The Future of Global Uncertainty

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By Bilahari Kausikan

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A few years ago, there was a slew of articles riffing on some variation of the theme of "the return of great power competition."[1] Return? When did it ever go away? Competition is an inherent characteristic of relations between sovereign states, never entirely absent at some level of intensity in all international relationships.

Tragically, at times, competition becomes conflict. For most of the twentieth century, international order was contested, at times very violently as during the First and Second World Wars, and after nuclear weapons made conflict between principals too dangerous, through proxies during the 40 or so years of the Cold War. After the Cold War ended, this fundamental reality of international relations was masked by the overwhelming dominance of the US and its allies. American dominance made it seem as if only one conception of international order was left standing and even emboldened some to claim that History itself had ended. In that extreme form, the delusion did not last very long. But a pale version still lingers in the idea that certain values are—or ought to be—universal. That idea does not bear close examination but can do immense damage.

The conflict between the West and Russia over Ukraine, which t led to the annexation of Crimea and the present war, arose precisely because of differences of values, or interests, which comes to the same thing because values *are* interests. Every country has its own values that still reflect their

[1] Ed. Note: For instance, in this journal, see Suzanne Loftus, "Democracy and Transatlantic Values in an Age of Great Power Competition," *Orbis,* vol. 65, no. 2 (2021), https://www.sciencedirect.com/science/article/abs/pii/S0030438721000119.

interests. Even if you find their values abhorrent, you will have to deal with opposing interests, whether by diplomacy or deterrence. The West, and Europe in particular, confused posture for policy and feeling virtuous for action. Nothing really effective was done about Crimea until it was too late to stop the current war.

When we talk about a rules-based order, it is a mistake to believe that just because we may use the same words, we all necessarily always mean the same thing. There will inevitably be different interpretations of the rules or different emphasis on different rules, according to our different interests. And this is true even among the closest of allies, partners and friends, let alone rivals or competitors.

A parallel illusion was the idea that as China reformed and opened up economically, its political system would—if not exactly converge with Western democracies—at least move in a relatively more politically open direction. There were some tentative steps in that direction at the local level towards the end of the Jiang Zemin administration, which in retrospect we may have over-interpreted out of wishful thinking. We owe Xi Jinping a vote of thanks for making it clear to all except the terminally naive that the purpose of reform in a Leninist system is always and only to strengthen and entrench the power of the vanguard party.

Similarly, the United States and Europe ought to thank Vladimir Putin for inadvertently rescuing and revitalizing the idea of The West. By that I mean the Global West which includes not just the United States, Canada and Europe, but also among others—Japan, Australia and South Korea—as well as some others, including India and Singapore, who are "Western" on particular issues in particular circumstances.[2]

The idea of The West was enervated precisely because of the fantasy that everybody would—whether they liked it or not; whether they were aware of it or not—in some sense eventually become part of The West. But if everybody is destined to become The West, what is The West? After the Cold War, even the United States and Europe couldn't always agree and sometimes publicly and loudly disagreed.

The period when American dominance masked the central reality of competing interests and strategic rivalry and fueled such delusions was historically abnormal and short: only the 20 years or so between 1989 when the Berlin Wall came down and the Soviet Union began to unravel and China was still reeling from Tiananmen, to approximately 2008 or 2009 when the global

[2] Ed. Note: In this journal, see, for instance, the proposals advanced by Ash Jain and Matthew Kroenig for greater cooperation among the "Global West". "Ally Shoring: A New Tool of Economic Statecraft," *Orbis* 67:1 (2023), https://www.sciencedirect.com/science/article/abs/pii/S0030438722000746.

financial crisis led to widespread disillusionment— including in America itself —with US-led globalization.

It was during this period that the very dominance of US power began to become self-subverting. Dominance led to hubris; hubris led the United States into debilitating adventures in the Middle East that were justified at least in part, by reference to the promotion of values claimed to be universal. War in the Middle East distracted the United States at a crucial time as China recovered from Tiananmen and began its period of spectacular growth that has led to relative changes in the global distribution of power. These changes are at present only relative and not absolute, but they will eventually lead to a more symmetrical strategic balance between the United States and China.

That short, historically abnormal period is over. We are therefore now returning to a more historically normal period where competition and rivalry between major powers is the primary structural reality of international relations; where international order is again going to be contested; and the possibility of war between major powers again looms over international relations. But the now common trope that describes US-China competition as a "new Cold War" is a misleading framework because it evokes a superficially plausible but, in fact, intellectually lazy and inappropriate historical analogy that fundamentally misrepresents the nature of that competition. This can be dangerous as we seek to position ourselves in the evolving geopolitical environment.

During the Cold War, the United States and the former Soviet Union led two separate systems connected with each other only at their margins and minimally. The choices facing the rest of us then, including those of us like India and Singapore who were members of the Non-Aligned Movement, were essentially binary. We knew on which side we really stood when our interests dictated, although we pretended otherwise.

Although the prospect of mutual destruction instilled prudence and eventually tempered their rivalry, the essential aim of the US-Soviet competition was for one system to displace the other. As Nikita Khrushchev famously told a group of western ambassadors in 1956: "We will bury you." But it has been a very long time since anyone could seriously hope or fear that communism would replace capitalism.

Whatever their differences—and they are great—the United States and China are both vital, irreplaceable, parts of a single global system, intimately enmeshed with each other and the rest of the world by a web of supply-chains of a scope, density, and complexity that is historically unprecedented. That web was established and spread during the short post-Cold War period of unchallenged American dominance. It is now an established fact in its own right that will outlive that dominance. This web and its consequences are what we now call "globalization" and "interdependence." There had been earlier periods of interdependence between rival major powers, but nothing like this complex web of supply-chains has ever existed before. And this is what distinguishes twenty-first century interdependence from earlier periods.

Neither the United Sates nor China are comfortable because interdependence exposes mutual vulnerabilities. Both have tried to temper their vulnerabilities. Americans and their allies have tried to enhance the resilience of key sectors by diversification to reduce the dependence on China of their most important supply-chains; China has tried to become more self-reliant in key technologies and placing more emphasis on domestic household consumption to drive growth.

I doubt either will succeed, at least not entirely. Both strategies—diversification and self-reliance—are easier said than done and in any case, even if they work, will take a long time to have a significant effect. Partial bifurcation of the system has already occurred and there will be further bifurcation, particularly in areas of technology with security implications such as semiconductors, the internet, and big data. But I doubt the system will ever divide across all sectors into two separate systems as existed during the Cold War. The costs to the two principals and to other countries, will be just too high.

Whatever their concerns about Chinese behavior, even the closest American ally is never going to cut itself off from China. And few if any Western companies are ever going to entirely forswear the Chinese market. Most will probably pursue a China plus strategy to spread risks.[3]

On its part, whatever successes China may have in its R&D efforts—and we should not underestimate China —for the foreseeable future, Beijing has no real alternative to the Global West for the critical enabling technologies it needs to put the results of its R&D to practical use. Domestic household consumption relies on confidence and much better social safety nets to free household spending. It will take time to restore confidence after China's response to the pandemic and chaotic exit from it. It will take even more time to establish adequate social security nets in a country of China's size and uneven development. The Chinese slogan of "Dual Circulation" acknowledges China's inability to separate itself from the world.

Like it or not, the United States and China must accept the risks and vulnerabilities of remaining connected to each other. They will compete and do so robustly, but compete within the single system of which they are both vital parts. The dynamics of competition *within* a system are fundamentally

[3] Ed. Note: Something that was discussed by Parag Khanna in these pages. "The Biden Administration Faces China and Climate Change," *Orbis* 65:2 (2021), https://www.sciencedirect.com/science/article/abs/pii/S003043872100003X.

different from competition *between* systems as existed during the US-Soviet Cold War.

Competition within a single system is about achieving a position that will enable you to benefit from interdependence, while mitigating your own vulnerabilities and exploiting your rival's vulnerabilities. Competition within a system is about using interdependence as a tool of competition and *not* about one system displacing the other.

There is no better example of these complex dynamics than high-end semi-conductors which are the most serious Chinese vulnerability in enabling technologies. All the most critical nodes in the semiconductor supply-chain are held by the US and its allies and friends. But China is about 40 percent of the global semiconductor market. You cannot completely cut off your own companies and those of your friends and allies from 40 percent of a market without doing them serious damage. This impels a policy of fine discrimination rather than a heavy-handed approach—using a scalpel not an axe—and in fact as of August 2022, most applications for exemptions to bans on exports of technology to China had been approved.[4]

The choices facing the two principals and third parties like India and Singapore are thus complex and no longer binary choices. This is important because complexity broadens our opportunity to exercise agency—provided we have the wit to recognize the opportunities and the agility and courage to seize them.

Although China and the United States say they do not want to make third countries choose between them, in fact, they do want us to choose. China, in particular, devotes a great deal of resources on influence operations intended to impose false binary choices on us. That is why, while it is important not to be complacent about the uncertainties, we should also recognize that they are not unprecedented. We have survived and prospered amidst previous periods of uncertainty. The first prerequisite of doing so again is psychological poise and keeping a sense of perspective.

No sovereign state is without agency. This may be obvious in the case of a continental sized country like India, which has never doubted that its future is in its own hands. But it holds true for a tiny city-state like Singapore.

When deciding how to exercise our agency to protect and advance our interests in the midst of US-China strategic rivalry, the rest of us in the international system——from emerging great powers to middle powers to key nodes in the global system like Singapore—have to acknowledge that there are

[4] Kate O'Keeffe, "US Approves Nearly All Tech Exports to China, Data Shows," *Wall Street Journal*, Aug. 16, 2022.

serious questions about both the United States and China. Let me take them in turn.

The biggest concerns about the United States center on its domestic politics. I don't have either the time or the inclination—because it would be churlish to repay your hospitality by unduly depressing you—to go into the details of contemporary American politics. Let me just say that all democracies are to some extent dysfunctional by design because an over-concentration of power is distrusted and therefore is restrained at the cost of efficiency. We politely call this feature of democratic political systems: "checks and balances,". Still, one can be forgiven for feeling that American politics are often more dysfunctional than absolutely necessary. But even this should be put in perspective.

Consider this: a vain, egocentric to the point of being narcissistic, fear-mongering demagogue runs for President of the United States, and wins! Sounds familiar? Well, I am not describing Donald Trump. I am describing the basic premise of a 1935 novel entitled *It Can't Happen Here* by the great American writer, Sinclair Lewis. He based his plot on the political career of a real-life Louisiana politician, Huey Long, who might well have had a chance of becoming President had he not been assassinated the year Lewis' novel was published.

I don't know what will happen in 2024. But even if Trump is defeated or changes his mind about running again, that will not be the last time we will experience a Trump-like political phenomenon. My point in bringing Lewis' almost 90-year-old novel to your attention is that Trump and all he represents did not suddenly appear out of thin air and will not suddenly vanish into the ether. He represents an established strain of American political culture that periodically surfaces, a characteristic that the American political scientist, Richard Hofstadter, called "The Paranoid Style in American Politics."[5]

We should not ignore these admittedly serious shortcomings of the American system. But we should also not forget that despite its politics, America is still here as a major power. Those who were overly focused on its periodically self-destructive and almost always ill-disciplined political process to the extent of underestimating the United States, often did not live to regret it.

The fundamental sources of American strength, creativity and resilience have never entirely depended on what happens in Washington D.C. More fundamentally, America's strengths reside in its great universities, in its major corporations, on Wall Street, and on the main streets of its 50 states.

American politics is not unimportant but, in my view, is a second order factor. Politics has never prevented America from eventually doing the right

[5] Richard Hofstadter, "The Paranoid Style in American Politics," *Harper's Magazine,* Aug.1964.

thing—or at least doing what is in its interests—after, as Winston Churchill once quipped, having tried all the alternatives first.

On the key issues of China and the war in Ukraine, there is a basic political consensus. There will surely be many political quarrels to come on these issues — within the United States, between the US and the European Union, and within the EU and NATO—democracies are by nature quarrelsome. Yet, they will be primarily quarrels over means, not the ends, of policy. We must not allow ourselves to be distracted by American domestic politics or over-react to them. There is only one America, and we have to work with it whatever its shortcomings. Otherwise, there can be no balance to China. And we must work with it in a new context.

With the collapse of the Soviet Union, the United States no longer faces any existential external threat of the kind posed by the Soviet Union. Putin's Russia is dangerous but for economic and demographic reasons, its long-term trajectory is downwards, accelerated by his disastrous miscalculation in Ukraine.

China is a formidable rival. But competition within a system cannot by definition be existential because the survival of the system is not at stake. China is the principal beneficiary of the existing system and has no strong incentive to kick over the table and change it in any fundamental way because its own economy rests on the foundation of that system. Beijing may want to shift America to the periphery of the system and take its place at the center, but that is not an existential threat. Even if it had the capability to do so, which I doubt, China cannot entirely displace America from the system without risking essentially undermining or destroying it and that is not in its interest.

Absent an existential threat, there is no longer any reason for Americans to bear any burden or pay any price to up-hold international order. The key priorities of every post-Cold War American administration have been domestic, with the George W. Bush administration an exception forced by 9/11. Since then, every President tried to rectify Bush's mistakes by disengaging from its Middle Eastern entanglements, with limited success until Joe Biden finally cut the Gordian Knot in 2021.

That ruthless move and the domestic focus of all post-Cold War administrations has often been misrepresented as America retreating from the world. But it is more accurately understood as America redefining the terms of its engagement with the world. Again, this is not entirely new.

Half a century ago, the United States corrected the mistake it had made in Vietnam by withdrawing from direct intervention, to maintaining stability in East Asia by assuming the role of the offshore balancer. It has been remarkably consistent in that role in East Asia ever since. An analogous shift to an offshore balancer role is now occurring in the Middle East. The United States withdrew from Afghanistan, but the 5th Fleet is still in Bahrain and the US Air Force is still in Qatar and the UAE. Sooner or later, a similar shift will occur in Europe too, delayed but not diverted by the war in Ukraine.

An offshore balancer is not in retreat but demands more of its allies, partners and friends to maintain balance. With Barack Obama, it took the form of an emphasis on multilateralism which is a form of burden sharing. Trump made unilateral and crudely transactional demands. Biden is consultative, but he does not consult allies, partners and friends merely for the pleasure of their company. He is doing so to ascertain what they are prepared to do for America's strategic concerns.

For those that meet his expectations, Biden has gone further than any of his predecessors in providing them with the tools to help the US further common strategic aims. This is the meaning of AUKUS. In this sense, Biden's consultative approach is a more polite form of Trump's crude transactionalism. If you do not meet expectations, Biden will probably still be polite but you should not expect to be taken too seriously. The shift to a more transactional, whether polite or otherwise, American foreign policy is permanent. This is a fact that ASEAN, the Gulf states, and even some European allies, are only beginning to understand.

Now, China. The most crucial questions about China center around what lessons, if any, Xi Jinping has taken from his experience of America over the last eight years which saw a transition in the White House but no change of approach towards China. He also saw a major blunder by his most important partner that resulted in the war in Ukraine. I stress the personal—Xi Jinping rather than the collective —China. This is because the consequence of the first decade of Xi's rule—the use of the anti-corruption campaign to crush all organized opposition to concentrate power around himself and abolishing term limits for the top position—has been to reintroduce a single point of failure into the Chinese system.

Authoritarian systems are able to set goals and pursue them relentlessly over the long-term. But this is a strength only if the goal was correct in the first place. In this respect, in China the two ends of the political spectrum were set by Mao Zedong and Deng Xiaoping. Mao's ideologically-driven Great Leap Forward and Cultural Revolution were unmitigated disasters; Deng's pragmatic decision to reform and open up saved the Chinese Communist Party (CCP). In no other system could a leader take a cold hard look at his life's work, decide it had all gone wrong, and make a 180-degree turn without significant opposition. But it took millions of deaths and the need to avert an existential threat to Party rule to change course. It too often takes catastrophes to force policy changes in authoritarian systems.

Where is Xi situated on this spectrum? The optimistic can point to the reversal of Zero Covid—botched though it was, it was nevertheless the right thing to do—the easing of controls on big tech companies, efforts to revive the property sector and an effort to nuance support for Russia and improve at least the atmosphere of relations with the United States, as indications of Xi reverting to Deng-style pragmatism. This is not an assessment that can be dismissed. However, my inclination is to be more skeptical. It would be prudent to reserve judgment rather than prematurely conclude that Xi has definitively shifted his approach.

These may well be tactical adjustments to mitigate mounting internal and external problems rather than strategic changes of direction. The spontaneous country-wide protests against the Zero Covid approach which brought together workers and students—a combination that surely had an ominous resonance in modern Chinese history for the Party—and were directed against a policy that Xi had claimed as a personal achievement, could not be ignored, particularly in the context of slow growth and high youth unemployment. The lack of preparation for the shift away from Zero Covid clearly suggests an emergency response rather than a deliberate rethink.

There is no going back to Zero Covid, but the same cannot be said of the other examples which also smack of emergency responses. It was not wrong to try to dampen an over-leveraged and over-valued property sector that may indirectly account for a quarter or more of China's GDP, posing a very serious systemic risk. But reverting to old macro-economic stimulus tools to try and boost growth only further postpones rather than resolves the problem and could also magnify its scope. Big Tech had already been cut down to size and the relaxation is occurring within new parameters. I don't think Xi will hesitate to act again if another Jack Ma-like character with ideas beyond what the Party considers his station in life should be foolish enough to take too high a profile. Certainly nothing that occurred at the 20th Party Congress last October, only a month or so before these shifts, suggests any strategic rethinking of the directions set in the first decade of Xi's rule.

Those ten years have made clear that Xi is a true Leninist in that his solution to almost every issue has been to insist on strengthening the role of the Party and its ideology, which is now well-nigh synonymous with 'Xi Jinping Thought' codified in four thick volumes with no doubt more tomes to come. And this has been true even of the most fundamental issues.

At the 18th Party Congress in 2012 when Xi became top leader, the CCP itself acknowledged that the growth model that had brought spectacular results in the 1990s and the first decade of the 2000s, was not sustainable over the long-run. The next year in November 2013, at its Third Plenum, the CCP announced the outlines of a new growth model that promised a "decisive role" for the market in the allocation of resources. The timing of both the acknowledgment and the announcement suggests that they were probably based primarily on earlier work by the Hu Jintao team than Xi who was then probably more preoccupied with consolidating his power than the economy per se. At any rate, very little of it has been implemented, according to some academic estimates, no more than perhaps 20 percent.

Xi's emphasis has clearly been on the state sector and Party control rather than the market. China is not about to collapse and will probably improvise its way forward, albeit at the cost of slower growth. But for three decades, growth had been the key pillar of the CCP's legitimacy. At the 19th Party Congress in 2017, Xi himself redefined China's "principle contradiction'"—a Marxist term—to acknowledge the Chinese people's growing expectations for a better life. But that Xi so far has been half-hearted about making the market adjustments that the Party itself had deemed necessary to sustain growth—and you need growth to meet rising expectations—seems a strong indicator of where his true priorities may lie. His slogan of "common prosperity" and clear indications that the Party does not approve of what it has dubbed the "disorderly expansion of capital" point in the same direction.

In 2021, Xi enjoined Party cadres to make China more "credible, lovable and respectable" abroad. This suggests that he knows that his foreign policy has not exactly been a stellar success. The so-called "Wolf Warriors" seem to have been leashed and muzzled, at least for now. But the real issue goes beyond overzealous diplomats. More than any of his predecessors, Xi has used the ethno-nationalist historical narrative of humiliation, rejuvenation, and attaining the China Dream to justify the CCP's monopoly of power and his personal ascendency over the Party. With no other credible legitimating narrative, the Party cannot significantly modify or temper this narrative nor is there any indication that Xi thinks it is necessary to do so.

The essentially revanchist narrative of humiliation, rejuvenation, and attaining the China Dream under the Party's leadership, instills Chinese foreign policy with a strong sense of entitlement. This in turn leads to aggressive and uncompromising behavior. After all, he may reason, if I am only trying to reclaim what was taken from me when I was weak—and that was not just territory but more fundamentally, the deference I believe is due to a civilization that has always considered itself superior to all others. Why should I compromise? Why should I not strongly assert myself to regain my due? Not to do so makes me look weak in the eyes of my own people and risks undermining their support for me. For the Party, this is the primary consideration. To a Leninist state, diplomacy is only a tactical expedient or secondary consideration.

The revanchist historical narrative which the CCP justifies its rule centers on Taiwan; the China Dream cannot be achieved without reunification. This does not mean that war between the United States and China is inevitable.

True, Taiwan is the most dangerous potential flashpoint and Beijing will never forswear the option of reunification by force. But despite China's fierce rhetoric, and contrary to some rather alarmist assessments that suggest war is imminent, I do not think Beijing is eager to go to war over Taiwan unless its hand is forced.

China still lacks the capability and the experience to launch an amphibious operation of the scale that would be necessary. Of course, China will eventually acquire the capability. But a war for reunification would still be an immense gamble. If China starts a war over Taiwan, it must win and win quickly. Putin can survive a botched war against Ukraine. But no Chinese leader will survive a failed war against Taiwan and even the roots of CCP rule would be seriously shaken if a war over Taiwan fails.

In any case, China is very unlikely to launch a war until its nuclear modernization program has given it the ability to deter a direct American response as Russia has in Ukraine. At present, the biggest risk over Taiwan is not a war by design, but an accident getting out of hand or Taiwanese domestic politics taking a turn that forces China's hand. Both of these risks have risen. Still, we should not forget that Beijing has non-kinetic options to deal with Taiwan and I think those are its preferred options.

Let me now conclude with a few observations on the implications of my analysis for the future of international order. We are all confronted with two inescapable realities:

- First, no country can avoid engaging with *both* the United States and China. Dealing with both simultaneously is a necessary condition for dealing effectively with either. Without the United States there can be no balance to China anywhere; without engagement with China, the United States may well take us for granted. The latter possibility may be less in the case of a big country like India, but it is not non-existent.

- Second, I know of no country that is without concerns about some aspect or another of *both* American and Chinese behavior. The concerns are not the same, nor are they held with equal intensity, and they are not always articulated—indeed, they are often publicly denied—but they exist even in the closest of American allies and in states deeply dependent on China.

Dealing with major powers with whom we cannot avoid working, but do not entirely trust, requires strategic autonomy. And even the closest of allies are moving in that direction. This does not mean that alliances or less formal arrangements like the Quad will break up, but they will become looser as countries will want to preserve the widest possible range of options for themselves, including for those who can, the nuclear option. Few, if any, countries will commit to aligning themselves across the entire range of issues with any single major power.

This will encourage the natural multipolarity of a diverse world, and certainly our region. Multipolarity will not, however, be symmetrical. The US and China will remain at the center of the international order. It is also unlikely that the international system that will evolve around this central axis will have as clear a definition as the bipolar Cold War structure. The international order will become much more fluid.

Complex interdependence is making it increasingly difficult to neatly classify relationships as "friend" or "foe." Ambiguity is an intrinsic characteristic of relationships where interdependence creates ties, but the very extent of those ties exposes vulnerabilities. Globalization is under stress, but the more apocalyptic predictions about its future lack credibility. The politics—domestic and international—of globalization have become more difficult, but the technologies that drive globalization and interdependence cannot be unlearned. They have their own dynamic that may be slowed, but not stopped. Still, international relationships will become more complicated as countries grapple with political and economic considerations that pull in different directions.

What I believe is emerging is an order of dynamic multipolarity. Shifting combinations of regional middle powers and smaller countries will continually arrange and rearrange themselves in variegated and overlapping patterns along the central axis of US-China relations, sometimes tilting one way, sometimes in another, and sometimes going their own way ignoring both the United States and China, as their interests in different domains and circumstances dictate; an order of variable geometry rather than static structures. To successfully navigate this emerging system will require a fundamental shift of mindset and approach that not every country will find comfortable. We will have to learn to think of concepts like "order" and its corollaries, "balance," "equilibrium" and even "stability," in dynamic—rather than static—terms.

Bilahari Kausikan has served as Singapore's Permanent Representative to the United Nations in New York and as ambassador to Russia, and Permanent Secretary at the Ministry of Foreign Affairs. He is currently serving as Chairman of the Middle East Institute at the National University of Singapore.