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New global order takes shape, instability looms

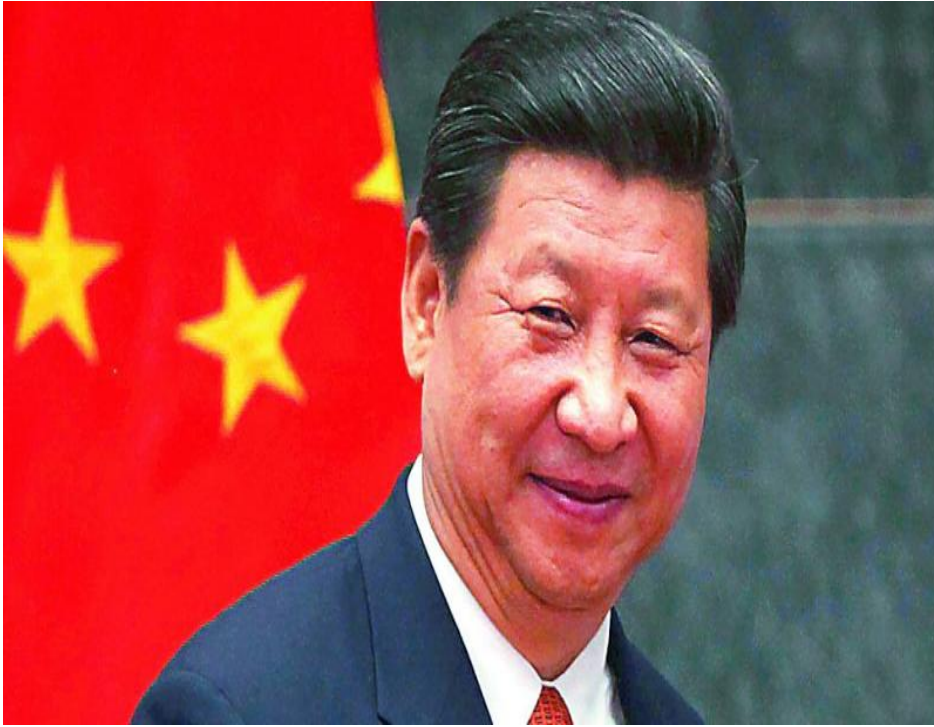
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📷 Chinese President Xi Jinping

The ancient Greek philosopher Heraclitus said that “there is nothing permanent except change”. But if the pace of change is drastic and attains a critical mass at a given point in time, then we should prepare for the advent of a new order altogether rather than routine flux.

Such is the state of the world as we enter 2018. It is on the cusp of completing a transformation that has been underway for a while — the acceleration of a post-Western international system which is not yet a China-dominated one, but where China looms as a determining force as America and Europe are trapped in internal convulsions.

In his New Year’s address, Chinese President Xi Jinping declared that his country is a “keeper of international order”, which has “something to say” on all major global issues. His vow to speed ahead with the intercontinental Belt and Road Initiative (BRI) in 2018 is credible, given that the Chinese economy has revived and clocked growth of 6.8 per cent last year.

Notwithstanding the risks posed by “grey rhinos” (Chinese companies that have accumulated unsustainable debts), Beijing can commit billions in loans to overseas infrastructure projects and extend its “creditor imperialism” in the New Year with no rivals in sight. The “globalisation 2.0”, which China claims to be spearheading, is detrimental to human rights, environmental protection and democracy. But it does carry powerful materialistic incentives for governments in poor countries to accept Chinese hegemony.

A parallel advancement in China’s military capabilities to fulfil Mr Xi’s vision of a technologically cutting-edge force “ready to fight and win wars” is breathtaking. China’s refusal to fully comply with United Nations sanctions on North Korea, even at the risk of war breaking out, is a tactic within a broader strategy of elbowing the US military out from Beijing’s enlarging sphere of influence.

America is not unaware of this adverse trend. The Donald Trump administration’s National Security Strategy (NSS) has labelled China a “rival power” whose “repressive vision of world order” must be countered. However, a massive question mark hangs over Mr Trump’s actual will and interest in implementing the NSS’ stated goal of tightening existing treaty alliances and fostering new partnerships in Asia to contain the Chinese juggernaut.

During Mr Trump’s first year in the White House, China’s strategic sway expanded instead of declining. The “Quadrilateral” that the US relaunched with India, Japan and Australia in late 2017 is a glimmer of hope, but Mr Trump’s penchant for deal-making and linking issues in diplomacy leave ample space for China to charge ahead in 2018.

As to the US’ own economic health, the decade-long slide since the crisis of 2008 has eased and Mr Trump’s corporate tax cuts could spur GDP growth to over 2.5 per cent in 2018. This may prevent the power gap with China from widening in the near term. But the discredited neoliberal formula of deregulation of big businesses, which Mr Trump is promoting, is laying the basis for the next capitalist crash.

Economist Larry Summers has predicted that the US economy will fall into a “protracted and deep” recession three years from now. Should this forecast come true, China will celebrate it as the coup de grace to free market economics and a final vindication of its state capitalism.

Like America, Europe is experiencing relatively improved GDP growth projected to touch 2.1 per cent in 2018. But the acrimonious Brexit process, the weakened political leadership of Germany and the open defiance by central and eastern European countries of the European Union’s core liberal charter suggest that 2018 will hardly be stable.

Europe is so enfeebled by the right-wing populist challenge to continental integration and immigration that it can barely play a role in shaping world affairs for the foreseeable future. Again, the Chinese would not mind the pitiable condition of Europe as they seek to demonstrate the superiority of their non-Western model to the developing world.

In 2018, China will want to consolidate its influence over Africa, where the phenomenon of Western abdication began years ago. The entrenchment of repressive regimes in Zimbabwe, Kenya and the Democratic Republic of Congo was a major setback to African people’s aspirations in 2017. But Beijing prefers such outcomes as it can continue wheeling and dealing with pre-existing corrupt state elites in Africa to grab natural resources and gain control over the continent’s fate.

Latin America is at a critical juncture as 2018 dawns. The region-wide fall of a diminished left-wing and its replacement with right-of-centre alternatives means that there may be opportunities for the US to claw its way back after being sidelined by China and Russia for a decade. But Mr Trump’s racist anti-Latino tirades, his hatred of Cuba, and his trade protectionism pose significant hurdles to the US recovering lost ground in its backyard.

Oil-rich economies like Russia and Persian Gulf monarchies are feeling buoyant about 2018 owing to the pickup in crude prices and possibility of demand-driven revenue inflows as world output as a whole is resurrecting. But the lack of

diversification in fossil fuel-dependent countries means only short-term joy for them. The authoritarian stability these petro-powers exude is deceptive and can be imperiled by geopolitical flare-ups.

This year, West Asia will remain a cauldron fuelled by extreme regional and sectarian animosities. The eternal tussle between dictatorships and people's urge for self-determination and accountable government is another complicating variable. Here, the US remains heavily invested in military and diplomatic alliances, but is getting progressively diminishing returns. Mr Trump's reliance on an Israel-Saudi Arabia combo to check the Iran-Turkey-Russia axis is unlikely to succeed. The net result of these worsening faultlines is to keep the ground fertile for jihadist terrorists even though the territorial caliphate of the Islamic State (IS) is vanquished, thus tying the US down permanently in this hotspot and leaving China free to sail in its worldwide odyssey without headwinds.

The US' international cup of woes is brimming under Mr Trump and China is enjoying the power transition in its favour. The rest of the world, especially India, must adjust to this epochal change and simultaneously work to prevent universalisation of a Sino-centric order. To cite a Chinese proverb as a New Year resolution, "the gods cannot help those who do not seize opportunity".

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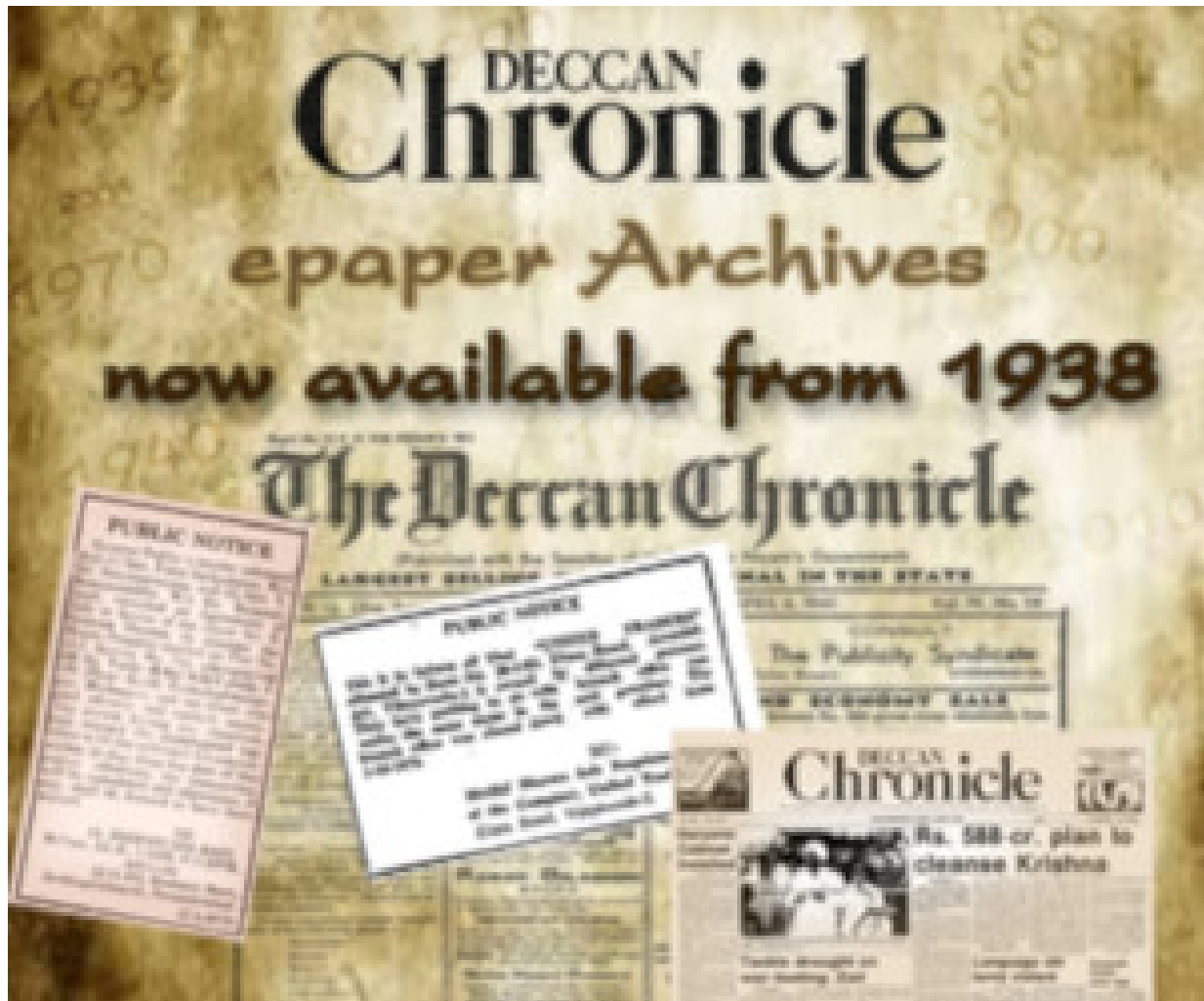
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