

Geopolitics and Strategic Competition

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Geopolitical Landscape

- Key elements: strategic competition and strategic cooperation among big and middle powers
- Key elements of today's geopolitical landscape

	Strategic Competition	Strategic Cooperation
Global	<ul style="list-style-type: none">• US vs China• US vs Russia• US vs Islamic fundamentalists	<ul style="list-style-type: none">• US alliances & partnerships• China's "One Belt One Road"
Indo-Pacific Regional	<ul style="list-style-type: none">• China vs Japan• China vs India	<ul style="list-style-type: none">• US-Japan-India-Australia "Quad"• ASEAN• Japan's strategic partnerships• India's strategic partnerships

Major Features of the Geopolitical Landscape in the Indo-Pacific Region

- The centrality of the US-China strategic competition;
- The emergence of an alliance of major regional powers that excludes China—the Quad;
- The conflict between two kinds of international order—a rules-based order and a hierarchical order; and
- The effort of many regional states to preserve their autonomy, broaden their options, and engage with opposite sides of the strategic competition.

A Long Historical Perspective on Great Power Competition

- Great power competition is a recurrent theme in world history.
- China's pursuit of global supremacy has been decades in the making.
- Upswing in innovation → Upswing in production → Upswing in great power competition
- 4th Industrial Revolution → US vs. PRC competition over two key questions:
 - *What will be the basis of the international order?*
 - *Who will have more influence on the international order and the actors in the international system?*

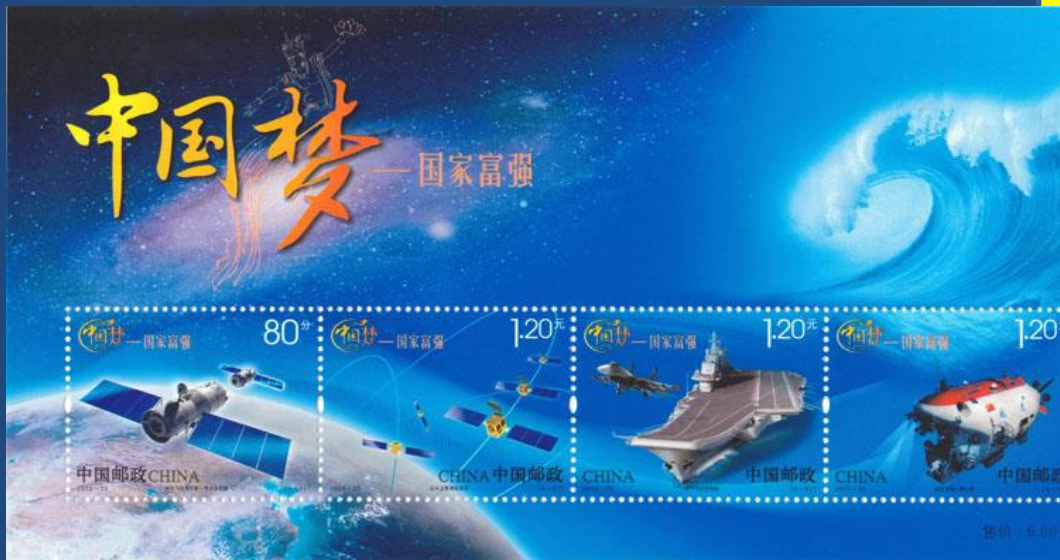
China's Dream

“Our objective is to catch up with America and then to surpass America.”

Mao Zedong, 1955

“In the mid-1970s, my father looked around China's periphery, to the small dragon economies. ... If we were to **surpass them and resume our rightful place in the region and ultimately the world**, China would have to grow faster than them.”

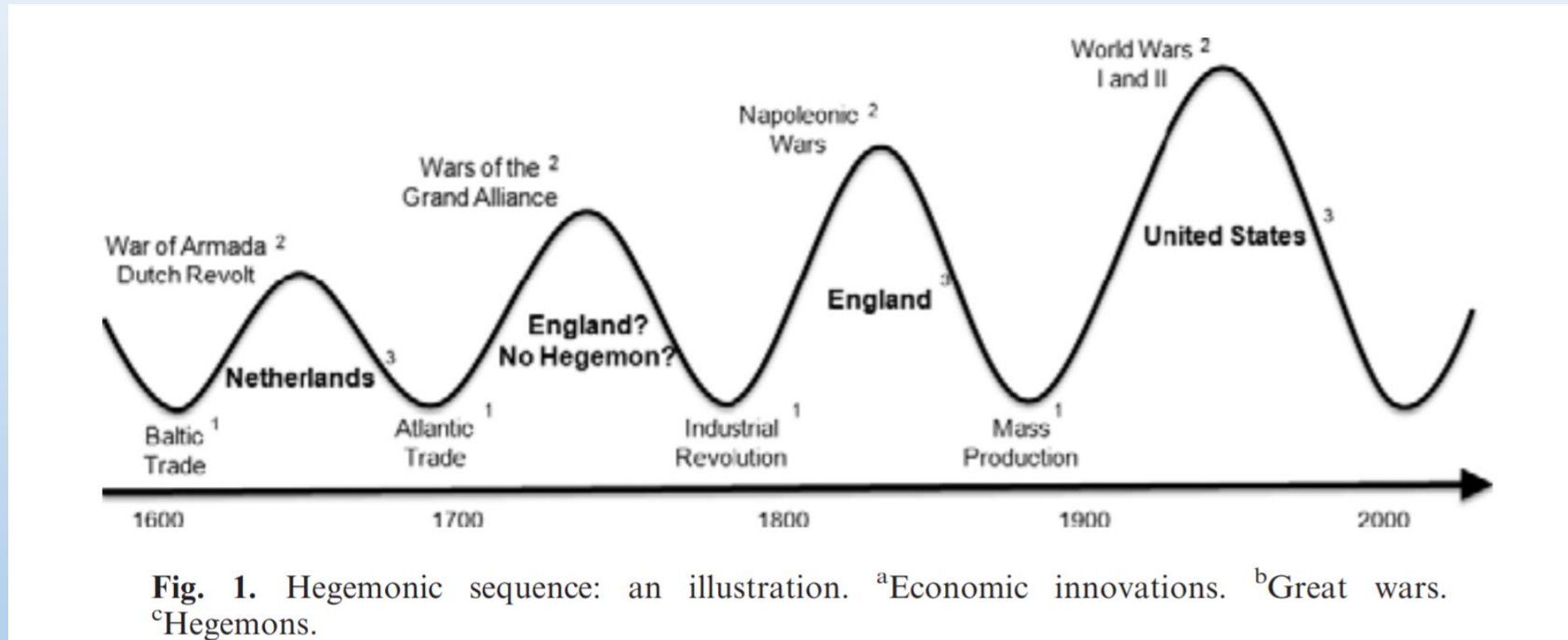
Deng Xiaoping's daughter to David Lampton



“By 2050, two centuries after the Opium Wars, which plunged China into a period of hurt and shame, China is set to **regain its might and re-ascend to the top of the world.**”

Xinhua News Agency, 2017

Long Waves of Economic Innovation and Hegemonic War



Source: Roy Kwon, "Hegemonic Stability, World Cultural Diffusion, and Trade Globalization," *Sociological Forum* 27:2 (June 2012), p. 327.

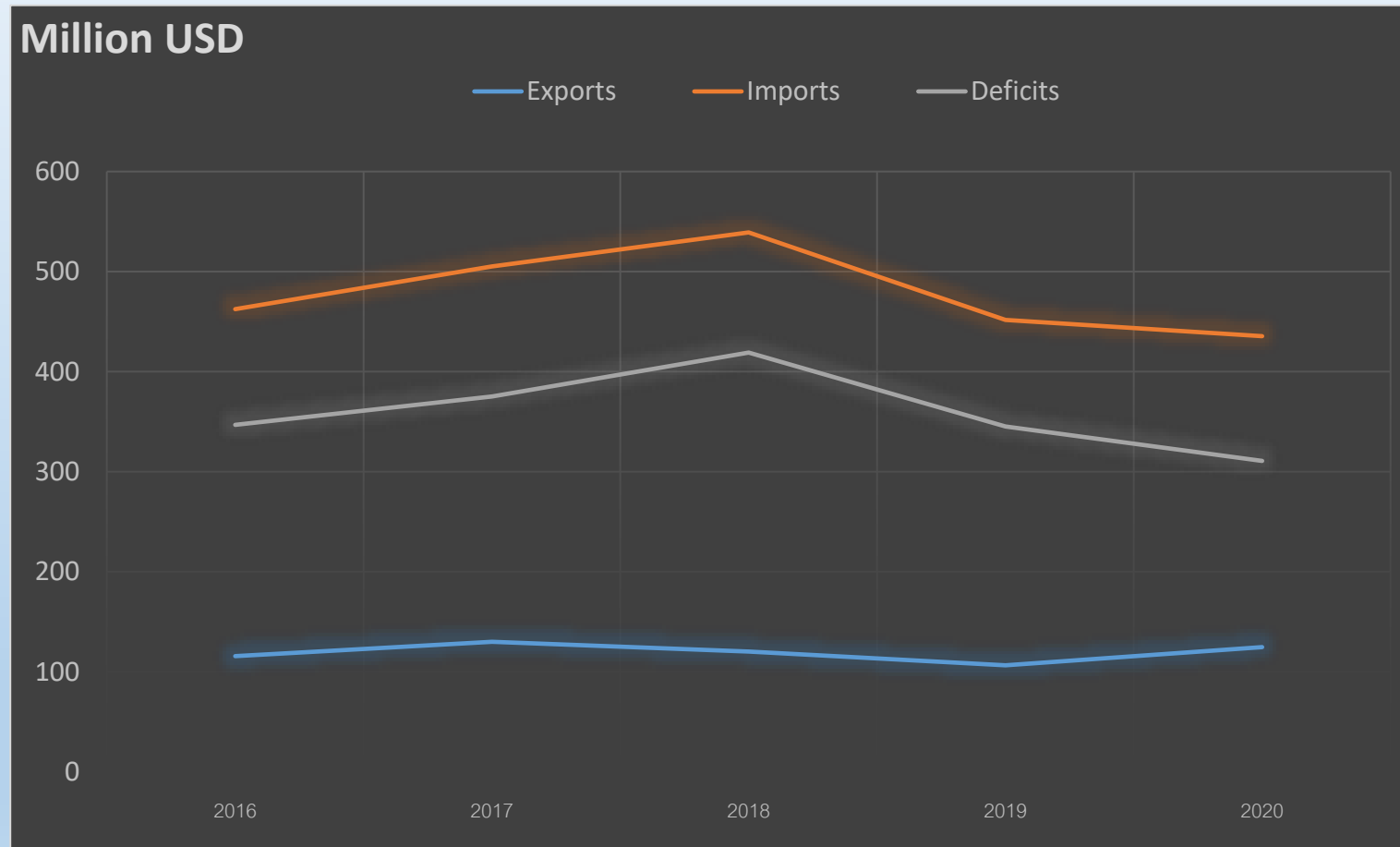
War and Peace between America and China

- Nuclear deterrence works → World War III is unlikely
- US-China rivalry will last several decades until one of the contenders is exhausted
- Tensions and crises will abound, local and cyber war is possible
- Gray zone tactics (fait accompli, salami slicing, cabbage, stealth, etc.) gain strategic importance
- “War by other means” (political warfare, psychological warfare, information warfare, economic warfare, lawfare, etc.) are critical

Economic Independence or Decoupling?

- Total decoupling is impossible even in the long term.
- COVID-19 pandemic laid bare vulnerability.
- Restructuring of supply chains and investment flows.
- Tech war:
 - Huawei (like British East India Company, a private company that expands the sphere of influence of its sovereign)
 - Chips and chip-making tools
 - Rare earth metals
 - More to come

U.S. Trade in Goods with China



<https://www.census.gov/foreign-trade/balance/c5700.html>

Bottlenecks in the Digital Age

Chip-making tools



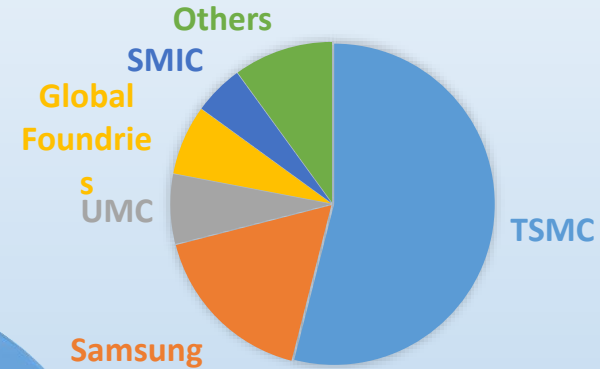
Chip designs



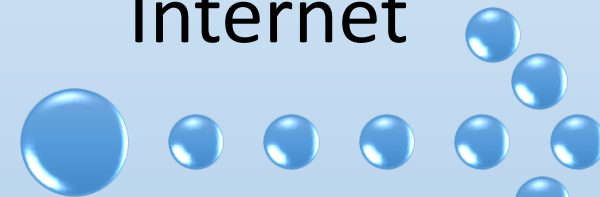
Rare earth metals



CHIP MANUFACTURERS



Internet



Electronics



Cyber Domain

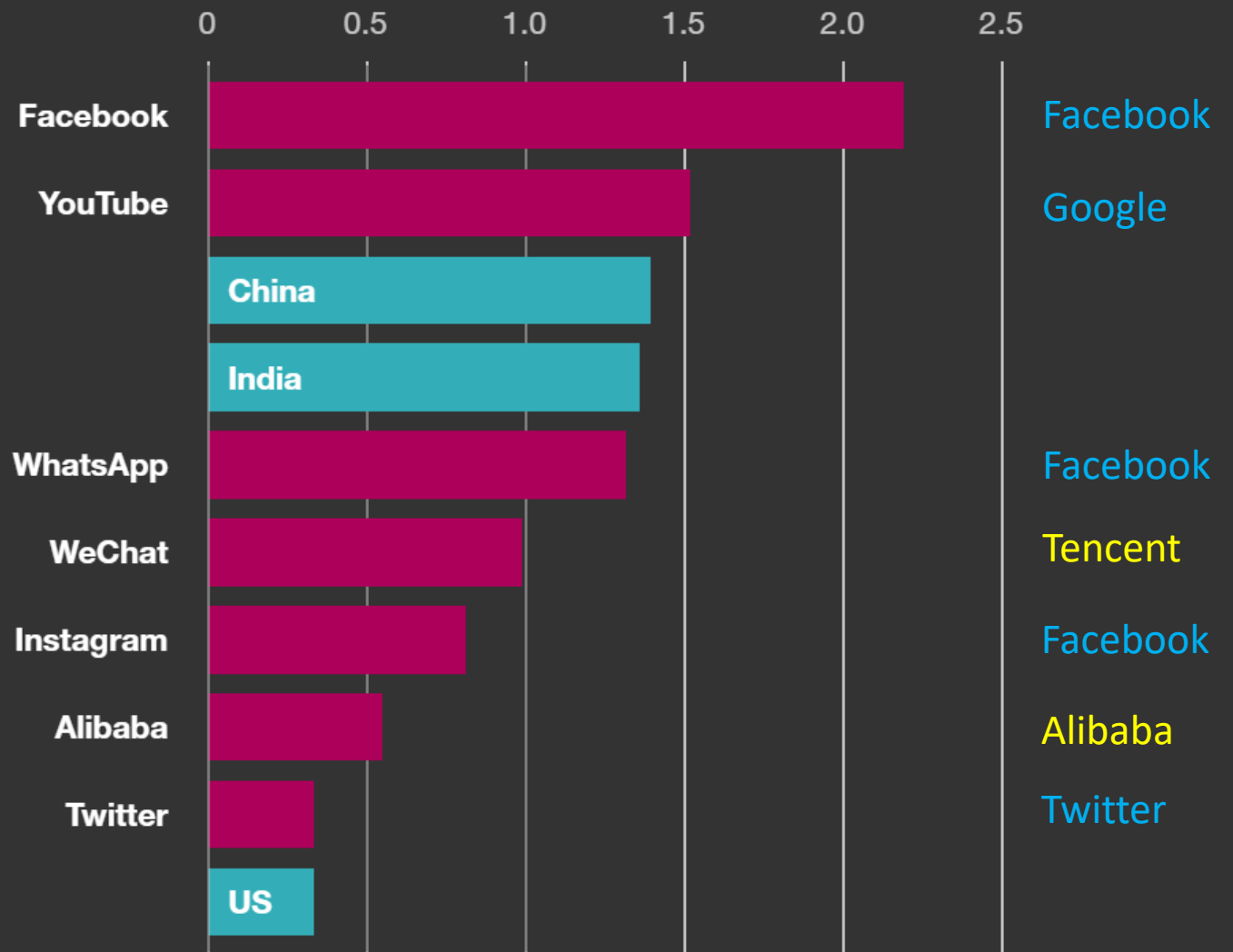
- New domain of human activities created by the 4th Industrial Revolution, not existed in previous great power competition
- Indispensable for economy, security, society, international relations
- Data are now the most precious resource in world economy
- While great powers are system-makers, Big Tech are system-changers: Gate-keepers of cyber domain; provide platforms for social activities; can collect, control, manipulate data
- Cyberwar can cripple enemy with impunity

It's the platform, duh

Besides huge market caps, Alibaba, Alphabet (Google), Amazon, Apple, Facebook, Microsoft, and Tencent all have another thing in common: heavily populated platform business models.

Source: <https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/five-fifty-platform-plays#>

Active online-platform users vs Country population
Billions of people, 2017



Central Frontlines

- Central frontlines of US-PRC strategic competition:
 - Cyber domain
 - Maritime domain of Western Pacific and Indian Ocean
 - Cf. Cold War: Central Europe, Space domain
- US-China rivalry may be less stable than US-USSR conflict because generally offense has advantage over defense at sea while defense has advantage over offense on land.
- Southeast Asia is now at the center of great power competition, not the fringe of it as during the Cold War.

The Lifeline of Asia

SCS trade as % of all trade (2016)

China: 40%

Japan: 19%

India: 31%

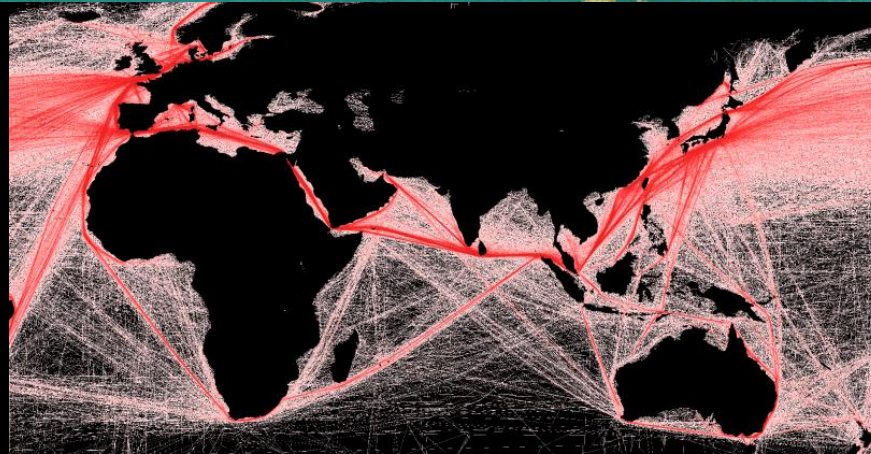
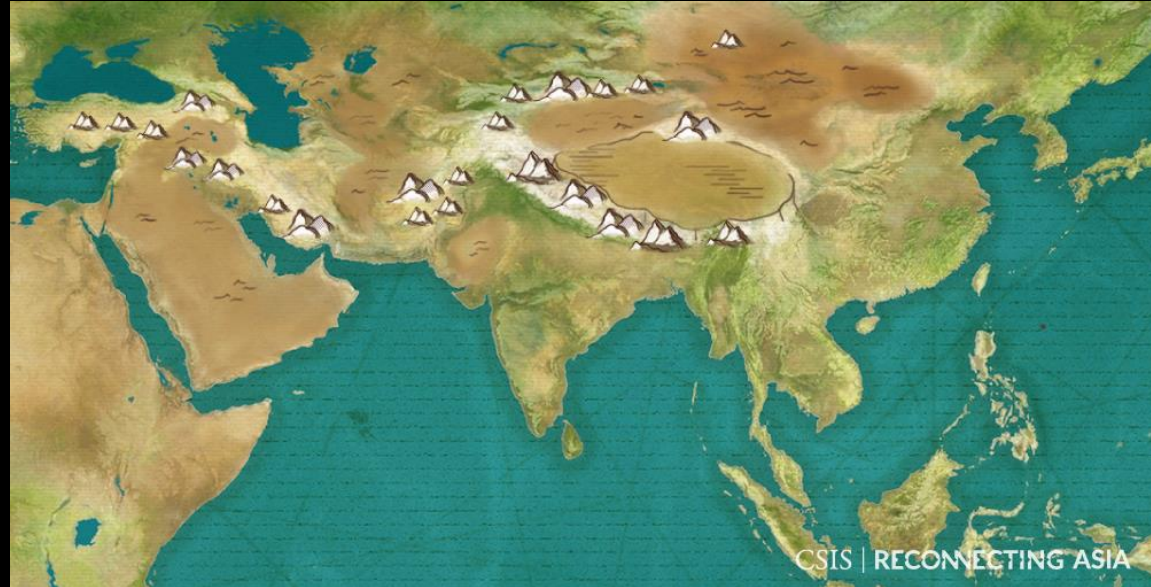
Vietnam: 86%

Thailand: 74%

Philippines: 72%

Indonesia: 85%

U.S.: 6%



- \$3.4 trillion/\$15.9 trillion, or **21.4% of world trade (2016)**
- 30% of global oil shipping
- **80% of China and Japan's oil imports** pass thru the SCS.
- Shortest sea route between Pacific and Indian Ocean

International Order

- Cold War
 - US: international order based on liberal rules
 - USSR: international order based on socialist solidarity
- US-China rivalry
 - US: international order based on liberal rules
 - China: international order based on hierarchical positions
 - Nudges others to accept China's top position in a hierarchy of nations