

ISSUES IN PERSPECTIVE

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A New World Order: Russia, Iran and China

In many parts of the world, there is a growing concern about the retreat of the United States from global leadership in the economic, political and military arenas. In the international economic area, American leadership in the International Monetary Fund and the World Bank is of acute concern. For example, Kevin Rafferty, former World Bank official, writes that “The United States has lost its way and is rapidly forfeiting claims to global financial, economic, political and moral leadership . . . Not for the first time, Obama has shown he can talk eloquently, but does not have a political clue how to get things done.” Although provocative, Rafferty’s statement is not unique. There is the perception among many of the world’s leaders that the US is disengaged and failing to provide the kind of leadership it has consistently done since World War II.

Recently, *Time* magazine conducted a poll which gave responders three choices concerning the role America should have in the world. The results are reflected in the percentage statistic that follows each option:

- Indispensable America—No other nation can provide the leadership that the world desperately needs. 28%
- Moneyball America—We cannot do everything, but we must defend US political and economic interests where they are most threatened. 36%
- Independent America—We must rid ourselves of international burdens and focus on improving the country from within. 36%

The results indicate national confusion about America’s world role; we are a nation almost equally divided among these three choices. It certainly seems reasonable to conclude that the US should not disengage from the world. A recent editorial in the *Wall Street Journal* illustrates this concern: “China, Russia and Iran are taking advantage of American retreat to assert political and (perhaps eventually) military dominance over their corners of the globe. They share a goal of reducing US influence, bending neighbors to their political will, and ultimately using that regional base of power to diminish the global sway of Western democracies, especially the US. In addition to the rise of the Islamic State, this will be the biggest strategic challenge to the next President.” Over the last several decades, the US has managed to contain the emergence of regional threats throughout the world. But this containment has broken down in Europe, the Middle East and in Asia.

Consider the following, organized around the various global regions:

- Vladimir Putin and the resurgence of **Russia**. Putin is deeply Russian Orthodox and he sees himself (just as did the old czars) as a protector of the world's Orthodox people. To Putin, Western institutions and values are more threatening than armies. He hopes to halt their spread, corrode them from within and supplant them with his own model of governance in which nation states trump alliances and in which those nation states are dominated by elites. For that reason, Robert D. Kaplan describes Putin's model as "imperialism by way of forcing energy dependence, intelligence operations, criminal rackets, buying infrastructure and media by third parties, the bribing of local politicians and playing off the insecurities of ethnic minorities." With Europe weak and distracted, Putin is stoking nationalism in the midst of an economic crisis at home—and he seems to be succeeding. In short, the West must accept the uncomfortable truth that Putin's Russia is fundamentally antagonistic. Bridge-building and "resets" will not persuade him to behave as a normal leader. This was obvious on 9 May 2015 by the way he twisted the memory of the Soviet Union's victory over Nazism. Putin framed it not as history but as a way to justify his ongoing struggle with the West, especially the United States. In this manner, the US is the new "Germany." It is further illustrated by Putin's decision to lift the ban on the sale to Iran of S-300 anti-aircraft missiles. Putin wants to have a strategic role in the Middle East as America disengages and very much wants to claim a share of the economic rewards once the sanctions against Iran are lifted. Finally, it is imperative to view Russia as an emerging regional leader in Eurasia, for Putin sees Russia as a "Third Rome" that must from its core be a civilization distinct from the decadent and rotting West. The crisis in Ukraine, very much of Putin's making, is part of Putin's goal to form a new Eurasian Union, a political and economic bloc uniting Belarus, Kazakhstan and Russia, now expanded to include Crimea and part of Ukraine.
- **Iran** is undeniably emerging as the regional power in the Middle East. It runs a vast patronage network that includes Lebanon's Hezbollah, Hamas in Gaza, Syria's Alawite clan, Yemen's rebellious Houthis and the Shiite militias in Iraq. Iran provides the military aid and funds industrial projects, madrasas, mosques and hospitals. Furthermore, to reinforce the Houthis in Yemen, Iran recently sent a flotilla of warships and weapons-carrying freighters. With Iran's unqualified support of Assad in Syria, the US has adopted a basic "hands-off" policy, thereby accepting Iran's growing influence in Syria. Furthermore, with the pending nuclear deal with Iran, the fact of a nuclear Iran is an eventual given, further enhancing Iran's regional dominance. As columnist Charles Krauthammer declares, "This is the new Middle East. Its strategic reality is clear to everyone: Iran rising, assisted astonishingly by the United States." Thus, Iran can in effect make the claim that it runs three Arab capitals: Baghdad, Damascus and Beirut. With developments in Yemen, it could add Sana'a, Yemen's capital. For this reason, Saudi Arabia is becoming more assertive. The new king, Salman, makes clear that the nuclear option is very much in Saudi Arabia's future. Because of US rapprochement with Iran, King Salman does not trust the US and has a new sense of urgency about becoming more assertive.

- China** currently sees itself as a naval and air power and its recent actions and claims in the East and South China Seas verify that claim. Xi Jinping is fast building China's military, including a blue-water navy and an upgraded nuclear strike force. Its activities in its neighboring Seas indicate a commitment to building new islands on shoals in international waters as future air and naval bases to project Chinese power. Since World War II, three major international financial institutions have facilitated (and dominated) the world's investment in development opportunities in roads, airports and other infrastructure issues throughout Asia (and much of the world)—the International Monetary Fund (IMF), the World Bank and the Asian Development Bank. The leadership of these organizations has been restricted to Europeans, Americans and Japanese; China has been excluded. But China has the world's largest foreign reserves (an estimated \$4 trillion) and is quite eager to invest these reserves overseas. Hence, China has embarked on building the Asian Infrastructure Investment Bank (AIIB); in effect, to establish a parallel economic order that, over time, would weaken the World Bank, as well as the IMF and the Asian Development Bank. Its goal is to provide \$8 trillion in infrastructure projects throughout Asia. Since last October, AIIB has picked up 26 Asian members, from Vietnam to Bangladesh. On 17 March 2015, Germany, France, Luxembourg and Italy announced that they would join AIIB and Australia and South Korea are expected to soon follow. Most shockingly for the United States was the decision of Great Britain to also join AIIB, "with virtually no consultation with the US." Editorially, the *Wall Street Journal* observed: "The AIIB is likely to enhance China's influence far more than it will help its supposed beneficiaries. Poor regimes willing to stay on Beijing's good side will earn cheap loans on lax terms, but the bank will promote a version of China's state capitalism, not transparent markets."

Understandably, the Obama administration has sternly warned its allies about joining AIIB, even opposing the concept of AIIB as unnecessary. But no one seems to be listening to President Obama. AIIB is a direct threat to both the post-World War II financial institutions led primarily by the United States and to President Obama's famed "pivot to Asia." Paul Haenle, director of the Carnegie-Tsinghua Center in Beijing, argues that "The administration made a major mistake in its opposition [to AIIB]. It was very shortsighted. The bank was going to go ahead whether we supported it or not." That Britain joined AIIB is a clear "sign of China's sophisticated strategy of winning friends and of Washington's failure to respond effectively." The central issue remains that the U.S. did not offer an alternative to China's call for more infrastructure spending in Asia. Indeed, the World Bank and the Asian Development Bank, both dominated by the U.S., have been unable to fulfill the infrastructure needs of the Asian continent. Haenle strongly suggests that "there is a strain in Washington that if the U.S. is not in the lead, then the U.S. should not be a part of it." Most analysts now believe that early on the U.S. should have tried to be a power of influence in the creation of AIIB rather than try to block its creation entirely.

See *Issues in Perspective* (15 April 2015); editorial *Wall Street Journal* (26 May 2015); Jonathan Weisman in the *New York Times* (18 April 2015); Ian Bremer, "What Does America Stand For?" in *Time* (1 June 2015), pp. 26-31; Robert D. Kaplan in *The Wall Street Journal* (12 February 2015); *The Economist* (18 April 2015), pp. 41-42; Michael Crowley and Simon Shuster/Kramatorsk in *Time* (19 May 2015), pp. 31-38; *The Economist* (24 January 2015), pp. 41-42; and Charles Krauthammer in the *Washington Post* (23 April 2015).