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## A Historical Moment for a New World Order

*Exclusive stars interview with **Brian Hanson, Vice President, Studies, Chicago Council on Global Affairs, Chicago, United States**. The interview was conducted by Dr. Sophie Xiying Liu, on the sidelines of the 10th stars Switzerland symposium in September 2017 in Stein am Rhein.*

### Belt and Road Strategy

*Sophie Liu:* The Belt and Road Initiative has become China's key foreign policy and been considered as an ambitious global strategy. China plans to heavily invest in infrastructure in countries along the Silk Road and seeks for advanced technologies from Western Europe. What has China achieved so far? Would you consider it as an intelligent policy for China? What are the impacts of this initiative on America? Facing China's increasing global influence, what is America's plan to react on the Belt and Road Initiative?

*Brian Hanson:* Belt and Road has clearly shown China's global strategy that China would like to use their economic prosperity and power in order to change another part of the world. It is a multi-pronged strategy which will, no doubt, bring positive economic growth and opportunities for countries in these regions, and at the same time, carries clear political purpose as well, which is to build support in developing world. When looking back at China, one of the interesting things is that, historically, China achieved its status under the Communist rule about the same time decolonisation process happened. There is a long historical connection between China and the developing world that this also connects to the longer tradition. Belt and Road is an effective strategy in terms of building political support and helping to build economic structure in Asia and reaching to other parts of the world, which is oriented around China. The U.S., as a great power, is certainly able to do it (in its day), and it has pursued similar strategies before.

However, there is not much concern about China's Belt and Road strategy in the U.S., nor an answer to it. Globally, the U.S. is focusing on major challenges in the Middle East. The President is turning the U.S. increasingly inward. Comparing to the strategy of using the economic policy to build alliances, Donald Trump is doing the opposite: he is using economic policy to drive division. One of the examples is the free trade agreement (FTA) between the U.S. and South Korea. Trump is considering seriously to end the FTA in the midst of the North Korea crisis as a way to act tougher against North Korea but also responding to his underlined belief that trade agreements put the U.S. in a disadvantage that creates trade deficits for the U.S. and only U.S. trade partners benefit from it. Comparing China's global economic policy, Trump is actually challenging the economic connection that the U.S. has with the world. China considers the investment made by the Belt and Road strategy as a political investment and believes it will benefit politically while Donald Trump only sees it an economic issue which he believes brings the U.S. no economic benefits. In my opinion, he misinterprets bilateral trade deficits.

Donald Trump's first decision in the office, pulling off the U.S. from the Trans-Pacific Partnership (TPP), was a disastrous decision and a big catastrophe. TPP is not only an important economic move, but also a strategic move to assure the countries in the Asian Pacific that the U.S. is committed to the region in continuing to orient their economies around the strong role of the U.S., meanwhile, it was also designed to send the political security signals of the U.S. commitment to them. It is a strategic problem and mistake for

the U.S. to pull out of the TPP without thinking of the important implications. While the U.S. is pulling out, China is reaching out. One of the remarkable things is that China's President Xi Jinping came to the World Economic Forum (WEF) in Davos, Switzerland and proclaimed himself the advocate of globalisation. While China is establishing its global strategy based on the Belt and Road, the U.S. is handing the leadership in Asia to China on a silver plate and saying "please, take it." It is a huge mistake. Countries in the region, understandably, especially smaller countries, have started to re-orientate around China in terms of their economic and security policies. Economic deals have been done and informal security decisions have been made – although that China has made controversial claims of their territory plans and implications to control the sea. As a great power in the world, the U.S. is clearly in the transition that China's arise is very important and it is happening of its own momentum. A classical way to think about international relationships and global politics is that, usually a power comes up and pushes another power out of the way. However, the U.S. is not pushed out of the way; it is just moving out of the way.

There are different processes for decision-making in different areas in the U.S. The President cannot act alone in many domestic policy areas. For example, President Trump has been very frustrated that he has not been able to get what he wanted on healthcare or tax policy. However, foreign policy is the domain of the President, while trade policy is very interesting because the Constitution gives the control over trade policy to the U.S. Congress. Historically, the Congress set the trade policy and the President had almost no role in it. However, there was a change after the Smoot-Hawley Tariffs in the 1920s when the U.S. massively increased the tariffs in the phase of Great Depression. The change was that the Congress passed the laws to allow the President to take the leadership on trade policy. This is interesting because it does imply that Congress could also remove that power from the President. However, a consensus will have to be reached and whether Congress could pass the law to make the change would be another question. The areas where President Trump can have the most impacts (also where he can do the most damage from my perspective) are in foreign policy and foreign economic policy where he can act almost unilateral.

China sees the Road and Belt a broad strategy for managing the political and economic relationships in the world. On the contrary, Trump administration's Asia policy, unfortunately, is just North Korea policy now. It is unfortunate that Trump has chosen to make that the emphasis of U.S. policy. Because North Korea will have their nuclear weapons and the ability to reach the U.S. with nuclear weapons on a missile – no matter what the U.S. does. In addition, this policy creates divisions between the U.S. and its allies, mostly between the U.S. and South Korea, but also creates tensions of the US-Japan relationship. It takes the attention off the bigger strategic issues and makes the U.S. weaker with respect to China. Given China's great influence on North Korea, it is hard for the U.S., on the one hand, to seek for China's help in solving the North Korea problem, and on the other hand, to act aggressively against China in many other areas. The U.S. should stop dividing itself from its allies, and start working together with them and with China to shape a new economic and security order in Asia where should be the focus of US foreign policy. However, instead, President Trump is talking about things like "rocket man" and trading insults and demonstrating force by sending military aircraft to the coast of South Korea in response to provocative missile launches of North Korea.

## **Challenging situation in North Korea**

*Sophie Liu:* At the same time, China also faces problems in its neighbourhood. This month, North Korea conducted its latest nuclear test right before the BRICS summit held in Xiamen, China. How do you define the relationship between China and North Korea? It seems that North Korea has been trying to push the limit further and further to find the “real” limit. What are the possible options for China to deal with this issue? How about America? Will it be possible that China and America work together on this matter? If so, under what conditions would it happen?

*Brian Hanson:* There have been times when there was great hope that there could be a negotiated settlement in North Korea. During the Clinton Administration, there were serious talks and even agreements reached. In the Bush Administration, the Six-Party Talks was a collaborative idea of how to address the problem. But it is much more difficult now.

Although China has more leverage than any other country, the relationship between China and North Korea is very complicated right now. China does have the legitimist security interests because having a nuclear-armed state on the border with unpredictable leadership is a challenge. It does not want to see the collapse of the regime in North Korea for at least two reasons: firstly, there are nuclear weapons; secondly, China would have to face migrant issues which include having more than one million highly-armed North Korean soldiers coming into China. However, it has also expressed that it does not want a U.S. ally on its border, which implies that China is not looking a reunion, especially one under the U.S. control. It is understandable because great powers have always wanted to have buffers around them.

It is hard to find a pathway to prevent North Korea to complete their goal of obtaining nuclear weapons. A more productive strategy would be to communicate with North Korea and to point out whether they have nuclear weapons that can reach the U.S. is not the key issue, the most important thing is that if North Korea were aggressive to its neighbors, the international world will respond in a strong way. This strategy highly relies on the terms of keeping North Korea from acting aggressively externally.

Another concern about North Korea is its terrible economic challenges. If North Korea sees the need to sell the nuclear and missile technologies to others in order to maintain their regime for economic purposes. There are certainly organizations and people who would want to acquire these weapons that would be very dangerous to the U.S., as well as to China. I wonder if there is a potential opportunity for cooperation in a longer term, trying to assure that North Korean nuclear weapons would not be taken by the arms that could do harms to the U.S. and China. China has joined the U.S. and other countries in economic sanctions on North Korea and restricted their economy. It has generally been a good thing to do, but I am very pessimistic that the international society can actually effect on North Korea’s decision. Playing pressure is important, but there is a limit of what can be achieved by pressure. We have to be realistic about what we can and cannot achieve in these situations.

## **Russia still plays an important role**

*Sophie Liu:* What role does Russia play in this picture? What is the future U.S.-Russia relationship that we can expect in the next 10 to 20 years?

*Brian Hanson:* Russia plays a very important role in the world. Vladimir Putin has been intentionally building up military capacity of Russia and used this capacity in annexation of Crimea and invading eastern part of Ukraine. Meanwhile, Russia is acting effectively in getting involved in the Syrian conflicts in a way that has made the U.S. far less significant in that conflict and in Middle East more generally. Mr. Putin has also been very effective in using relatively low cost electronic and cyber means in order to have an influence in Europe and the U.S. to support the populist movements and create distrust in democratic constitutions.

Mr. Putin presents a very important threat in the world, particularly in Europe and in the U.S. where people discount the threats. A commonly heard opinion is that Russia's economy is based on oil and the oil price is so low that they cannot sustain on what they have been doing. However, Mr. Putin's strategy is to drive the divisions between the U.S. and Europe, as well as within the European Union, and to create the uncertainty about whether the defense guarantees in Europe would be honored if they were attacked. Mr. Putin has been very effective in testing and he is likely to continue to test. Right now, there are massive military exercises going on near the Baltic states where he is trying to send very strong messages. He may not on the urge of invading the Baltics, but looking back at the Crimea and Ukraine where Russia also had intensive military exercises, it is already the minimum signal-sending.

It is not helpful for Donald Trump to go to NATO Summit without reinforcing U.S. commitment to Article 5 which claims that if the Baltics come under attack, the U.S. will defend them, and the U.S. during the Obama Administration did put some troops there. Now, the U.S. should consider doing more, particularly in the Baltics to communicate to Mr. Putin that his involvement will not be successful there. It is very likely that in some areas Mr. Putin could decide to do what he did in Ukraine, sending people who are not officially identified as troops there to try and see what the reaction is. If there is a strong reaction, these people can pull back to Russia, and Mr. Putin can deny the whole thing. If there is no strong reaction, it could be a catastrophe because it is a signal that the NATO guarantee is not a guarantee, and it would make it extremely uncertain where the guarantee really begins. If it is not the Baltics, does it begin from Poland? How far would be the U.S. be serious? For Mr. Putin, it would be an incredible accomplishment to undermine the unity of NATO. Therefore, it is important for the alliance to be consistent all the time in all the countries, most importantly, in the U.S. who should indicate strongly to keep the commitment of defending all its NATO allies. It would be very beneficial for the U.S. to deploy additional military capability to Baltics in order to signal our seriousness.

There are different opinions about what Mr. Putin may do. Some people think that there is no way he can sustain his defense expenditures and he has become a paper bear where he can no longer act but only bellow. Other people think that he is even more dangerous in this position that he stays with the legitimacy of his regime and defending Russia against the hostile world – there are threats to Russia and Russia needs to be strong in order to counter those threats.

Although we cannot compare Russia's strategy to China's, because the former is more disruptive and even dangerous, and the latter is more complicated and more positive and constructive, both countries hold strong strategies. However, the U.S. has no strategies for responding neither of them. For example, the U.S. has not figured out which are the

areas in that cooperating with China is possible to achieve the common goals; it also fails in responding and pushing back strongly to send clear signals to Russia.

We are in the world at a historical moment where the 72 years of Pax Americana are coming to an end meaning that the U.S. organized the political and economic orders almost all over the world and sustained that order for decades. It looks that the U.S. is not able or willing to play this kind of role any more. We are at this world historical moment where there is a competition about what is going to follow on the earth. In broad terms, there will two scenarios: 1) The world could move towards a balance of power fears and influences. It would be a more dangerous world, and war would be more likely. Countries would be more active in zero-sum game and more competitive. Financial crisis would happen around the world and it will be harder to address these issues effectively. The great accomplishment of the last 17 years is to move away from balanced power to institutions, shared responsibilities and cooperation to deal with the problem. In all human history, this is a remarkable period of time, not perfect, but the degree of relative peace and prosperity has been very high; 2) We construct a new political and economic order which has to include the voice of everyone. Power is not concentrated like it was before. China certainly has an important piece of voice and role in shaping this order, so should Europe and other countries, large and small, in Asia and other regions around the world.

Particularly, one of the most interesting countries in the next 15 years will be India where we should pay attention to the development. We have seen not only cooperation between India and China, but also between India and Japan. How India gets incorporated into the new order in the world will be very interesting and exciting.

The biggest and most important challenge the world is facing is what are the basic principles, goals and structures of power that will provide the order of world. Too many people believe that political order will build on its own and the inertia will continue to give us a stable world. To the contrary, without added effort to create order, the world will not deter the possibilities for violence. All of us should focus on creating the basics for the new order for future, which is the most important issue. The U.S., unfortunately, will not play the leadership role. It provides an opportunity for all countries together at this moment to define what the order is, without any country becoming too strong or too dominant.

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