GEOPOLITICAL FORCES SHAPING THE 2020s
"Whether you can observe a thing or not depends on the theory which you use. It is the theory which decides what can be observed."

Albert Einstein
1926

“Between the ruthless simplicity of determinism and the shamefaced admission of impotence there remains only a narrow path for the reasoned approach.”

Xavier de Planhol
1957

“The politics of all great powers is in their geography.”

Napoleon
1804

2  Le Monde islamique, vi
3  Napoleon to Frederick William III, 10 November 1804, quoted in Sorel, L’Europe et la Révolution française, 6:400–401
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EXECUTIVE SUMMARY

Forecasting is not an exact science. Focusing too much on the future can obscure the realities of the present, while focusing too much on the present or past makes imagining the future practically impossible. Politics is defined by an inherent uncertainty that cannot be perfectly eliminated by human or artificial intelligence. The primary value of a political forecast is not that it tells you exactly what will happen next. The value of a good forecast lies in how well it prepares you to respond to the unexpected when it occurs.

Overall, the 2020s will be defined by the malaise that accompanies the end of any era. The post-Cold War world will fade into the past, as will the first chapter of the digital age. Shifts in the global balance of power, climate change, demographic declines, and wealth inequality will pose significant risks for countries and businesses alike. The chances of a truly global war are low, but the seeds of serious future conflict will be sown.

MAJOR THEMES

Nine key geopolitical forces will shape global politics in the 2020s:

1 **The Tech Wars:**
   Technology will become a frontline of geopolitical competition. The second space race will begin. Data will become the new oil. Biotech will become a critical component of national power.

2 **The High-Water Mark of Globalization:** Decoupling, the New Great Game, the Renewed Scramble:
   A multipolar world will crystallize. Decoupling between rivals like the United States and China, or the European Union and Turkey, will create nascent regional blocs based around networks of overlapping interests. Competition for allegiances will be contested in borderlands and peripheral zones, like Central Asia, sub-Saharan Africa, South America, and Southeast Asia.

3 **The Rise of Climate Politics:**
   The effect of climate change will become more apparent in the 2020s, but the real issue in the decade will not be the environment itself but the rise of “climatism” as a political ideology to rival populism and nationalism.

4 **Who Will Feed Africa?**:
   The majority of the decade’s population growth will be in Africa. Resource-based conflicts will multiply in Africa, and refugees will look to find safety wherever they can.

5 **A Hindu Rashtra:**
   Indian society will change. A new Indian national identity will emerge based on the principles of Hindu nationalism. A volatile but ultimately successful process will place India at the cusp of global power.

6 **The European Question:**
   European nations will face graver threats to their national sovereignty from outside Europe than they have in half a millennium. EU countries will unite around a Franco-German alliance to remake the EU into a more powerful and sovereign entity.

7 **China’s “Lost Decade”:**
   China will spend the decade maintaining and consolidating the impressive gains it made during the last four decades. China’s domestic challenges, more than its foreign ambitions, will influence its behavior in the 2020s.

8 **America’s Identity Crisis:**
   The U.S. will endure an internal political reorganization that will resemble the Progressive Era and the New Deal Era. The U.S. has never gone through a period like this while it was a global superpower.

9 **Competition for South America:**
   South America’s geopolitics will trend away from regional integration and toward traditional patterns of regional competition. China’s economic influence will become more pronounced and have political consequences.
1 THE TECH WARS

Technology will be the frontline of geopolitical competition in the 2020s for the simple reason that no country will be strong enough or technologically advanced enough to fight a conventional war with the United States this decade. The three primary sectors where technology will become an issue of national security are space, connectivity, and biotech.

In the words of U.S. President Donald Trump, "It is not enough to merely have an American presence in space, but [the U.S.] must have American dominance in space." That is no idle boast — it reflects a dramatic change in U.S. strategic thinking, on par with President John F. Kennedy’s 1961 commitment to land a human being on the moon. The U.S. government will once again place its full weight behind ensuring U.S. supremacy in space. China and the U.S. have both announced plans to build lunar bases and conduct manned missions to Mars, but the real competition in the 2020s will be confined to Earth’s own orbit, as China, the U.S., and others vie for space supremacy to buttress geopolitical aims on the ground.

The goal of all space powers is to develop the capabilities to defend space-based assets from attack, and to attack space-based assets of a potential adversary. The impending balkanization of space-based technologies, the attendant complications in global supply chains, and the strategic emphasis that will be placed on aerospace technologies capable of supporting national security interests will become apparent by the end of the decade.

Connectivity will be another key flashpoint in the global competition for tech supremacy. The competition will lead to new and competing technological spheres of influence. Russia and China will attempt to reduce dependence on U.S.-developed technologies, and to use both digital and physical connectivity to tie together areas of strategic import. This competition has already begun with the controversy surrounding China’s Belt and Road Initiative, but that is just the preamble for what will be a far-reaching contest, encompassing elements as basic as building roads to managing the roll out of infrastructure necessary for 5G. The goal increasingly will not be global connectivity but regional connectivity oriented toward regional power nodes and shielded from others.

National security imperatives will reshape global supply chains as free trade and globalization give way to protectionism and spheres of influence. From access to data to physical access to markets, countries will employ technology to connect different regions and to isolate regions from rival countries or blocs. By the end of the 2030s, exporters will have to navigate new and different physical and digital infrastructures, in addition to potentially hostile legal, political, and regulatory environments, to reach markets or adapt supply chains.

In the wake of COVID-19, the importance of the biotech sector as a component of national power has never been clearer, but biotech is about much more than just disease. The acceleration of climate change in the 2020s, and especially the trend toward land degradation and urbanization in wide swaths of sub-Saharan Africa and Asia, means agricultural biotech will approach levels of existential importance for countries like China and India — and will represent an opportunity to spread geopolitical influence to countries exposed to climate change risks but lacking the resources and capabilities to manage them.

Advances in gene therapies, immunotherapies, and 3D printing will create new treatments for human diseases in the 2020s. This is especially important because the world’s population is aging. According to the U.N., the share of the global population aged over 60 almost tripled between 1980 and 2017, and the number is expected to double by 2050, to 21 billion people. Increasingly the state’s ability to respond to diseases, provide health care, and foster an environment of innovation that can lead to better treatments and outcomes will become a barometer of social cohesion, political legitimacy, and national power.

Artificial intelligence, blockchain, supercomputing, and big data also represent major potential areas of competition. Fundamentally, the key big-picture trend encompassing all the others is the race for critical advances in potential lead technologies. The quest for tech parity with the U.S. and the race for tech supremacy will define geopolitical competition in the 2020s.

5  http://global.chinadaily.com.cn/a/201911/05/W5Sdc07e79a310cf3e355755d1.html
A truly multipolar world will emerge in the 2020s, with regional powers seeking strategic relationships and consolidating political, economic, and security interests in their spheres of influence. There is no going back to the world before the U.S.-China trade war. The past few years have not been a temporary blip in an inevitable march toward globalization, but a first glance at how nationalism, geopolitics, and great-power competition will redefine the international business environment. In 1971, then-U.S. President Richard Nixon sought to preside over the emergence of a multipolar world that never came. In 2021, the U.S. president will preside over the emergence of a multipolar world that cannot be stopped.

Russia, like the U.S., will lose some of its share of global power, and its grim internal demographic picture will have President Vladimir Putin worrying more about making babies than hypersonic missiles. Russia’s primary national security imperatives, meanwhile, will not be those of the Soviet Union, which aimed to challenge the U.S. for global hegemony. Russia’s far more limited aim in the 2020s will be to consolidate direct control over areas with Russian majority populations — and to rebuild enough Russian influence in traditional buffer zones like the Caucasus and Central Asia to keep potential rivals at a comfortable distance.

In the 2020s, China will focus on consolidating gains, not rising more. Like Russia, China will assert itself aggressively in the areas where Chinese nationalism demands it — Taiwan especially — but outside of these areas, China’s behavior will focus on leveraging its greatest strength: the size and influence of the Chinese economy. China will attempt to orient strategically important regions toward the burgeoning Chinese consumer market while using investment and infrastructure development to secure the political goodwill of countries that China will increasingly depend on for importing raw materials.

There are numerous other regional powers of varying stature with interests and agencies of their own complicating the global picture. The most important of these will be the European Union, Turkey, India, Brazil, Japan, and Australia. The EU and Turkey deserve special attention.

Up to now, the European Union has primarily been a bureaucratic entity, but the emergence of a multipolar world and the loss of confidence in the U.S. as a guarantor of security means the EU will increasingly behave like a geopolitical entity. To that end, the EU will try to increase its defense capabilities and find a stable basis for dealing with its Russian neighbor. The threats posed by an activist Turkey and an economically powerful China will be pitted against the EU’s internal politics, a powerful and perhaps insurmountable obstacle.

Of all the world’s regional powers, Turkey’s steps toward asserting its national interests are most advanced, with Turkish troops now on the ground in northern Iraq, Syria, and Libya; with Turkish military bases proliferating in the Middle East; and with the Turkish government eyeing Africa, southern Europe, and Central Asia as areas ripe for expanding its soft power. With the U.S. having significantly weakened Turkey’s only natural rival in the region, Iran, Turkey will be relatively free to expand its influence in the Sunni Arab world and to project power in the Muslim parts of the Mediterranean. The stronger Turkey becomes, the less need it has for NATO. By the end of the decade, Turkey may become the first country to exit NATO; even if it remains, its presence will only diminish the alliance’s coherence.

Central Asia and Africa will once more become zones of economic and political competition. Central Asian countries face an especially difficult balancing act, as they are crucial to China’s need to build a viable land route to both Europe and the Middle East and to Russia’s strategic ambitions. A new “Great Game” will begin, only this time, instead of territorial competition for overland routes to India, the contest will be for access to resources, connectivity, cheap labor, and energy.

7 https://www.nixonfoundation.org/2015/07/president-nixons-america-multi-polar-world/
10 https://www.google.com/books/edition/The_Great_Game/xYQ5AgAAQBAJ?hl=en&gbpv=0
In addition to a new Great Game for influence in the Eurasian heartland, a new “scramble” for Africa will accelerate. Like Central Asia, Africa is in no one country’s sphere of influence, but parts of Africa are sought after by many for conflicting imperatives. China has made significant inroads into Africa and will continue to do so in order to secure access to a bevy of important raw materials, from cobalt to food. Turkey is active in the Horn of Africa; its military and economic power is already on show in Somalia and Sudan. For the European Union, access to African markets will be increasingly pivotal as Africa, aside from a few outliers in the Middle East and South America, is the only place where demographics will be above replacement level for the foreseeable future.

These developments will reorient global supply chains and affect global trading relationships. Rival spheres of influence — for example, like those of the U.S. and China — will witness an acceleration of “decoupling,” as trade issues become national security issues. Regional powers will prioritize economic relationships with countries with which they either already have a political relationship or are seeking to build a strategic relationship. Securing supply chains and access to resources will increasingly become a national security issue in addition to an economic issue. Within increasingly well-defined regions, economies will be even more interconnected, but globally, there will be less interaction between countries in rival networks.

12. If you’re wondering about Southeast Asia, fertility rates in that part of the world are projected to decline to below replacement level by 2030. https://www.copenhagenconsensus.com/sites/default/files/indonesia_packet_population.pdf
Climate politics will become a major political force in the decade ahead, not just at the domestic political level but in relations between nations. In countries like China, India, and Iran, climate change has already become a major political force. But climate politics will also play an increasingly stark role in the politics of the Western world in the 2020s — and will become a source of national power and geostrategic competition.

The shift in public perception about the threat posed by climate change over the past seven years has been extraordinary. A recent Pew survey found that respondents’ perception of climate change as a major national security threat increased since 2013 in countries as varied as France (54 percent to 83 percent), the United States (40 to 59 percent), and Kenya (57 to 71 percent). The swing in public awareness has as much to do with experience of climate change as with the increased awareness about the unique and often unpredictable risks posed by it.

It is worth noting that the phrase “climate change” itself is something of an oxymoron. The climate by definition is constantly changing. Additionally, not all “climate” or “environmental” politics comes from a more government-interventionist point of view. In Brazil, for instance, climate politics has as much to do with the potentially negative consequences that come with deforestation as with the economic benefits that would accrue from clearing jungle and building modern infrastructure. Human civilization has been harnessing nature and reshaping it to better suit the economic, political, and social ends of human political communities since our Cro-Magnon ancestors were painting in caves.

What has changed is the awareness of the long-term downside that millennia of environmental manipulation have wrought — a downside that the current generation is in a position to witness. Soil loss and land degradation will accelerate in the 2020s in the places that can least afford it. India’s ongoing and worsening water crisis is arguably the least talked about major issue in the world today. Changes in crop yields, food security, weather patterns, and drought frequency will reshape agricultural markets and also determine how aggressively a food-stressed country like China will behave at the foreign policy level. How resilient or resistant a country is to the negative effects of rising temperature will define the limits of a country’s national power, just as countries like Russia and Canada may see their positions significantly improved by a more hospitable local climate.

At the domestic political level, climate politics will become the rival to populist and nationalist politics. In an era of global wealth inequality, the anti-globalist backlash has organized itself largely around parties that either promise to level the playing field or that appeal to a sense of national pride. Globalists, technocrats, and the left were unprepared for the backlash and struggled to provide a meaningful political reply in the 2010s beyond ridiculing their political opponents as evil, dumb, and bigoted — and sometimes all three. Climate politics will represent a far more compelling flag around which to rally, as like populism and nationalism, climate politics is centered around a simple and compelling problem and a tangible hope and plan to make the future better rather than a reflexive critique and negative approach centered more on fear than change.

In both democratic and authoritarian regimes, political parties and leaders will seek to present themselves as the best stewards of their country’s national resources — and as the best defenders of those resources from the behavior of other countries if necessary. Domestic political legitimacy in the 2020s will flow increasingly from climate politics, and that will in turn lead to new government policies as well as pressure on businesses, especially where global supply chains affected by environmental factors are involved. Indeed, by the end of the decade, climatism may take its place alongside populism and nationalism as one of the most effective political ideologies to unite domestic populations and focus geopolitical policies.

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14 https://www.ipcc.ch/sr15/
How sub-Saharan African countries feed their rising, urbanizing populations will shape global affairs and profoundly influence agricultural markets.

Africa currently has a population of 1.3 billion, roughly 17 percent of the world total. According to the U.N., the population of sub-Saharan Africa will double by 2050, and more than half of all population growth in the world will occur in Africa.18 To meet the food demands that accompany this growth, the African Development Bank Group estimates that net food imports in Africa will grow from $3.35 billion in 2015 to over $110 billion by 2025 and that undernourishment will increase by 33 percent over the same period.19

Here is the most mind-boggling statistic of all: Africa contains over 65 percent of the uncultivated arable land left in the world today, the equivalent of some 600 million hectares.20 Even if the most doomsday estimates of the negative impact of climate change on Africa’s overall food production come to fruition — assume for the sake of argument a 20 percent overall decline in food output — at least on paper, Africa should be more than capable of making up for the gap and then some.21 Why, then, is the African Development Bank projecting African food imports will triple by the middle of the decade?

It is an older story than you might think. African countries overall have had a food trade deficit since the mid-1970s, attributable to a combination of population growth, bad policies, weak political institutions, and abysmal infrastructure.22 Researchers from the University of Nebraska-Lincoln in the U.S. and Wageningen University in the Netherlands discovered in 2015 after a survey of 10 sub-Saharan countries that African farmers obtained “just 20 to 30 percent of yields possible if crop management and resources were optimized.”23 Africa’s problem is not that it lacks natural resources but that its countries have lacked the governance, stability, and infrastructure necessary to take advantage of them.

Due to the population growth projected to take place on the African continent this decade, as well as the potentially disastrous impact climate change will have on Africa’s current agricultural realities, these inefficiencies are no longer academic. If African nations cannot modernize their agricultural sectors and invest in the infrastructure necessary to distribute (and even export) the food they grow, they will continue to import more and more food. This will lead to higher and higher food prices — and to more drought, famine, and violent competition for land. The European Union was overwhelmed by a refugee crisis in 2015 and 2016 when roughly 1 million people were coming to Europe each year.24 The potential displacement of people in Africa if it cannot begin to grow more of its own food could make those figures look like a garden party.

The situation is far from hopeless. There is an increasing awareness in at least some African countries that the status quo is no longer sustainable.25 These are positive steps, but just $19 million was invested in the African agri-tech space in the last two years — a drop in the bucket compared to what African nations will need to pull off a true transformation.26 What African countries need to do is not in question; the question continues to be whether African governments and policymakers can implement the necessary measures to allow African countries to utilize their natural advantages for their own benefit for once — rather than for the benefit of others.27

Africa possesses an abundance of resources but a track record of lacking the political will and social stability to enact major reforms. Some African countries have an easier path to success than others (Ethiopia, Kenya, and Ghana chief among them), so there will not in the end be one answer to this open-ended question. But how this question gets answered will shape global grain and protein markets, international refugee flows, and geopolitical competition on the continent in the decade ahead.

22 http://www.fao.org/3/a-I2497e.pdf
23 https://news.unl.edu/newstoons/unltoday/article/yield-gap-study-highlights-potential-for-higher-crop-yields-in-africa/
5 A HINDU RASHTRA

Geopolitically, India is positioned well. In the decade ahead, India will take its place atop the world’s largest economies and the Indian people will redefine what it means to be Indian. By doing so, India will become a regional power capable of projecting significant strength abroad.

The general media narrative around India is that Prime Minister Narendra Modi is a nationalist/populist/authoritarian, and that he represents a noxious, and even fascist, form of Hindu nationalism (a poor translation of the complex and varied concept known as Hindutva). What is happening in India, however, is bigger than Modi the individual and “Hindu nationalism” the ideology. Hindu nationalism has actually not changed all that much in the last century — Indian society has.

Even so, India’s religious minorities, especially the roughly 15 percent of the population who are Muslim, face a tumultuous decade. The next decade in India will be marked by instability, violence, communalism, and economic disruption as Modi challenges the inherent corruption within the economic system while also building a vision of India as a Hindu nation that can outlast his own ephemeral popularity.

India is huge and diverse. Yes, there are factions of Hindu nationalism, especially within the Rashtriya Swayamsevak Sangh (RSS), that should make your skin crawl. Every society has its radical fringe. But the Hindutva tent is broader than just the RSS, and the primary reason Modi’s Bharatiya Janata Party has been so successful in recent years is because it is trying to obliterate the caste system in India.

India will face myriad challenges in the coming decade. India’s water crisis will arguably be the worst in the world, and by the end of the decade, the Indian government projects water demand will be twice the available supply. India’s infrastructure leaves much to be desired and must be transformed for India to attract the level of investment the Modi government envisions (and needs). Like Africa, India needs major reform in its agricultural sector, and if it fails to implement reforms, India may well become a net food importer by 2030. India has done a good job lifting people out of extreme poverty, but some 40 million Indians remain below the poverty line, and inequality is severe.

In many ways, India resembles China 50 years ago. The major difference is that the Chinese government was able to exert firm control over the entire country, in part because Chinese nationalism justified the government’s heavy-handed provisioning of social harmony. Will a unified, fiercely nationalistic Hindu heartland emerge and allow Indian policy and strategy to be much more cohesive, centralized, and decisive than it could ever be under secular governments focused on just pleasing everyone enough to keep the federal system from falling apart (a la Han China and its minority regions)? Or does that very process put Hindu India at risk of losing control of its buffer regions in ways that would ultimately backfire?

We think the former scenario is more likely for India in the 2020s, and if we are right, the India that will emerge in 2030 will be quite different from the one that exists today: It will be a net food exporter, a rising military power, a hub of skilled, cheap labor, and an engine for the global economy. If we are wrong, and if India succumbs to its internal divisions and political challenges, then India will be little more than a freeloading giant, a net food and energy importer with a risky overall business environment and with barely enough power to keep the country together, let alone project it into the rest of the subcontinent or the Indian Ocean.

https://thewire.in/religion/christophe-jaffrelot-rss-narendra-modi
6 THE EUROPEAN QUESTION

The European Union has reached a critical point. It must reform or die. By the end of the decade, a new and likely smaller EU will emerge as a more unified, centrally controlled sovereign entity, increasingly responsible for its own defense and capable of projecting European power abroad.

Geopolitics is returning to Europe — and not in the way Europeans feared most. In the past, European fears understandably centered on the emergence of a continental European hegemon like the Soviet Union, Germany, or France. Now, European geopolitical fears will be centered on external threats, i.e., threats to European countries that emanate from outside of Europe.

United, the European Union is a significant global power, with a gross domestic product larger than China’s and military potential rivaled only by the United States and China. Divided, none of even Europe’s most formidable states is capable of being a dominant regional hegemon, let alone a global player. By 2030, not a single European country will be in the top five of global GDP. Furthermore, the EU’s economic model, based as it is on Germany’s ability to export to new markets, has little space to expand more in Europe.

The individual fate of European countries depends more than ever on the EU’s position as a major geopolitical power, and for all of the very real populist, nationalist, and dissatisfied factions that threaten to tear the EU apart, the rising threat of Turkish, Chinese, and Russian power will force them back together.

The EU cannot survive the decade in its current form. France and Germany will lead the way in pushing for significant reforms to reshape the European Union into a sovereign entity in and of its own, with the power to shape and enforce bloc-wide monetary, fiscal, and defense policies.

It is unlikely that France and Germany will be able to convince all of the 25 other EU member states to join this revamped EU, but France and Germany do not need all 25. Those that are not willing to join the new European Union can remain in the single market. At its core, however, the EU will be made up of a much stronger central authority, comprising the countries willing to pool their sovereignty together because it is the only way to preserve their national distinctiveness and relevance in a multipolar world.

The alternative is not pretty. Turkey’s economic and political influence is already growing in southern Europe and, more importantly, its interests are diverging from NATO’s. China is increasingly shutting European companies out from access to its domestic market, denying Germany and other European exporters a crucial source of growth while even competing with them in international markets. China’s influence in Africa and Central Asia, fraught as it is, is already beginning to eclipse European influence in these all-important areas of future growth.

Russia actually has a great deal in common with the EU geopolitically, threatened by Turkey, China, and its own demographic obsolescence. The EU will try to reach a more pragmatic understanding with Russia, and at least parts of Ukraine will likely be the price of that understanding. A lack of EU unity, however, would be read by the Russians as weakness — and an invitation to settle its scores in Europe while it is still capable of doing so.

The European Union has arrived at its “Join, or Die” moment. All of Europe’s divisions remain — its rival nationalities, its different languages and cultures, its history of unceasing and destructive geopolitical competition, the deep and legitimate desire of its peoples for national self-determination. Tying these countries together into a truly sovereign entity will be difficult, and the chance of failure will be significant. But there is some historical precedent here too. During the Great Turkish War from 1683-99 — the last time a truly external enemy threatened continental Europe — the Ottoman Empire was defeated by a European Holy League that consisted of the Papal States, the Holy Roman Empire, the Polish-Lithuanian Commonwealth, the Venetian Republic, and the Tsardom of Russia.

If the EU fragments, or even succumbs to inertia, it will fade slowly into history, and Europe will become, like Africa and Central Asia, a key zone of competition in the new multipolar world order. It is unlikely that Europe’s remaining great powers will embrace that reality if it is within their power to avert it, as it will be in the 2020s. The decade in Europe will be defined by a constant push and pull. Europe’s external enemies will push the EU closer together even as EU countries threaten to pull the structure apart — and the push will win the day.

China will focus inward for much of the decade. By virtue of its economic heft and its increasing global political influence, China will continue to be a major global player, but in the 2020s domestic issues rather than foreign ambitions will define China’s behavior.

Even without the trade war, the outbreak of African swine fever, the armyworm infestation, and now the COVID-19 pandemic, the bill for China’s rise in the last 40 years would have come due in the 2020s. Bad debt is increasing in the Chinese banking system, rising to 18 percent of all outstanding loans last year (a figure that is likely much higher). The Chinese Academy of Social Sciences predicted that by 2027, China will begin experiencing labor shortages due to its bleak demographic growth prospects. For the first time in China’s history, the country is dependent on imports of oil, food, water, and other necessities of daily life. China’s limited water and land resources have become so degraded that the government declared war on pollution. Economic inequality between coastal and inland China remains stark.

The economic model that propelled China’s rise is not capable of sustaining China now or in the future. For decades, China’s GDP grew at preternatural rates on the backs of its skilled, low-wage workers, allowing China to become the world’s factory during the zenith of globalization. China is now entering a period of growth that has been euphemistically described as “L-shaped.” A more accurate word for this phenomenon would be “stagnation.” China in the 2020s will attempt to reorient its economy away from cheap foreign exports and toward selling high-value goods to the burgeoning Chinese domestic market, as well as in international markets against competitors like Germany, Japan, and South Korea.

Lucky for China, it does not have to look far for a blueprint to survive. Japan went through a similar period of stagnation in the 1990s after its own miraculous growth story in the 1970s and 1980s. This period in Japanese history is often pejoratively referred to as the “Lost Decades,” but it is remarkable that Japan was able to maintain social, economic, and political stability during this transition. It is a feat China will attempt to repeat despite being much larger and less unified than Japan — and far poorer on a per capita basis than Japan was in 1990. If China has demonstrated anything in the past 40 years, it is that its resilience and capacity to absorb change should not be underestimated.

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China will not behave distractedly or passively even if it is self-absorbed. China will continue to reshape the Asia-Pacific region to its needs by all means short of war. China will clash with the U.S. and other countries in the world precisely because its domestic needs will be so great that they affect the politics of states far and wide. China’s future shape and direction will be defined by how successful it is at managing its Lost Decade.

The one potential exception to this will be Taiwan, which Beijing conceptualizes as a domestic issue. Taiwan will be a significant (and potentially violent) flashpoint in the decade ahead. China will not want to resort to conquering Taiwan by force — Beijing’s preference is to isolate Taiwan diplomatically while deepening the economic linkages between the mainland and Taiwan — but that does not mean China will fail to respond if threatened. China’s goal is to maintain the status quo, but if the U.S. decides to challenge the present state of China-Taiwan relations, China will react aggressively and forcefully.

If Chinese President Xi Jinping and the Chinese Communist Party survive the decade, it will mean they have successfully navigated this perilous time in China’s history, and it should leave China poised to vie not just for regional but for global power in the 2030s and beyond. China’s ultimate goal is to build a new world system with China at the center of a discrete sphere of influence, one that provides China with the resources and markets it needs. Participation in China’s sphere of influence will be predicated on kowtowing to China’s political requirements. China will be nowhere close to realizing that ideal in the 2020s, but the entire decade for China will be about laying the groundwork so that it can begin to reshape the global system by the 2030s.
AMERICA'S IDENTITY CRISIS

Like China, the U.S. is also on the cusp of a domestic political transformation. Ironically, the U.S. position mirrors that of China in that its foreign policy behavior will be defined less by explicitly geopolitical interests and more by domestic American politics. The resulting atrophy of U.S. soft power and the U.S. inability to commit to and execute on foreign policy imperatives will increase global competition and allow multipolarity to advance, leading to heightened levels of conflict and instability. The U.S. will emerge from this period stronger and more unified, but the world it will face when it emerges will be a more dangerous and uncertain one, and one over which the U.S. will have less control.

The United States experienced similar episodes in the past. Both the Gilded Age (the period after the American Civil War, spanning from roughly 1869-98) and the Roaring Twenties/Great Depression (1921-39) were similar moments in American history: eras of economic inequality, social change, American isolationism, and eventually, rejuvenation. The U.S. is on the cusp of another such domestic political transformation, only this time, the revolution will come while the U.S. is firmly positioned as the most powerful country in the world.

The leading indicator for this was wealth inequality. Indeed, the 2008 financial crisis did not cause wealth inequality; it exacerbated it. In the years since, wealth inequality has reached unprecedented levels, surpassing even those seen in the lead-up to the Great Depression. The election of Donald Trump, the appeal of Bernie Sanders, and the seeming disappearance of pragmatism and moderation in American politics are symptoms of this dysfunction.

Now comes a new era of rising debt, stark wealth inequality, and “America First” thinking that can’t quite seem to make up its mind whether America First means intervention abroad or eschewing intervention to focus on developments at home. At a certain point, a domestic economic crisis, or a charismatic leader, or an unforeseen foreign predicament will cause the house of cards to come crashing down, and new political coalitions and ideas will be built and instituted. (Whether COVID-19 is this crisis, or simply a bump in the road, remains to be seen.)

None of this is to say that U.S. foreign policy will be completely isolationist. No power as strong and wealthy as the United States has the luxury of true isolationism, because even in isolation its actions affect the rest of the world. As a result, U.S. foreign policy will be based on short-term thinking and interests, concerned more with what U.S. partners have done for the U.S. lately than with a shared vision of the world, with an emphasis on realist power politics gilded with an increasingly unconvincing veneer of liberal idealism.

The U.S., unlike most major regional powers, is blessed with tremendous resources that allow it to bumble through such periods. While that should be the case again, the same is not true of the liberal international order the United States built after World War II. That network of trade deals, multilateral institutions, and alliances requires upkeep, and the U.S. will not have the bandwidth, vision, or will necessary to maintain it in the 2020s. The U.S. will emerge a rejuvenated great power by the end of the decade, but it will also awaken to a more multipolar world, one that will be distrustful of American idealism and promises.
The demise of Brazilian-Argentinian cooperation and the failure of regional integration will threaten to reinvigorate long-dormant territorial conflicts between South American states. Brazil will seek to extend its influence further in the Río de la Plata basin and will try to secure access to the Pacific. Other South American countries will try to balance Brazil’s increasing power — or take advantage of it by settling old scores. China’s considerable economic influence in the region will begin to pay political dividends for Beijing, which is interested primarily in securing access to important commodities.

Over the last 20 years, while the U.S. engaged in delusions of nation-building in the Middle East and occasionally griped about the ideology of the Venezuelan government, China became South America’s most important trading partner. Take Brazil as an example: From 2001 to 2018, the value of Brazil’s exports to China increased by a factor of 33. President Jair Bolsonaro made a lot of noise in the lead-up to his 2018 election about the predatory role China was playing in Brazil; it did not take him long to change his tune once in power. For the first time since 1823, the U.S. faces a real challenger in the region.

To become more than a sleeping giant in South America, Brazil needs better infrastructure. Currently, Brazil’s infrastructure is either decrepit or nonexistent. The stock of the country’s economic infrastructure is roughly 30 percent of GDP. China has the capital resources and technical ability to help Brazil reshape its geography. Last November, China dangled over $100 billion in investment in front of Bolsonaro’s government. There will be plenty more where that came from. The challenge for China will be to strengthen its relationship with Brazil without threatening countries in the region.

Ideology has a role to play too. For the last roughly 30 years, Brazil and Argentina pushed for regional integration, which was marked by the creation of Mercosur in 1991, a free trade bloc consisting of Argentina, Brazil, Paraguay, and Uruguay. Integration transcended ideology. Now, a nationalist, militarist, free market-minded government in Brazil is suspicious of the return of Peronism in Argentina in the form of President Alberto Fernández, who faces an economic crisis at home and a more assertive Brazilian neighbor. Neither Bolsonaro’s nor Fernández’s position is particularly secure, and that insecurity actually increases the risks that one or both may use their ideological differences to distract from the domestic problems with which both are contending.

Brazil, despite enduring significant economic challenges in the last decade, has still outperformed its neighbors. Brazil’s economy is roughly as large as the next five South American economies combined (Argentina, Venezuela, Colombia, Chile, and Peru). In addition, Argentina is far more dependent on the Brazilian economy than vice versa. This dynamic historically creates a de facto equilibrium in South America — whenever one country or coalition of countries became too strong, another country or coalition of countries would oppose them and lead to a stalemate. With important stakeholders eschewing regional cooperation, this more traditional pattern of South American geopolitics will re-emerge.

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