mutual dependence while enabling leverage. Supply chains stretch across fragile political geographies, rendering disruptions—whether by disaster, blockade, or sabotage—strategically significant. Cyberattacks ripple through the region’s digital arteries, targeting finance, logistics, and public services.²²

At the same time, unresolved disputes, governance gaps, and rising populism inject volatility into an already crowded strategic environment. In this crucible, security is not a binary condition but a function of resilience. The same forces that tie states together—trade, infrastructure, and information—can be repurposed for pressure, subversion, or influence.

The Indo-Pacific today operates under conditions of complex interdependence²³—a state in which military posturing and strategic alliances coexist with deep economic, technological, and digital entanglement. In such a system, conventional deterrence is necessary but insufficient. Strategic exposure now flows through supply chains, critical infrastructure, data networks, and financial systems—each vulnerable to coercion, disruption, or manipulation.

The Indo-Pacific reveals the paradox of modern security: proximity to others is both a strength and a vulnerability. Navigating this space demands not just military readiness but systems thinking: the ability to manage risks that emerge not from invasion but from integration.

Conclusion: Security in an Interconnected Age

Globalization has transformed the operating environment of national and regional security. Its cross-border flows of goods, data, people, and influence generate both strength and exposure, linking prosperity with vulnerability in unpredictable ways.²⁴ In this environment, security is no longer a matter of isolation or dominance, but of managing risk in a connected system.

For Indo-Pacific actors and their partners, the challenge is not whether to engage the global system but how. Resilience now depends on the ability to anticipate disruptions, safeguard strategic infrastructure, and build flexible partnerships that enhance stability without sacrificing autonomy.

This chapter has outlined how globalization's disruptive effects demand new approaches—grounded in clarity, adaptability, and shared interest. Rather than retreating from interdependence, the task ahead is to navigate it wisely, deliberately, and with eyes open to the risks and rewards of a world where distance no longer offers protection.

Endnotes

- ¹ This chapter, originally titled “Globalization and the Evolving Landscape of Global Security,” was first published in *The Indo-Pacific Mosaic: Comprehensive Security Cooperation in the Indo-Pacific*, edited by James M. Minnich (2025), <https://doi.org/10.71236/FPNQ8182>. The current version has been updated and retitled for this volume, the first in the *Strategic Edge Series*.

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