

## **The Changing Global Order**

**Mushtaq Khan, May 10, 2017**

The unsettling events in 2016 (Brexit and Trump) are not one-offs – they signal a possible change in the global order. While many may be tempted to view this as the decline of the American Empire, we would rather look at it as a shift back to a bi-polar world that existed from the end of WW2 to the fall of the Berlin Wall in 1989. We focus on the two flashpoints that currently dominate mainstream media: Syria and North Korea.

### **Syria**

Sectarian differences in the Middle East have always existed, but they became militant after the US invaded Iraq in 2003. Since Assad's Alawite government (which has ruled Syria since 1971) was challenged by the tide of the Arab Spring in 2011, Syria has been embroiled in a brutal civil war. The US and European solution is to partition Syria along sectarian grounds, while the Assad government seeks to keep the country united.

The sectarian nature of the conflict has drawn in regional players. Saudi Arabia has supported the Sunni rebels, while Iran has thrown its weight behind the Assad government. With the flood of Syrian refugees into Turkey (which may be linked to the spate of terror attacks there), the country has been forced to take sides against the Assad government. This pulled in US-led NATO into the conflict.

However, the US-led NATO forces have allied themselves with the Kurdish people, who are viewed as being effective in countering ISIS forces in Syria. The Kurds are spread across Turkey, Iran, Iraq and Syria, and have been denied an independent state since the map of the Middle East was redrawn by the Western powers after WW2. Subsequently, both Turkey and Iran have been criticized by Western countries for repressing Kurdish aspirations for independence. This creates common interest between two powerful Muslim countries – Turkey and Iran – despite their religious differences.

Israel also has a stake in the issue – it fears Iran's growing influence in Iraq, Syria and Lebanon. As a close ally of the US, Israel clearly prefers a partitioned Syria to contain Iran's influence. One must also realize that Israel's annexation of the Golan Heights in 1967 has been a contentious issue with Syria ever since.

On the other side of the conflict, Russia is upset by the military presence of NATO in the Syrian civil war, which it sees as the growing encroachment of NATO around its borders. Russia also has old links with Syria – a country that has stayed out of the US ambit during its modern history. President Putin has staked his military might in favor of President Assad, against what it views as a US-Saudi proxy war to push their influence in the Middle East.

In our view, Turkey is also undergoing a significant change in orientation. President Erdogan's referendum, which paves the way for a presidential system of government, has been severely criticized by the West. One thing is clear: Erdogan is likely to remain in power in Turkey for another decade. Despite being a frontline NATO ally in the Syrian conflict (evidenced by the downing of a Russian jet fighter in 2015), Erdogan appears to be losing his appetite for the West. His frustration with the drawn-out process of joining the EU, effectively means that Turkey has given up on the membership (perhaps it sees the EU as a failed model that is unlikely to survive).

Erdogan's position on NATO and Syria could be changing.<sup>1</sup>

### North Korea

The US has good reason to be unnerved by Kim Jong-un. With North Korea now seeking to operationalize its delivery system for nuclear warheads; it has also declared that it is working on ICBMs that can target the continental US, which means time is working against the US and its allies in the region. From Kim Jong-un's perspective, a credible nuclear capacity is the only card he has to ensure that his country is not attacked by the US. In recent weeks, President Trump's decision to attack Syria and Afghanistan in a high profile manner, is enough to unhinge Kim Jong-un.

Japan is responding to the growing tension by changing its Constitution, which will allow the country to become more self-sufficient in its defense capability (this will be appreciated by Trump). South Korea, which is experiencing domestic political upheaval, is also unnerved by the installation of US Thaad missiles to counter a possible North Korean attack. Australia, a long-standing US ally, which could also be targeted by North Korea, is now facing growing public opinion that since President Trump is perceived to be unstable, Australia should accept China as the regional hegemon (and not blindly side with the US).

The main issue is the way this flashpoint could impact Sino-US relations. China is wary of the US military buildup in the Korean peninsula, and has called on both North Korea and the US to scale-back their belligerent rhetoric. It has also condemned the installation of US missiles in South Korea, stating that this threatens China's defensive capacity. Tension between the US and China could push the latter to accelerate its efforts to forge closer ties with regional countries, and step-up its military presence in the South China Sea.

Most observers have been surprised by Trump's military engagement in Syria, Afghanistan and Korea. If this signals a muscular foreign policy that is favored by the US military establishment, it could sway President Trump to be more assertive in his dealings with Russia and China. With a dysfunctional State Department, the Pentagon has effectively become the principle architect of US foreign policy. This cannot be good, especially with an unstable US President. While President Trump may view his own unpredictability as an asset, it could push China to become more aggressive in claiming the Asia Pacific region as its sphere of influence. With failed domestic policies and a deeply divided nation to contend with, perhaps the Trump White House cannot stop the Chinese claiming the Asia Pacific region, and being accepted as the regional hegemon by South East Asia and Australia.

### Common interests

In view of the complicated global dynamics, this is how we would pair up key countries:

- US and UK. This is driven by the *Special Relationship* between the two countries, or by England's image as a follower.
- China and Pakistan. This is formalized by the on-going CPEC, which is the first stage of China's ambitious One-Belt-One-Road project.
- Iran and Turkey. Shared concern about the ambitions of the Kurdish people; the proposed partitioning of Syria; and skepticism about Western values.
- Russia and Iran. This can be traced to long-standing anti-US sentiments, and the aggressive posturing by Saudi Arabia in Syria, Iraq and Yemen.

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<sup>1</sup> As an indication of what may happen, President Putin stated in a press conference on May 3<sup>rd</sup> 2017 (to mark President Erdogan's visit to Russia), that the solution to end Syria's civil war would have to be managed by Russia, Iran and Turkey. The inclusion of Iran was an eye-opener.

- US and Saudi Arabia. Both countries are anti-Iran and also share commercial interests;
- Saudi Arabia and Israel. This strange pairing can be traced to their vehement anti-Iran sentiments; &
- Russia, Iran & Turkey. This was recently initiated by Russia, which has formalized an agreement with the other two that will guarantee a ceasefire in the Syrian civil war.

### Traditional animosity

To formulate the possible alliances, let's also list the countries that have been traditional antagonists:

- India and Pakistan;
- Iran and Saudi Arabia;
- Iran and Israel;
- US and Iran;
- US and Russia;
- Turkey and the EU (and now with the US after the failed 2016 coup in Turkey); and
- US and China.

### Possible coalitions

Going forward, we feel the following countries have an interest in forging a defense/security agreement amongst themselves (see **Tables 1 & 2**, which are ranked by importance).

These tentative groups reveal some interesting characteristics.

- In terms of combined GDP, the US Allies have a clear edge, accounting for \$ 24.4 trillion against the Sino-Russian Axis, which is at \$ 14.1 trillion (2016 data);
- However, the weighted average GDP growth rate of the Sino Axis is 5.8% compared to 2.2% for the US Allies. At these growth rates, the Sino Axis will be as large as the US coalition in less than 10 years;
- In terms of the number of nuclear warheads, the Sino-Russian axis has a slight edge with 7,680, while the US Allies have 7,375;
- In terms of population, the two alliances are pretty evenly matched, with the Sino-Russian Axis at 1.88 billion people, against the US Allies at 1.76 billion;
- In terms of connectivity, the Sino-Russian Axis has a clear advantage as the five countries create a continuous land route that connects the Middle East to Asia Pacific and the Nordic countries— it also contains Central Asia (see map). The US Allies, on the other hand, are geographically dispersed, which would limit the cultural/economic interface that their respective populations could have. This issue will play an important role as China rolls-out the various stages of OBOR; and

**Table 1: US Allies**

	GDP (\$bln)	GDP (growth)	Pop (mln)	Nukes
US	18,569	1.62	324	7,000
India	2,251	6.83	1,327	80
Saudi Arabia	638	1.40	32	-
Israel	312	4.00	8	80
UK	2,650	1.81	65	215

Source: Wikipedia, Nukes from NYT Dec 23rd 2016

**Table 2: Sino-Russian Axis**

	GDP (\$bln)	GDP (growth)	Pop (mln)	Nukes
China	11,392	6.70	1,382	260
Russia	1,268	(0.25)	143	7,300
Iran	412	4.60	80	-
Turkey	736	2.88	80	-
Pakistan	284	4.71	193	120

Source: Wikipedia, Nukes from NYT Dec 23rd 2016

- The Axis countries (with the exception of Pakistan) could be described as authoritarian governments, where decision-making is quite centralized. The Allies (with the exception of Saudi Arabia) are seasoned democracies, which have elected right-wing governments.



In terms of camp followers, some should be obvious (e.g. Japan, South Korea, Canada, Egypt and the Philippines, Syria, Iraq, Kazakhstan, Myanmar, North Korea (N), etc.). What is more important are the likely fence-sitters; this list depends on future elections, and the sense that aligning oneself with any specific groups may not be in their national interests. Non-aligned countries would include France (N); Germany; Italy; Australia; Mexico; Indonesia; Brazil; Malaysia; Thailand; & Spain. We would also include most African countries into this group.

The way in which the rest of the world will respond to the proposed coalitions, will depend on the characteristics of the individual countries.

US Allies:

- While the world is still reeling from the election of Donald Trump, so are many Americans. It is unclear whether President Trump will be able to unite the country, and address the grass-root anger that elevated him into the White House. While US military and economic might is undisputed, the issue is how these strengths will evolve in a rapidly changing world.
- India has enamored the West with its economic potential and its tech-savvy middle class. However, the right-wing Hindu government of Narendra Modi has exacerbated the deep social fissures in the country. The vulnerability of India's Muslim population (about 15% of its 1.28 billion people) will continue to trouble the government. Mainstream media has often been critical of Modi's anti-Muslim policies, which means the social unrest in the country will not allow India to project its power outside its borders.
- Saudi Arabia also does not rate well in global opinion. Its repressive social mores; disdain for democratic values; intolerance for free speech; and the treatment of women and foreign workers, makes it a regular punching-bag featured in the most respected media outlets. Although Saudi Arabia's bombing campaign in Yemen is kept under the media radar, its export of radical Islam to Africa, the Middle East and South Asia is broadly acknowledged. Many experts claim that Saudi money is the primary source of funding for ISIS and other extremist groups. The Saudi affinity to hardline Islamic ideology lies at the very roots of the Saud family's legitimacy. This creates a degree of political discomfort for the government, as Jihadist groups that have been financed by affluent Saudi families also have issues with the Saudi Royal family. Although under-reported, ISIS has been recruiting within the Kingdom and there have been incidents against the Royal Guards.
- Israel may have a favorable image in the West, but not so in the Middle East or North Africa. Its apartheid treatment of Palestinians in the Gaza Strip and the West Bank is often reported on, and many Western European governments have started speaking out against its racist policies. Israel's open defiance of UN oversight is a hallmark of the country's existence since 1948. As a member of the US Allies, Israel's presence will undermine the way this alliance is perceived by neutral countries.
- The UK is the most favorably viewed country in the list, but its role/influence is likely to be very limited in what is otherwise a group of countries with right-wing governments. Furthermore, the Brexit decision and the growing tension with Brussels, could undermine England's position in the global order.

Sino-Russian Axis:

- China is a large, increasingly rich country that is now beginning to flex its global muscle. Its geographic ambitions are becoming clearer, and its planning process is unique – it thinks decades into the future to determine what it needs to do now. China realizes that its economic growth cannot rely on exports alone, and therefore has shifted its focus to Asia and Africa. Its OBOR initiative is likely to shape Asia for the next 50-60 years. China also has a strong and stable leadership.
- Russia has had a strongman in control since 2000, who is popular at home. However, mainstream media and US lawmakers have started demonizing Putin. The oil price slump and US/EU economic sanctions have taken a toll on the Russian economy. Sensing the public anger against centrist policies in Europe and the US, Putin has stepped up pressure on the West. From his perspective, Russia would be better served by reviving the Cold War with the West, as this allows Russia to leverage its powerful military even if its economy is listless.
- Iran has been kept out of the global economy since the 1979 Revolution. Despite binding economic sanctions and repeated efforts to overthrow the Revolutionary government, Iran has not only managed

to survive, but has increased its regional influence. The US invasion of Iraq in 2003 helped strengthen Iran's regional influence, but its existing oil/gas infrastructure desperately needs to be upgraded. If US global domination is challenged by the Sino-Russian Axis, Iran stands to gain both economically and politically.

- Turkey has been the darling of the West until quite recently. Its dynamic economy, moderate stance on religion and social tolerance, were often held as an example of how a Muslim country could evolve and integrate with the Western world. However, Erdogan's autocratic style of governance and his growing disillusionment with the EU (and the US), and the recent shift to a presidential form of government, may encourage him to break from the West and join the Sino-Russian Axis.
- Pakistan is the weakest link in this coalition, and deserves a more detailed assessment (see **Appendix 1**). Pakistan's political class is extractive and its governance system has been decaying for decades. Its institutionally weakened economy is now facing an external sector crisis that could trigger macro instability. With Pakistan in the China camp, IMF bailouts may be less forthcoming, which means China may not look at Pakistan as an equal partner, but as a necessary yet handicapped client.

### Conclusion

Too many things have happened in the recent past to sustain the global status quo that has been in place since the end of the Cold War: (1) China's miraculous economic growth; (2) Russia has reverted back to nationalistic pride; (3) since the end of the Cold War, NATO has slowly surrounded Russia's borders; (4) India has begun to realize its economic potential and its strategic alliance with the US; (5) Iran, which has been isolated since 1979, has nevertheless managed to retain its revolutionary fervor and has more regional influence than ever before; (6) the inherent flaws in the European Union have revealed themselves in the tension between Germany and Greece; (7) Europeans have started to protect their borders from immigrants and foreign trade; and (8) Turkey has become disillusioned with the West.

And then you have the Trump presidency.

The 21<sup>st</sup> century has also revealed the instability that can be created when there is one global hyper-power. Non-state actors have changed the manner in which sovereign countries interact with one another, and asymmetrical warfare has challenged traditional military strength. The war in Afghanistan is the longest in US history, and it is now impossible to call a winner. On the other hand, a country as politically unstable and economically vulnerable as Pakistan, has managed to engage and frustrate both the mighty Soviet Army and NATO forces in Afghanistan.

As with all previous empires, America's global dominance will end. What we are seeing are the initial stages of this process. This is not to say that America will become a secondary power – it won't. What it suggests, is the US will have to limit and pull-back its global reach. The US presidential election may have been a farce in terms of the issues debated by the mainstream media, but it shows that a vast number of Americans felt excluded from the political process.

With the election of Donald Trump, this vote bank will continue to be vocal till its voice is heard, which should force America to look inward. More broadly, perhaps the era when the US felt responsible for global world order (as reflected in the Marshall Plan) has ended. Europe has not only recovered to become an economic powerhouse, but is now beginning to consolidate its gains by becoming more introverted. The resulting space created in the global order should allow the Sino-Russian Axis to define its sphere of influence.

The proposed bi-polar world order should usher in a period of global stability.