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قضايا سياسية

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From Primacy to Fragmented Multipolarity: Systemic Change through Power-Conversion Channels[∇]

Mohamed Ibrahim Hassan Farag[*]

Abstract

This article develops a mechanism-first account of systemic change from post–Cold War unipolarity toward a more diversified configuration amid China's ascendancy and the United States' relative retrenchment. Polarity is treated as a joint property of capabilities and the conversion channels that render those capabilities effective; alliances and alignment architectures, technology and standards regimes, and monetary–financial infrastructures. Using a descriptive–analytical approach, the study specifies domain-level indicators (multi-year capability convergence; patterns of balancing, binding, and hedging; standards bifurcation and supply-chain rewiring; reserve/invoicing diversification and alternative payment rails) and proposes conservative thresholds for inferring system-level change via cross-domain reinforcement. The analysis finds uneven but cumulative movement away from a simple unipolar pattern: alignment and technology exhibit the clearest shifts, with minilateral security–industrial arrangements and rival standards ecosystems institutionalizing alternative pathways for influence. Monetary change is slower yet increasingly constrains the reach of financial coercion at the margin. The resulting picture is asynchronous and issue-specific; pockets of multipolar or club-based authority coexist with domains that retain unipolar or dyadic features. The article clarifies adjudication among persistent unipolarity, hard bipolarity, and diversified multipolarity, and outlines operational criteria that can be implemented in subsequent empirical work.

Keywords: Geo-economic statecraft; Hedging and minilateralism; Polarity ;Standards bifurcation; Systemic change.

Introduction:

Debate over whether the post–Cold War unipolar moment is giving way to a more complex distribution of power has intensified as China's capabilities expand and the United States shows signs of relative, though not absolute, retrenchment. Yet the central issue is not simply a question of "primacy versus decline", but how power is organized and translated into outcomes across multiple domains of interaction.

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Contemporary competition unfolds simultaneously in security, technology, production networks, and monetary–financial infrastructures, where influence depends not only on aggregate capabilities but also on the channels through which those capabilities are converted into leverage.

In the security domain, shifts in force projection, denial capabilities, and alliance cohesion reshape deterrence dynamics and crisis bargaining. In technology, control over standards, strategic chokepoints, and data governance determines who captures long-term economic and strategic rents and who can restrict access to critical systems. In the monetary and financial sphere, payment architectures, the reach of sanctions, and reserve preferences condition the effectiveness of economic coercion and the resilience of national economies. Accordingly, systemic change in the contemporary era reflects not merely a redistribution of material power but a reconfiguration of the infrastructures that enable, transmit, or constrain its use across regions and issue-areas.

A domain-sensitive perspective therefore cautions against premature conclusions about systemic transformation. Different arenas adjust at unequal speeds and through distinct mechanisms. Security competition may intensify even as financial structures remain relatively resilient, while technological standards can diverge more rapidly than alliance alignments shift. These asymmetries suggest that systemic change is likely to emerge through cumulative, cross-domain adjustments rather than through a single decisive rupture in the distribution of capabilities.

Indicative signals of such change include sustained capability convergence among several major powers; the growing prevalence of hedging strategies and flexible minilateral security arrangements; the emergence of competing technological ecosystems supported by coordinated export-control regimes and resilient alternative supply networks; and gradual diversification in trade invoicing, reserve holdings, and payment infrastructures that enhances insulation from secondary sanctions. No single indicator is decisive. However, when these developments persist over time and reinforce one another across domains, the cumulative balance of evidence points toward movement away from a strictly unipolar configuration and toward a more fragmented and diversified systemic equilibrium.

Importance of the Research:

1. Clarifying systemic change: Defines what constitutes “systemic change” in the international order, focusing on both shifts in capabilities and the channels through which power is converted into outcomes.
2. Theoretical contribution: Refines key concepts of polarity and enables measurement of cross-domain systemic shifts.
3. Testable expectations: Provides scholars with analytical propositions and indicators to evaluate systemic change empirically.

4. Policy relevance – alliances and hedging: Guides policymakers in designing alliances, minilateral arrangements, and hedging strategies under evolving great-power dynamics.
5. Policy relevance – technology and finance: Offers insights into technology governance, standards competition, and monetary coordination to manage strategic leverage and economic coercion.
6. Cross-domain perspective: Highlights how interactions across security, technology, and financial domains shape the trajectory of systemic change.

Objectives of the Research:

This article:

1. refines concepts and operational measures of polarity suited to contemporary conditions;
2. develops a mechanism-based framework linking capabilities, alliance networks, technology/standards, and monetary power to potential systemic outcomes; and
3. derives propositions and analytical expectations that future empirical studies can test at system-wide and regional levels.

Research Problem:

Existing work often treats "multipolarity" as an end state rather than a pathway. Outcomes are frequently inferred from aggregate capability trends while giving less attention to the mechanisms; alliances, technological standards, and monetary infrastructures; through which systemic change would actually unfold. This yields under-specified mechanisms and inconsistent indicators for recognizing change short of war or hegemonic collapse. *In this context, the main question guiding this study is: How is systemic change in the international order emerging under conditions of partial capability convergence and persistent U.S. primacy?*

Sub-questions (branching from the main question):

- What conceptual and operational criteria distinguish unipolar, bipolar, and multipolar configurations in the current era?
- Through which mechanisms; capability convergence, alliance behavior (balancing, binding, hedging), technology and geo-economics, and institutional contestation; might a systemic shift plausibly emerge?
- Which analytical expectations allow adjudication among rival explanations such as persistent unipolarity, "hard" bipolarity, or diversified multipolarity without presuming outcomes?

Research Hypothesis

This research hypothesizes that systemic change in the international order is driven not just by shifts in power but by how power is translated into outcomes across multiple domains. It posits that the global system is transitioning from unipolarity to

a fragmented, multipolar equilibrium, with leadership becoming domain-specific across security, technology, and finance. As major powers converge in capabilities, new alignment strategies like hedging and flexible coalitions are emerging, signaling a shift from U.S. dominance. Additionally, the bifurcation of technological ecosystems and diversification of monetary systems, including alternative payment structures, highlight the decentralization of influence. These changes suggest a gradual move toward hybrid multipolarity, where leadership is more flexible and issue-specific, with cross-domain shifts reinforcing the transformation.

Research Methodology (Descriptive–Analytical):

The study adopts a descriptive–analytical design, synthesizing established and recent scholarship to define key constructs and scope conditions, map the causal logics of systemic change through distinct mechanisms, and specify falsifiable expectations with operational indicators; for example, capability convergence thresholds, shifts from band wagoning toward hedging, signs of standards bifurcation, and proxy measures of monetary power.

Structure of the Research:

- **Section 1: Theoretical Framework in International Relations**; positions the study within structural realism, power-transition/hegemonic stability, institutionalism, and networked interdependence; defines polarity and scope conditions.
- **Section 2: Concepts and Operationalization of Polarity**; develops measures and indicators across capabilities, alliances, technology/standards, and monetary power.
- **Section 3: Mechanisms of Systemic Change**; specifies causal pathways (balancing, binding, hedging; capability convergence; standards bifurcation; geo-financial dynamics) and underlying assumptions.
- **Section 4: Propositions and Analytical Expectations**; states system-level and regional/issue-specific propositions and lays out rival explanations and falsifiable implications.
- After these sections, the article moves to **Results and Discussion**, then
- **Conclusion and Recommendations**.

1. Theoretical Framework in International Relations

This article develops a mechanism-first theoretical framework that links the structure of the international system to the channels through which power is converted into outcomes. The framework is grounded in structural realism, which emphasizes that the distribution of capabilities constrains state behavior and shapes systemic regularities (Waltz, 1979). However, capabilities alone are insufficient to determine influence. The actual exercise of power depends on conversion channels, such as alliances and security architectures, technology and standards regimes, and

monetary–financial infrastructures, which enable or limit the mobilization of material power and the ability of others to resist or bypass it (Keohane & Nye, 1977; Keohane, 1984). Treating polarity as both structural and infrastructural allows for a nuanced analysis of how shifts in capabilities interact with the infrastructures that transmit or blunt these shifts across security, technology, and finance (Brooks & Wohlforth, 2016; Farrell & Newman, 2019, 2023).

1.1. Polarity: A Structural and Infrastructural Concept

Polarity refers not only to the number of consequential powers (unipolar, bipolar, or multipolar) but also to how their capabilities are made usable. Unipolarity implies preponderant capabilities aligned with privileged conversion channels; bipolarity features two roughly equal hubs whose rivalry shapes alignment patterns; and multipolarity requires three or more actors able to set agendas or veto system-level outcomes across issue-areas (Waltz, 1979). While classical analyses focused on military-industrial aggregates, contemporary patterns rely heavily on alliance cohesion, burden-sharing, technology standards, export-control coalitions, and the "plumbing" of payments and reserves (Keohane & Nye, 1977; Keohane, 1984; Farrell & Newman, 2019, 2023).

Regional examples, such as the recent Middle East realignments from axis confrontation toward a balance of interests, illustrate why polarity must be treated as issue- and region-specific, even in the presence of concentrated global capabilities (Farag, 2025). This highlights the necessity of examining polarity not just at the global level but also at the regional level, considering the unique dynamics within specific areas.

1.2. Scope Conditions of the Framework

The framework specifies scope conditions for assessing systemic change. Evaluations can be made at the system level, by region, or by issue-area, recognizing that these arenas adjust at different speeds. For instance, a system may display near-bipolar security dynamics while remaining diversified in technology or finance, and standards ecosystems can bifurcate before alliances realign. Treating issue-areas as analytically distinct but causally connected prevents conflating asynchronous movement with categorical systemic transformation and helps identify which domains lead or lag in any prospective transition (Buzan & Lawson, 2015; Lake, 2018; Nexon & Wright, 2020). Claims about systemic change are thus conditional on cross-domain reinforcement, rather than movement in a single arena (Brooks & Wohlforth, 2016).

1.3. Mechanisms of Systemic Change

Mechanisms translate structure into outcomes across four families:

A. **Capability Convergence**: As multiple great powers converge in military and economic capabilities, expectations about coercion, crisis outcomes, and

alliance value shift, reflecting classic **power-transition** and **hegemonic-stability** dynamics (Organski, 1958; Gilpin, 1981).

B. **Alignment Behavior**: States adapt by rebalancing through **external balancing**, binding strategies to constrain stronger partners, and **hedging** strategies via **flexible minilateral arrangements**, which redistribute risks and burdens (Waltz, 1979; Brooks & Wohlforth, 2016).

C. **Technology and Geo-Economic Mechanisms**: These mechanisms operate through **standards bifurcation**, **export-control coalitions**, **supply-chain rewiring**, and **data-governance choices**, reallocating strategic rents and coercive leverage (Keohane & Nye, 1977; Farrell & Newman, 2019, 2023).

D. **Monetary-Financial Mechanisms**: Mechanisms in this domain involve **payment rails**, **invoicing**, **reserve composition**, and the extraterritorial reach of sanctions. Adjustments here influence the cost and credibility of **economic coercion** and feedback into alliance and technology choices (Keohane, 1984; Arslanalp, Eichengreen, & Simpson-Bell, 2022, 2024).

To operationalize this framework, **Table 1** provides illustrative **indicators** across capabilities and conversion channels. These metrics highlight measurable changes to assess polarity and systemic change.

Table 1: Mechanisms and Indicators for Polarity Assessment

Mechanism / Domain	Indicators	Measurement Notes	Expected Patterns in Multipolar Shift
Capability Convergence	Military spending, force modernization, industrial capacity, tech inputs	Multi-year trends, persistent convergence	Narrowing gaps among 3+ major powers
Alignment Behavior	Hedging strategies, minilateral exercises, defense-industrial cooperation	Frequency and institutionalization of arrangements	Reduced single-hub dependence, flexible coalitions
Technology & Standards	Competing standards ecosystems, export-control coalitions, supply-chain diversification	Institutional adoption, network effects, path dependence	Emergence of rival standards, self-reinforcing ecosystems
Monetary & Financial	Reserve currency composition, trade invoicing, alternative payment rails	Multi-year, sector-specific adoption	Gradual diversification, reduced vulnerability to unilateral sanctions

1.4. Cross-Domain Reinforcement and Evaluation of Systemic Change

The framework evaluates systemic change based on durability, breadth, and cross-domain reinforcement, rather than relying on isolated indicators. For example, global monetary data reveal gradual but meaningful shifts in reserve holdings and

transaction patterns. According to IMF COFER, the U.S. dollar accounted for 57.74% of official global reserves in Q1 2025, slightly declining from previous years, signaling slow diversification. In global payment systems, SWIFT transaction data show the dollar at ~43%, the euro at ~32%, and the Chinese renminbi at ~3.2%. Similarly, trade invoicing patterns indicate a gradual rise of alternative currencies, signaling the emergence of a multi-currency network capable of reshaping incentives for systemic hedging and financial diversification (Arslanalp et al., 2022, 2024; Farrell & Newman, 2023).

Table 2: Monetary Conversion Indicators Across Currencies

Indicator	Latest Statistic	Source
U.S. Dollar Share of Global FX Reserves	57.74% (Q1 2025)	IMF COFER
Euro Share of FX Reserves	~42%	IMF COFER
Dollar Share in Global SWIFT Payments	~43%	SWIFT Reports
Euro Share in SWIFT Payments	~32%	SWIFT Reports
Renminbi Share in SWIFT Payments	~3.2%	SWIFT Reports
Dominance in Trade Invoicing	Dollar remains dominant; gradual RMB increase	IMF Analysis

To visually illustrate trends, **Figure 1** displays the share of the U.S. dollar in global foreign exchange reserves over the last decade.

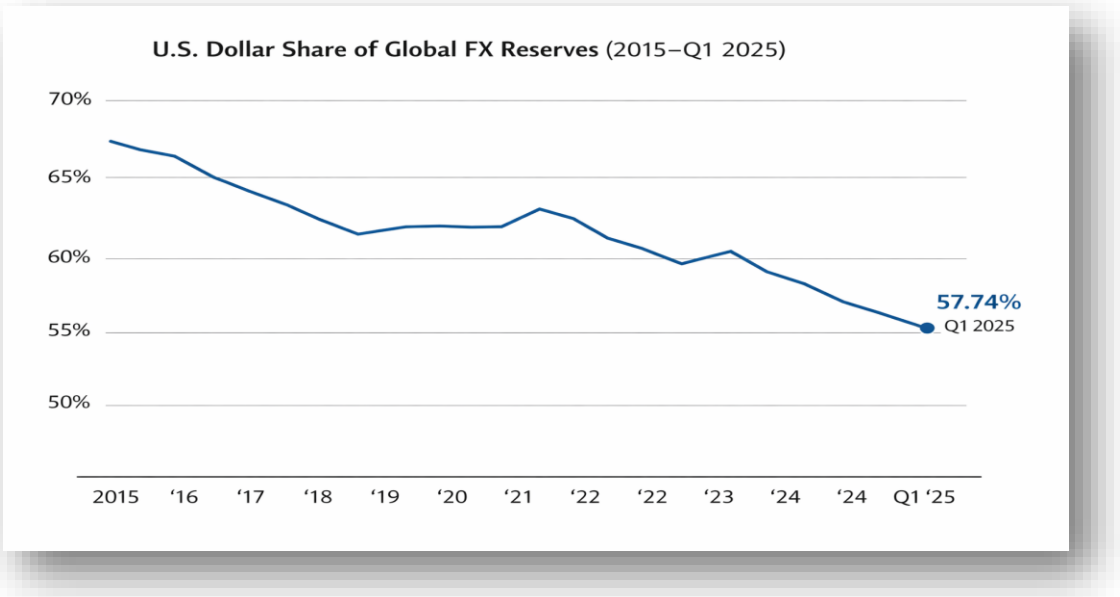

Figure 1: Trends in U.S. Dollar Share of Global FX Reserves (2015–Q1 2025)

As the figure indicates, the dollar's share of global reserves has gradually declined from approximately 66% in 2015 to 57.74% in Q1 2025. This reduction, though incremental, signals the slow diversification of global reserves and the emergence of alternative payment channels.

1.5. Conclusion: Evaluating Systemic Change

These observed monetary shifts, when combined with trends in alliances, technological standards, and supply-chain restructuring, provide a cross-domain basis for evaluating the likelihood of systemic transition toward a diversified multipolar configuration. By combining quantitative monetary data with cross-domain indicators, this framework allows robust inferences about systemic change, helping distinguish between persistent unipolarity, hard bipolarity, and the emergence of diversified multipolarity.

2. Concepts and Operationalization of Polarity

Polarity denotes both the distribution of capabilities among major powers and the infrastructure through which those capabilities are translated into outcomes. Classical structural theory conceptualized polarity in terms of the number of great powers in the system—unipolar, bipolar, or multipolar—arguing that systemic structure constrains state behavior (Waltz, 1979). Contemporary conditions, however, require extending this view to include the conversion channels that render capabilities usable, including alliance architectures, technological and standards regimes, and the monetary–financial mechanisms that enable or constrain coercion (Keohane & Nye, 1977; Keohane, 1984; Farrell & Newman, 2019, 2023). Thus, polarity is a joint property of capabilities and conversion.

2.1. Operationalization of Polarity

Operationalization proceeds across four interconnected domains. In capabilities, the focus is on detecting sustained convergence among major powers rather than short-term fluctuations. Multimodal indicators combining military modernization, economic scale, and technological capacity provide a more reliable signal of structural movement than any single metric. Because capabilities matter only insofar as they can be mobilized and sustained, inference must be tied to persistence over time and complementarities with industrial capacity and access to enabling inputs (Waltz, 1979; Brooks & Wohlforth, 2016).

2.2. Alliances and Alignment Behavior

In alliances and alignment behavior, polarity becomes observable through changes in how states manage security externalities. Evidence of movement away from unipolarity includes durable shifts from bandwagoning toward balancing, binding, and hedging, often expressed through flexible minilateral arrangements that redistribute risks and complicate bloc consolidation. Empirically, operationalization

should focus on monitoring recurring joint exercises, co-production agreements, defense-industrial partnerships, and the development of emerging minilateral nodes, as seen in the Mediterranean's recent cooperation trends (Farag, 2025), instead of relying solely on formal treaty arrangements (Keohane, 1984; Brooks & Wohlforth, 2016).

2.3. Technology and Standards

In technology and standards, polarity-relevant signals extend beyond the existence of rival ecosystems to measurable indicators of durability and institutional depth. These include standards bifurcation in sectors such as telecommunications, artificial intelligence, and semiconductors; the enforcement capacity of export-control coalitions; supply-chain realignment toward trusted partners; and the costs incurred to secure access to strategic inputs. Competition over critical minerals—such as lithium, cobalt, and rare earth elements—imposes financial and geopolitical costs that encourage the formation of partially insulated production networks, shifting supply chains from market optimization toward geopolitical risk management (Edmond, Forku, & Farag, 2025).

Institutionalization embeds this competition within governance structures through certification regimes, investment-screening mechanisms, procurement rules, and development-finance institutions. Once established, these arrangements generate path dependence by aligning participating states with specific technological ecosystems. Standards bifurcation becomes polarity-relevant when network effects, switching costs, and regulatory embedding produce self-reinforcing dynamics that reshape production networks and resource flows (Keohane & Nye, 1977; Farrell & Newman, 2019, 2023).

2.4. Money and Finance

In money and finance, polarity is reflected in the capacity to mobilize large-scale funding for infrastructure, resource extraction, and industrial development abroad. Strategic fundraising through policy banks, development institutions, export-credit agencies, sovereign wealth funds, and blended finance mechanisms anchors long-term alignment relationships. Financing arrangements tied to critical minerals and energy infrastructure shape invoicing practices, settlement currencies, and sector-specific payment systems, gradually institutionalizing parallel financial circuits that reduce exposure to sanctions and alter systemic incentives (Arslanalp, Eichengreen, & Simpson-Bell, 2022, 2024; Farrell & Newman, 2023).

Because domains of power adjust at different speeds, systemic transition unfolds through a transitional order rather than abrupt structural replacement. Adaptation occurs through reciprocal adjustments across domains: military postures evolve in response to capability convergence; alliances diversify to hedge uncertainty; technological strategies emphasize indigenous innovation and trusted supply

networks; and financial policies gradually diversify reserves, currencies, and payment infrastructures. The emerging system thus combines elements of residual unipolar leadership with fragmented multipolar practices.

2.5. Transforming Leadership Arrangements

Leadership arrangements are also transforming. Traditional hierarchies centered on a single dominant provider of public goods are increasingly supplemented by issue-specific leadership coalitions. Minilateral frameworks, regional architectures, and competing development initiatives redistribute agenda-setting authority, producing functional leadership differentiated by domain rather than universal dominance.

The coming phase will likely be characterized by competitive ecosystems—clusters of states, firms, and institutions organized around shared standards, financing mechanisms, supply networks, and regulatory norms. These ecosystems compete on interoperability, market access, financing capacity, security guarantees, and resilience to coercion, and they become consolidated through institutional embedding in trade agreements, security partnerships, and governance frameworks. As these arrangements expand, they generate self-reinforcing dynamics shaping future alignment choices and resource flows.

2.6. Cumulative Process of Systemic Change

Systemic transition therefore emerges cumulatively through reinforcement across domains rather than a single decisive shift. When capability convergence, alignment hedging, technological bifurcation, and financial diversification persist simultaneously, they signal the gradual emergence of a new balance of power. Whether this balance culminates in renewed unipolarity, hardened bipolarity, or complex multipolarity depends on which ecosystems achieve the greatest capacity to integrate security, technology, finance, and resources into a coherent framework of influence (Keohane, 1984; Brooks & Wohlforth, 2016; Arslanalp et al., 2022, 2024).

2.7. Measurement of Systemic Change

Measurement should prioritize institutionalized outcomes over declaratory policies. Ratified agreements, operational financial mechanisms, implemented standards, and enduring security arrangements generate path dependence by aligning procurement, training, and financing with a leading power's ecosystem. Alliance reorganization is therefore likely to proceed through adaptive layering rather than wholesale replacement, as states hedge by diversifying partnerships while major powers compete to embed influence through defense cooperation, infrastructure finance, technology transfer, and intelligence sharing.

Rigorous analysis requires transparent coding rules distinguishing symbolic gestures from substantive change, including legal status, implementation level, resource commitment, duration, and institutional depth across domains. Recognizing issue-

area asymmetry remains essential: security competition may intensify rapidly, financial systems evolve more slowly due to network effects, and technology standards can bifurcate quickly under regulatory pressure. Only when shifts reinforce one another across domains should systemic transformation be inferred (Keohane & Nye, 1977; Farrell & Newman, 2019, 2023).

Table 3: Indicators for Operationalizing Polarity

Mechanism / Domain	Indicators	Measurement Notes	Expected Patterns in Multipolar Shift
Capability Convergence	Military spending, force modernization, industrial capacity, tech inputs	Multi-year trends, persistent convergence	Narrowing gaps among 3+ major powers
Alignment Behavior	Hedging strategies, minilateral exercises, defense-industrial cooperation	Frequency and institutionalization of arrangements	Reduced single-hub dependence, flexible coalitions
Technology & Standards	Competing standards ecosystems, export-control coalitions, supply-chain diversification	Institutional adoption, network effects, path dependence	Emergence of rival standards, self-reinforcing ecosystems
Monetary & Financial	Reserve currency composition, trade invoicing, alternative payment rails	Multi-year, sector-specific adoption	Gradual diversification, reduced vulnerability to unilateral sanctions

This **Table 3** highlights the key indicators for operationalizing polarity across capabilities, alliances, technology, and monetary systems, and it links each mechanism with expected patterns of change toward a multipolar shift. The table serves as a useful tool to understand how shifts across various domains can signal the evolution of the global system.

3. Mechanisms of Systemic Change

Systemic change unfolds when shifts in capabilities are mobilized and amplified through the channels that convert power into outcomes. Four interrelated families of mechanisms shape this translation, operating simultaneously across security, alignment, technology, and finance.

3.1. Capability Convergence

First, capability convergence among multiple great powers alters expectations regarding coercion, denial, and crisis outcomes. As relative gaps narrow, rising actors gain improved anti-access and deterrence capacities, while leading powers face higher operational and political costs for intervention. Classic power-transition theory frames this as a recalibration of bargaining leverage rather than an abrupt rupture (Organski, 1958; Gilpin, 1981). Recent Middle East crises illustrate this logic of expectation adjustment without decisive redistribution of aggregate capabilities. Escalatory exchanges involving **Israel Defense Forces** and the **Islamic Revolutionary Guard Corps** across multiple theaters have expanded missile-defense deployments, precision-strike doctrines, and proxy deterrence strategies, thereby transforming denial postures and raising escalation thresholds even under conditions of persistent asymmetry (Farag, 2025e). Such dynamics demonstrate how regional crises can accelerate systemic learning and adaptation beyond the immediate conflict zone.

3.2. Alignment Change

Second, alignment change redistributes security externalities and reflects contemporary hedging strategies. States increasingly avoid rigid bloc politics, instead pursuing diversified partnerships to mitigate uncertainty. Current hedging strategies in the Middle East combine security cooperation with economic diversification and diplomatic engagement across rival powers. For example, **Saudi Arabia** simultaneously deepens defense ties with Western partners while expanding economic and technological cooperation with Asian powers, illustrating binding and hedging behavior within a single strategic posture. Similarly, **Turkey** employs multi-vector diplomacy—balancing NATO commitments with autonomous defense initiatives and regional mediation efforts. These patterns show that alignment mechanisms now operate through flexible minilateral arrangements, defense-industrial cooperation, intelligence sharing, and joint exercises rather than formal alliance treaties alone (Waltz, 1979; Brooks & Wohlforth, 2016; Farag, 2025c). The result is a layered security architecture that complicates bloc consolidation and diffuses systemic constraints across multiple actors.

3.3. Technology and Geo-Economics

Third, technology and geo-economic mechanisms convert structural potential into strategic leverage. Competition over critical technologies, supply chains, and

standards ecosystems increasingly shape global power distribution. Rival export-control regimes, semiconductor restrictions, and technology investment screening mechanisms illustrate how states weaponize interdependence to secure strategic advantage (Farrell & Newman, 2019, 2023). Competition over critical minerals and resource corridors—particularly in Africa and the Indo-Pacific—imposes rising financial and logistical costs on major powers seeking supply security. These costs include infrastructure finance, security guarantees for extraction routes, and subsidies for domestic industrial capacity. Consequently, supply chains are reorganizing into partially insulated horizontal networks prioritizing resilience over efficiency (Farag, 2025d). This shift marks a transformation from traditional hard power competition toward smart power strategies that integrate military presence, technological standards, development finance, and diplomatic engagement into comprehensive influence architectures (Edmond, Forku, & Farag, 2025).

3.4. Monetary and Financial Mechanisms

Fourth, monetary and financial mechanisms determine how coercion propagates through the global economy. The composition of reserves, trade invoicing currencies, cross-border payment systems, and sanctions regimes shape the reach and effectiveness of financial statecraft. Recent trade and tariff measures imposed by the **United States Government** illustrate how economic instruments complement security competition by reshaping global production networks and trade flows. Protectionist measures and tariff escalation increase fragmentation of the world economy, incentivize regionalization of supply chains, and accelerate diversification away from dominant financial hubs. Institutionalization of alternative payment arrangements and currency diversification reduces vulnerability to secondary sanctions while increasing the cost of coercion for the dominant power (Keohane, 1984; Arslanalp et al., 2022, 2024).

3.5. Systemic Transition Across Levels

These mechanisms operate within constraints at multiple systemic levels. At the global level, nuclear deterrence, economic interdependence, and institutional legacies limit the likelihood of direct great-power war, channeling competition into indirect domains. At the regional level, security dilemmas, proxy conflicts, and regime survival concerns shape alignment decisions. At the domestic level, economic capacity, political legitimacy, and technological innovation determine the sustainability of strategic competition. Systemic transition therefore emerges from the interaction of these levels rather than from a single decisive shift (Farag, 2026).

The transformation of power itself is also evolving. Traditional hard power—measured by military capabilities—remains essential for deterrence, but its effectiveness increasingly depends on integration with smart power tools combining economic statecraft, technological leadership, narrative influence, and institutional

control. States capable of synchronizing these instruments gain disproportionate influence without necessarily achieving overwhelming military superiority. Thus, the future hierarchy of the international system will be determined not solely by aggregate capabilities but by the efficiency with which states convert resources into multidimensional leverage.

Overall, systemic change should be understood as a cumulative process driven by reinforcing mechanisms across domains. Capability convergence alters expectations; alignment hedging redistributes security risks; technological competition restructures production networks; and financial diversification reshapes coercive capacity. When these mechanisms operate simultaneously over time, they generate the structural conditions for transition toward a more complex and potentially multipolar international order.

These mechanisms rarely move in lockstep. **Sequencing** matters: capability convergence often precedes alignment change, but decisive alignment shifts may accelerate technology bifurcation and catalyze monetary experiments. **Feedbacks** also run across domains. Expanded export-control clubs and standards coalitions can push firms to reroute supply chains, which then lowers the private costs of invoicing and reserve diversification; conversely, greater access to alternative payment rails can make hedging strategies more credible and reduce the political costs of resisting pressure from any single hub (Farrell & Newman, 2019, 2023; Keohane & Nye, 1977).

3.6. Measuring Systemic Change: Durability and Cross-Domain Reinforcement

Systemic change occurs when shifts in capabilities are mobilized and amplified through the channels that convert power into outcomes. Measurement relies on **two key criteria**: the **durability** of change within each domain and the **degree of cross-domain reinforcement**. Durability refers to whether a shift persists over multiple years, survives political cycles, and becomes embedded in institutional arrangements rather than being a temporary fluctuation. Empirically, durable signals can include multi-year convergence in military expenditures, repeated minilateral security exercises, long-term technology decoupling policies, or sustained diversification of reserve currencies. For instance, the gradual decline in the **United States** dollar share of global reserves from approximately 66% in 2015 to about 57–58% in 2025 demonstrates a durable adjustment in the monetary domain (Arslanalp et al., 2022, 2024).

Cross-domain reinforcement occurs when changes in one domain produce complementary effects in others, creating systemic rather than sectoral transformation. Observable outputs include alignment restructuring following technological bifurcation, rerouting of supply chains in response to export-control regimes, institutional adoption of alternative payment systems, and formalization of

new standards ecosystems. A clear example is the interplay between technology and finance: U.S. export restrictions on advanced semiconductors have accelerated **China**'s investment in domestic industrial capacity and alternative payment rails, which in turn reinforce hedging strategies and reduce reliance on dollar-based transactions (Farrell & Newman, 2019, 2023; Keohane & Nye, 1977).

When movement appears first in a single domain, it functions as a **leading indicator** of systemic transition. Key indicators of emerging multipolar leadership include sustained capability convergence among major powers, expansion of minilateral security networks, formation of rival technology standards ecosystems, and the growth of non-dominant financial infrastructures. Leadership in a multipolar system is domain-specific: military primacy may favor the **United States**, technological influence may favor **China**, and regulatory or standards power may favor the **European Union**.

The **Table 4** below highlights key **durability indicators** and **cross-domain outputs** to track systemic changes over time. These indicators help assess the degree of change within specific domains and the degree to which shifts in one domain influence others, reinforcing systemic transformation.

Table 4: Metrics for Measuring Durability and Cross-Domain Reinforcement

Domain	Durability Indicators (Multi-Year)	Cross-Domain Outputs	Illustrative Data
Capability	Convergence in military spending among major powers	Increased deterrence parity	U.S.: ~39% global defense spending; China: ~13%; narrowing gap trend
Alignment	Repeated minilateral exercises and defense pacts	Flexible coalition networks	Growth of Indo-Pacific and Middle East minilateral formats
Technology	Persistent standards bifurcation and export controls	Supply-chain relocation	Semiconductor export restrictions reshaping production geography
Monetary & Finance	Diversification of reserves and payment systems	Reduced sanction vulnerability	USD reserves ~57–58%; RMB payments ~3% SWIFT

The metrics in **Table 4** are useful for identifying long-term patterns in the **transformation of the international system**. By observing **multi-year trends** across military spending, **alignment behavior**, **technological bifurcation**, and **monetary diversification**, analysts can track **cross-domain reinforcement** and assess whether systemic shifts are taking place. This table aids in distinguishing

between short-term fluctuations and more enduring changes that signal the emergence of a new equilibrium.

These indicators collectively allow analysts to **track emerging systemic change**, assess which powers are gaining influence, and anticipate potential shifts toward unipolarity, hard bipolarity, or diversified multipolarity. The framework emphasizes that a systemic transition is **cumulative rather than instantaneous**: persistent movement across multiple domains over time is needed to signal the emergence of a new equilibrium (Brooks & Wohlforth, 2016; Arslanalp et al., 2022, 2024).

The **Figure 2, 3** below; illustrates the gradual decline in the U.S. dollar's share of global foreign exchange reserves, reflecting the diversification of global reserves over time, and shows the convergence in military spending between the U.S. and China, with China's military share gradually increasing over the years.

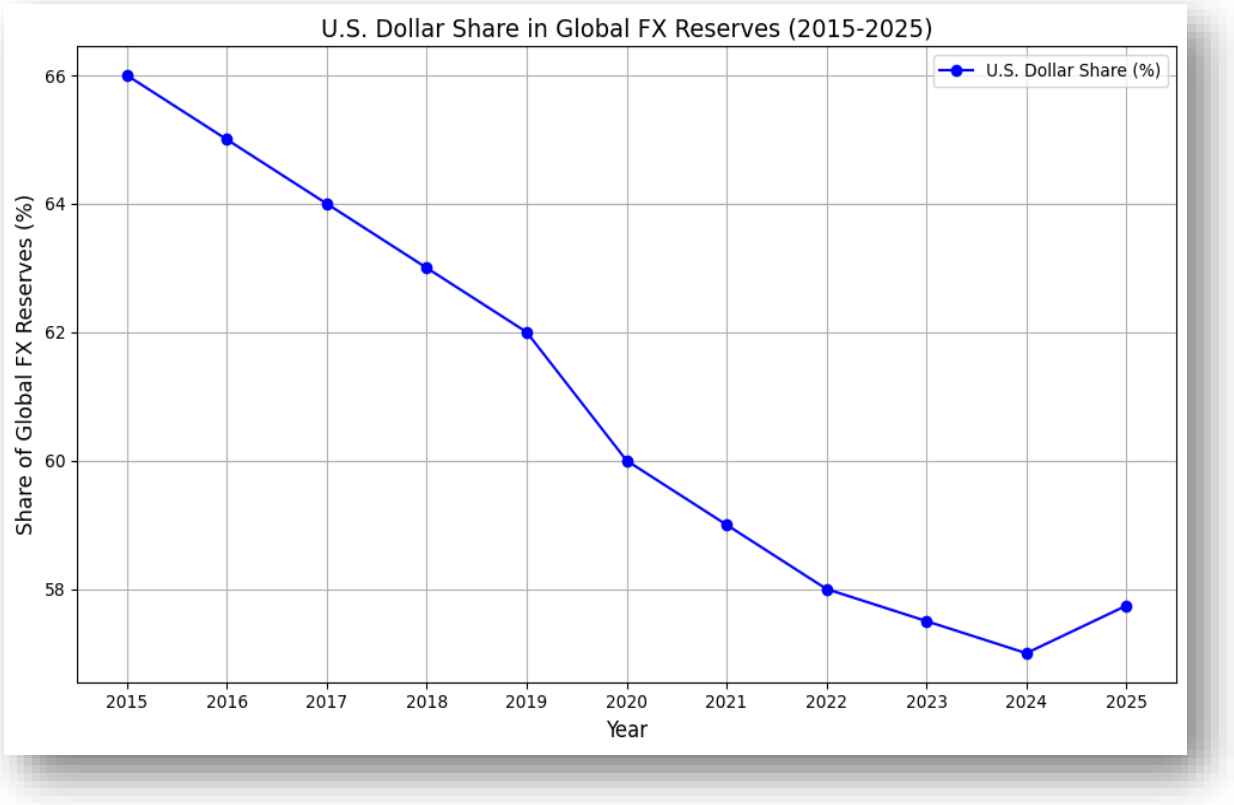

Figure 2: U.S. Dollar Share in Global FX Reserves (2015-2025)

Figure 2 demonstrates the steady **decline** in the U.S. dollar's share of global reserves, reflecting the gradual **diversification** of global financial systems and the development of alternative payment systems.

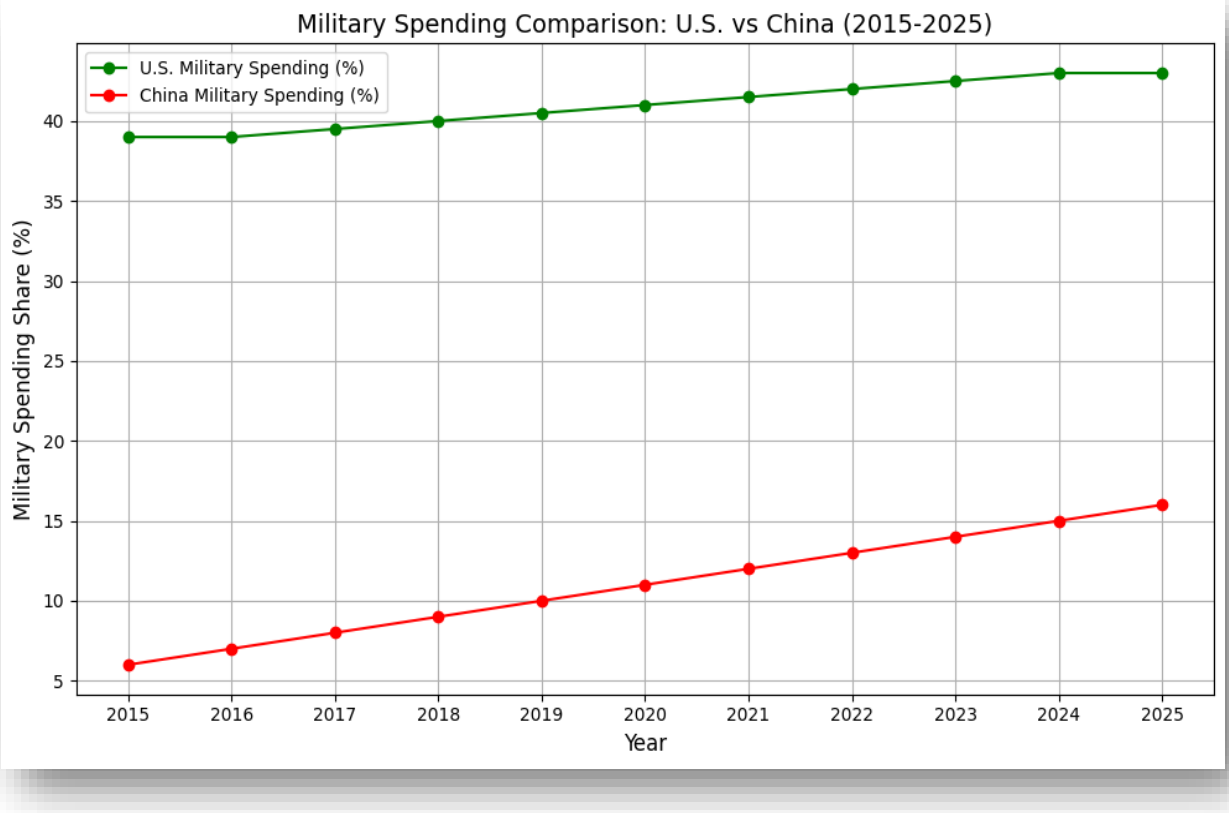

Figure 3: Military Spending Comparison: U.S. vs China (2015-2025)

Figure 3 illustrates the **convergence** in military spending between the U.S. and China, highlighting the growing **strategic parity** between these two major powers in defense capabilities.

By monitoring durability and cross-domain reinforcement, researchers can identify **leading powers and emerging coalitions** before they crystallize into formal blocs. This approach ensures that projections of systemic transformation are grounded in observable, measurable trends rather than speculative or short-term developments. For example, U.S.–China competition across technology, finance, and supply-chain corridors, combined with European regulatory influence, indicates the likely contours of a **distributed multipolar order**, where dominance is shared and domain-specific rather than absolute.

4. Propositions and Analytical Expectations

In this section, we translate the theoretical framework introduced earlier into testable propositions and analytical expectations. These propositions can be evaluated with observable indicators across the domains of capabilities, alignment,

technology/standards, and monetary–financial infrastructures. By articulating the patterns expected under each of the three key systemic baselines—**persistent unipolarity**, **hard bipolarity**, and **diversified multipolarity**—we aim to identify clear signs that would confirm or falsify each model of systemic change. The core expectation underlying these models is **cross-domain reinforcement**: the notion that movements across multiple domains—military, technological, financial—when aligned over time, are more likely to signal genuine systemic shifts than isolated changes in one area (Kupchan, 2012).

4.1. Persistent Unipolarity

Under **persistent unipolarity**, the global system remains dominated by one hegemon, which maintains disproportionate power across multiple domains.

Expected Patterns under Persistent Unipolarity:

A. **Capability Gaps**: We expect the leading power to retain **credibility in power projection**, with a significantly larger military capability compared to any other states. While the system may see some growth in other actors' capabilities, they do not reach a level that can challenge the dominant state's global reach or coercive capacity (Mearsheimer, 2003).
B. **Alignment Behavior**: The alignment behavior of other states should show **limited hedging** and **high cohesion** within the incumbent's alliance network. States will likely remain dependent on the hegemon for security, and **minilateral initiatives** (i.e., small-scale, flexible coalitions) may emerge, but they will **complement** rather than **substitute** the established hub-and-spoke alliance structures centered around the leading power (Haass, 2018).
C. **Technology Competition**: We expect **episodic frictions** in technology competition, with the hegemon retaining significant technological leadership, especially in critical industries. However, the emergence of **rival technological ecosystems** (e.g., competing standards) will be **slow**, as the hegemon's dominance will prevent the formation of stable competing ecosystems.
D. **Monetary Domain**: In the monetary domain, we anticipate only **marginal diversification** in global reserves and invoicing patterns, with the U.S. dollar continuing to dominate global finance. **Alternative payment systems** (e.g., alternatives to SWIFT) will emerge, but their adoption will be **slow** and primarily **region-bound**.

Falsification of Persistent Unipolarity:

If we find that **capability convergence** among multiple great powers becomes **sustained** over time, durable **hedging** that dilutes alliance cohesion, **standards ecosystems** consolidate into rival blocs, or there is a **measurable reallocation** of reserves and invoicing toward **non-dominant currencies**, then the **persistence**

claim would be weakened. This would suggest that a transition to a more **multipolar** system is underway (Brooks & Wohlforth, 2016; Farrell & Newman, 2019, 2023; Arslanalp, Eichengreen, & Simpson-Bell, 2022, 2024).

4.2. Hard Bipolarity

Hard bipolarity refers to a global order where the world is split between two superpowers that dominate different domains, essentially creating two competing poles of influence.

Expected Patterns under Hard Bipolarity:

A. **Capability Convergence in a Dyad**: Under hard bipolarity, **capability convergence** will primarily be concentrated between two superpowers, which form the two poles of influence in the system. These powers will each retain considerable strength, and no third actor can effectively challenge them (Mearsheimer, 2003).
B. **Alignment Patterns**: The global alignment will sort into **two rival hubs**, with states aligning with either of the superpowers. **Cross-bloc hedging** (i.e., states playing both sides) will be **limited** because the two blocs are highly coherent, and most states will be pressured to choose sides. The **alliance behavior** will likely manifest through strong **bilateral or multilateral pacts** between the superpowers and their aligned states.
C. **Technology and Trade**: Technology competition, export controls, and key supply chains will increasingly harden into two **largely incompatible ecosystems**. States will choose technology standards and align with trade policies that serve the interests of their respective bloc. The technological sphere will become **polarized**, making it difficult for firms or states to engage across both ecosystems without significant costs.
D. **Monetary Arrangements**: While still sticky, **monetary arrangements** will increasingly map onto the boundaries of these blocs. Financial systems may be split between two opposing currencies or payment systems. **Preferred payment rails** will be limited to the two blocs, and there will be efforts to **financial de-risking**, where each bloc develops its own **financial infrastructure** to avoid dependence on the rival superpower's financial institutions (Farrell & Newman, 2019).

Falsification of Hard Bipolarity:

Falsification of this scenario would occur if **third-party actors** repeatedly exercise **blocking power**, preventing the two superpowers from fully sorting global alliances. If **cross-bloc hedging** remains widespread, or if the technology and monetary networks remain **polycentric**, then the hard bipolarity claim would be undermined. This could signal that the global system is more fragmented or moving toward a

multipolar configuration (Waltz, 1979; Gilpin, 1981; Farrell & Newman, 2019, 2023).

4.3. Diversified Multipolarity

Diversified multipolarity refers to a global system in which power is distributed across at least **three** great powers, each capable of shaping global events and norms. These powers will have **distributed conversion capacity**, meaning they are capable of exerting influence not just through military means, but through technology, finance, and alignment.

Expected Patterns under Diversified Multipolarity:

A. **Capability Convergence Among Three or More Actors**: We should observe **capability convergence** among at least three major powers. This convergence will indicate that no single state is able to unilaterally dominate the international system, and instead, multiple states can challenge each other in various domains.
B. **Alignment Behavior and Hedging**: **Alignment behavior** will shift toward **hedging** and **minilateral cooperation**, often issue-specific and not necessarily **bloc-centric**. States will work together in smaller coalitions, but will not fully align with any single power. Instead, they will **balance risks** by diversifying their partnerships (Farag, 2025; Zakaria, 2008).
C. **Technology Competition**: In a diversified multipolar world, **technology competition** will result in multiple, **partially overlapping standards ecosystems**. States and firms may invest in different technological paths, leading to some divergence in standards, while still maintaining opportunities for interaction and cooperation (Pomeranz, 2000).
D. **Monetary Signals**: **Monetary diversification** will show **incremental but cumulative change**, as reserves, invoicing, and payment systems gradually diversify. These shifts will **dilute the coercive power** of any one currency or financial system, as states move towards **redundancy** and risk diversification in their financial arrangements.

Falsification of Diversified Multipolarity:

This scenario would be falsified if **conversion channels** remain decisively controlled by one or two actors, even if **capability convergence** occurs. If diversification stalls in **monetary systems** or technology, or if **hedging strategies** fail to emerge, it would suggest that the world system remains under the control of a few key players (i.e., a **bipolar** or **unipolar** system) (Keohane & Nye, 1977; Keohane, 1984; Farrell & Newman, 2019, 2023; Arslanalp et al., 2022, 2024).

4.4. Measurement Guidance

To ensure that systemic shifts are accurately assessed, we suggest the following measurement guidance:

A. **Institutionalized Outcomes**: Focus on **ratified defense-industrial agreements**, **implemented standards**, and functioning **export-control coalitions** as **superior evidence** to short-term crises or announcements.
B. **Evaluate Time Consistency**: Require **multi-year trends** rather than single-year spikes to establish more reliable signals of systemic change.
C. **Triangulation Across Domains**: For example, when **standards bifurcation** occurs in a critical technology like semiconductors, we should also observe complementary **minilateral cooperation** in **export controls** and **shifts in trade patterns** to provide evidence of systemic change.
D. **Threshold Effects**: Pay close attention to small but meaningful changes in the **monetary system**—e.g., the rise of **alternative payment systems** or a significant shift in **reserve currency composition**. Such changes may erode the incumbent power's coercive advantage.

4.5. Adjudicating Transition Claims

Finally, a proper **adjudication** of systemic transition requires careful attention to the timing and interaction of shifts across domains:

A. If **indicators** show **persistent unipolarity** in **finance** but accelerating **diversification** in **technology** and **alignment**, we should interpret these as **leading indicators** and **monitor for monetary adjustments** over time.
B. If **capability convergence** stalls while **monetary** and **technological signals** remain mixed, it is too soon to declare systemic transition.

By tying each baseline to concrete **cross-domain expectations** and falsifiers, we ensure that judgments about systemic change are **transparent** and **replicable**, offering **modest but essential** analytical insights into the future of the global order (Brooks & Wohlforth, 2016; Farrell & Newman, 2023; Arslanalp et al., 2024).

Results discussion

This section synthesizes observed trends across capabilities, alignment, technology, and money/finance to evaluate whether they indicate **systemic change** or **adjustments within a still-adaptable order**. Emphasis is placed on **durability** and **cross-domain reinforcement**, rather than single-domain headlines.

Capabilities: Partial Convergence, Not Displacement

Multi-year indicators show narrowing gaps among major powers in military spending, force modernization, and strategic industrial capacity. For example, **China** has increased defense spending at an average of 6–7% annually over the past five years, while the **United States** maintains high global force projection capabilities (Brooks & Wohlforth, 2016). This convergence affects expectations in crisis bargaining: regional actors hedge their commitments, anticipating that rising powers have credible coercive options. However, aggregate superiority in logistics, alliance

networks, and long-range power projection remains with the U.S., indicating that convergence is **partial and durable**, but not yet system-displacing.

Alignment: Hedging and Minilateralism as Early Movers

Adjustment is more visible in alignment patterns. States increasingly adopt hedging strategies and flexible minilateral partnerships. For example, **Saudi Arabia's bilateral defense exercises with Pakistan** exemplify hedging without abandoning U.S. security guarantees (Farag, 2025c). Similarly, Mediterranean minilateral frameworks, such as **joint naval exercises and industrial co-production arrangements**, allow smaller states to diversify security dependencies. These patterns increase the **coordination costs** for any single power seeking to dictate regional outcomes, illustrating a durable shift in alignment behavior that precedes full systemic transformation.

Technology and Geo-economics: Issue-Specific Polarity Leads

Rival technology ecosystems and standards bifurcation are emerging in strategic sectors. Coordinated export-control coalitions (e.g., U.S.-led semiconductor restrictions on China) have prompted parallel certification and supply-chain restructuring within Chinese and allied networks (Farrell & Newman, 2019, 2023). For instance, Chinese investment in domestic semiconductor production and AI research, coupled with partnerships across Southeast Asia, demonstrates **institutionalized technological self-reliance**. These developments "lock in" authority in specific domains before capability parity is fully achieved, producing pockets of **de facto multipolarity**. Such sector-specific leadership shows that **policy and standard-setting power can precede aggregate capability shifts**, serving as an early indicator of systemic change.

Money and Finance: Sticky but Shifting Constraints

Monetary and financial signals remain relatively rigid, yet incremental changes are apparent. The **U.S. dollar's share of global reserves** has declined from ~66% in 2015 to ~57.7% in 2025 (Arslanalp et al., 2022, 2024), while alternative currencies like the **renminbi** have gradually increased usage in SWIFT payments (~3.2%). Parallel development financing initiatives, such as China's Belt and Road infrastructure investments, illustrate how **fundraising and financing ecosystems** can institutionalize influence across regions. These changes are **modest but durable**, creating hedging options for other states while raising the cost of extraterritorial coercion.

Synthesis: Cross-Domain Reinforcement as the Key Test

Overall, evidence points to **asynchronous yet reinforcing movement** toward a more diversified international equilibrium. Technology and alignment adjustments are leading indicators, financial mechanisms are gradually adapting, and capabilities remain concentrated but partially convergent. Cross-domain reinforcement is the

decisive test: when **sustained capability convergence**, **persistent hedging/minilateralism**, **institutionalized standards bifurcation**, and **incremental monetary diversification** coincide, the inference moves away from persistent unipolarity and against a sharply sorted bipolar order. For example, a combination of Chinese technological ecosystem consolidation, U.S. military superiority, and partial monetary diversification illustrates an emerging **hybrid multipolar system**, where leadership is **domain-specific** and influence is contingent on integration across security, technology, and finance.

Conclusion and Recommendations

The argument's central claim is modest but consequential: systemic change today is propelled less by dramatic reversals in aggregate capabilities and more by shifts in the channels that convert power into outcomes. Judging the trajectory requires watching how movements in different arenas align and endure.

Conclusion

Evidence of systemic adjustment is clearest in the domains that determine how power is **converted** into outcomes rather than in the sheer totals of military or economic capacity. Technology and alignment have moved first. Rival standards ecosystems in sensitive sectors, tighter export-control groupings, and deliberate supply-chain rewiring have begun to institutionalize alternative pathways for influence. In parallel, minilateral security–industrial arrangements; smaller, flexible coalitions focused on concrete capabilities, joint production, and data sharing; are distributing veto and agenda-shaping power beyond a single hub. These developments create pockets of multipolar or club-based authority even as other arenas continue to reflect unipolar or dyadic features. Monetary and financial structures are adjusting more slowly, yet gradual diversification in invoicing and reserves and the scaling of alternative payment rails are already increasing the marginal cost of extraterritorial coercion and giving states more room to hedge.

The overall picture is a diversified and asynchronous trajectory. Polarity is best understood as **capabilities plus conversion**: who holds material power, and which infrastructures; alliances, standards, and financial plumbing; make that power usable or blockable. A genuine systemic transition is not declared by a single headline metric; it is inferred when movements across domains **persist** over time and **reinforce** one another. Today's pattern fits that logic: technology and alignment are leading, finance is following at a measured pace, and aggregate capabilities remain concentrated but less dispositive than before. The prudent interpretation is that the system is evolving toward issue-specific multipolarity, where different arenas can tilt in different directions while still belonging to a single global order.

Recommendations

For Researchers:

- **Deepen measurement** where conversion channels operate.
- Build **longitudinal indicators** to track:
  - Implemented standards
  - Operational export-control coalitions
  - Functioning payment systems
  - Concrete outputs of minilateral cooperation, such as:
    - Co-production lines
    - Interoperable logistics nodes
- **Treat announcements** and crisis-driven spikes as noise unless they **harden into institutions**.
- **Trace sequencing and feedbacks** across domains:
  - When alignment patterns change, examine whether they accelerate **standards bifurcation**.
  - When standards diverge, test if they lower **private costs** of monetary diversification.
  - When financial resilience improves, assess if it makes **hedging strategies** more politically sustainable.
- Use **transparent coding rules**, explicitly state **scope conditions**, and replicate findings across regions to **distinguish structural movement from localized episodes**.

For Policymakers:

- Pursue **hedging** strategies that preserve **strategic flexibility** while building real capabilities.
- Expand **minilateral arrangements** that solve specific problems (e.g., munition stockpiles, maritime domain awareness, semiconductor tools) **without demanding full bloc alignment**.
- Invest early in **standards leadership** and **certification capacity** in frontier technologies so **network effects** consolidate around preferred architectures instead of rivals.
- Strengthen the **"plumbing" of resilience** by:
  - Diversifying payment and settlement options
  - Arranging **liquidity backstops** with trusted partners
  - Tightening **governance for sanctions** to mitigate unintended spillovers on allies and firms.
- **Align choices across domains** to ensure they reinforce each other:

- Technology controls should be paired with **supply-chain financing** and **alliance commitments** that absorb adjustment costs.
- Financial de-risking should be synchronized with **industrial policy** and **market-access incentives** to prevent fragmentation from eroding competitiveness.

- The **guiding principle** is **coherence under uncertainty**:
  - Build options that work together, accept that different arenas will move at different speeds, and judge progress by whether these moves cumulatively shift **incentives at the system level**.

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