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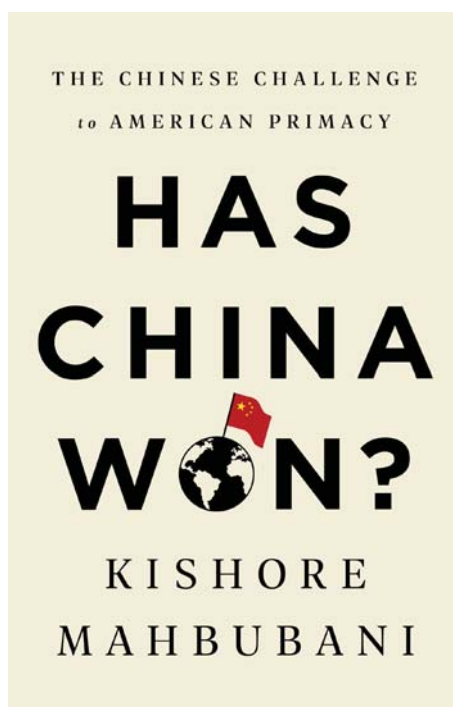
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Book review

HAS CHINA WON? THE CHINESE CHALLENGE TO AMERICAN PRIMACY.

KISHORE MAHBUBANI, PUBLICAFFAIRS HACHETTE BOOKS GROUP, NEW YORK, 2020.

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The geopolitical environment of the first half of this century is dominated by what John J. Mearsheimer (1947-) calls “offensive realism”. According to Mearsheimer, the great powers are seeking to improve their relative power in relation to the rest, and most fundamentally in the regional sphere. Such behaviour in a multipolar environment is more prone to conventional warfare, especially when in the system there are countries that can be considered potential regional hegemonic powers. In this state of affairs, Mearsheimer contrasts realism with liberalism as the dominant theory. Furthermore, he tests his theory against the other two traditional theories of realism, the “defensive or structuralist” and the “classical” theories popularised by Kenneth Waltz (1924-2013) and Hans Morgenthau (1904-1980), respectively. To this effect, one of the main pillars of realism is the fundamental role that the international environment plays in the behaviour of states, much more than the internal characteristics of their governments and societies. In other words, it is the structure of the international system that shapes a state’s policies, over and above domestic considerations. In this framework, “offensive realism” is proposed as a synthesis, such that, seeking the goal of mere survival, a state considers it necessary to gain political weight in the system by any means, even if it is detrimental, as long as the other states suffer greater attrition, and the “balance of power” is guaranteed. In this environment of “offensive realism”, “political warfare”, as defined by George F. Kennan (1904-2005) in the document on “the inauguration of the organisation of political warfare” of 30 April 1948, would be “the use of all means at the service of the state, without the declaration of war, to achieve national objectives”, framing the international environment in which the author develops his novel.

The author of the book, Kishore Mahbubani, of Indian origin, born in 1948 in Singapore, has a PhD in philosophy and an extensive diplomatic career spanning 33 years, with stays in Cambodia, Malaysia, Washington and New York. In New York he was Singapore’s permanent representative to the United Nations, and President of the Security Council from January 2001 to May 2002. He is currently the coordinator of the Asia for Peace programme at the Asia Research Institute (ARI) of the National University of Singapore.

The book recasts the more traditional philosophical thinking of Taoism, with the duality of “yin and yang” as diverse forces seeking synthesis and, once achieved, diverging again to re-integrate in an infinite cycle that seeks harmony and moral superiority. The two dichotomous forces are represented by China and the United States (US and China) who, in the author’s words, assume a paradoxical geopolitical context dominated by an existential duality that must seek mutual understanding based on tolerance. In this state of constant tension, the author contrasts Western thinking on the dichotomy between good and evil with Eastern compromise and interdependence, developing the basic idea that one cannot exist without the other, and the need for a compromise of dialectical logic to continue progress. In this regard, he quotes Professor Hong Hai of Nyang University of Technology: “One of the basic principles is the notion that “yin and yang” are opposed to each other, but interdependent”.

Another of the book's objectives is to dismantle the increasingly widespread theory of the new "cold war", an expression it mentions on 42 occasions. To do so, the author unpacks the differences that, in his opinion, invalidate this perception, which poisons the relationship between the two great powers. First, it refers to the absence of a comprehensive, long-term US strategy. The US is also seeking to address the growing geopolitical competition with China, which is seen as a strategic rival. He reinforces this view with the main message of Henry Kissinger's (1923-) book, *On China*, which is none other than the lack of such a strategy on the part of the US and China. This absence contrasts with the strategy designed by the great architect of containment, George F. Kennan, derived from his first exposure in the famous Long Telegram of 22 February 1946.

Other aspects that reinforce the differences between the two "cold war" geopolitical competition scenarios, the Soviet Union and China, are:

1. Gross Domestic Product (GDP). While at its peak the Soviet Union only reached 40% of the US GDP, the forecasts show that China may overtake the US by 2030. Furthermore, if we look at "purchasing power parity", already in 2018 China accounted for 18.6% of world GDP, while US GDP stood at 15.6%;
2. Defence spending. This was one of the fundamental vectors of the bankruptcy of the Soviet empire, but in this case, there appear not to be the same signs. According to the author, US spending has soared exponentially, while Chinese spending has remained more subdued.
3. He also explores the Alliances, contrasting the solidity of last century's alliances with today's more erratic politics, which had its most volatile moment during the presidency of Donald Trump (1946-); and
4. The change in the geopolitical scenario, which he considers even more critical, with an increasingly dangerous drift towards an increasingly complex scenario, and a growing balance which, as John J. Mearsheimer argued, is much more prone to conventional confrontation.

Regarding the most contentious points in the relations between the two geopolitical powers, he cites Taiwan 135 times, Tibet 8, Sinkiang 5, Hong Kong 39, China Seas 34 and Senkaku/Diaoyu 1. And on the most relevant countries in this geopolitical dispute, he cites India 200 times, Japan 144, Europe 117, Australia 71, Russia 43, Great Britain, 31, France 30, Germany 21, the two Koreas 21 and Pakistan 14.

He also considers Taiwan, Tibet and Sinkiang to be an integral part of China and that would be suicidal for any Chinese ruler to abandon them. As he quotes, "these are incontestable political realities that cannot be changed". Taiwan is thus the only exceptional case that could start a war. Whatever flexibility policy they may develop, its consideration as an integral part of China is the one thing that no Chinese leader can compromise on. This is because it is the only remaining vestige of what is considered the "century of humiliations". Any unilateral action by either side would lead to a war between two great powers, so the author considers the desirability of maintaining the

status quo that serves the interests of both sides: for mainland China, as a “political and social laboratory of how Chinese society functions in a different political system”, and for the US as a pole of influence to allow for a gradual opening of the Chinese Communist Party. The image proposed by the author is that of “a healthy virus that could stimulate the body politic of Chinese society”, to which end the US should encourage greater cross-strait contact so that exposure to an open, dynamic and free society can foster China’s gradual transformation into a liberal-style democracy.

The second focal point of maximum contestation, which has generated military tension, is the South China Sea where, according to the author, the two geopolitical actors share the same interest, which is none other than maintaining freedom of navigation, since both are fundamentally dependent on maritime transport. There is no doubt that maritime spaces are a source of litigation between coastal countries, as can be seen in the UN table that refers to all these claims. Without going into the legal aspects of the disputes, the author does try to refute the US media’s accusation that Xi Jinping has lied about the militarisation of the enclaves occupied by China, justifying it by the increased US naval presence in the area, despite repeated American promises to avoid provocations.

Another interesting aspect developed by the author is the geopolitical weight of the dollar, which he considers to be “the most powerful weapon the US has, and which it can use to bring allies and adversaries alike into line with its interests”. The US currency is virtually indispensable for world trade and financial transactions as a global public good because of the interdependence of the world economy which, according to the author, has a basic foundation: trust in American institutions. This position is guided by the idea that the currency not only looks after the interests of more than 300 million Americans, but also the interests of the rest of the world’s nearly 8 billion inhabitants. In this regard, he criticises its unilateral use by the US outside international law, which he sees as a threat to the currency’s long-term role as the Achilles’ heel of the US economy. Moreover, he believes that the emergence of blockchain technology with the rise of cryptocurrencies and the spread of digital currencies will encourage China to use this to avoid the dominance of the dollar. Russia’s invasion of Ukraine and the economic measures put in place by the West to weaken the Kremlin’s economic power will undoubtedly encourage large regional economies to seek alternatives to the dollar’s dominant role.

A recent Bloomberg New Economy study stated that the dollar had increased its dominance and that it was very difficult, though not impossible, to displace as the reference currency. To this effect, it gave the following figures: almost 90% of the foreign exchange market and 59% of world reserves, which is approximately three times more than the euro, which takes second place; while the yuan, according to the International Monetary Fund for the third quarter of 2021, accounted for 2.5% of world reserves. However, other reports indicate a growing popularity of the Yuan, which would reach 3.2% in January 2022, overtaking the yen at 2.79% and dropping to fourth place, also behind the pound sterling with 6.60% in third place.

The author looks at INSTEX (Instrument in Support of Trade Exchanges) created by the United Kingdom, France and Germany as a payment system to avoid US federal sanctions on Iran. Although symbolic in its effects, he considers it to be an action that can mark a path for the future. In the same vein, the sanctions against Russia for its invasion of Ukraine, neutralising half of its foreign exchange reserves and international financial isolation by limiting its access to the SWIFT (Society for Worldwide Interbank Financial Telecommunications) messaging system, are further tests of the soundness of the financial system and the dominant position of the dollar.

To this effect, according to Bloomberg New Economy, China's strategy will follow two lines: first, maintaining the stability of the international system that allows it to achieve its growth objectives; and second, strengthening CIPS (China's Cross-Border Interbank Payments System) as a consolidated system, allowing it to continue transactions in crisis situations. Thus, while the People's Bank of China banned cryptocurrencies in September 2021 to reduce capital flight, it continues to strengthen the digitalisation of the yuan, which seems the most efficient way to counter the dominance of the dollar. There is no doubt that geopolitical competition in the environment of offensive realism, the economic factor, as the author reminds us, will be one of the fundamental vectors of the conflict. Meanwhile, one of its centres of gravity will be the financial environment and its dependence on the dollar, which is why the countries that are postulated as regional geopolitical powers will seek their monetary independence in the regional sphere.

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