

Has the second cold war already started?

Could China become the saviour of humanity by the absence of a Global Government?

8 September 2022

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(22/3/2022 - Substitute 'Russia' for 'China' and this nearly two year old article has a very new meaning in the context of the War in the Ukraine)

He, who has not lived during the first cold war may have difficulties in recognizing how the second cold war may begin. So, let me remind you, how the first cold war started. The term was first used by George Orwell in an article published in 1945. Following the surrender of the Nazi Germany in May 1945, which divided Germany into four occupying zones American, British, French and Soviet Union's. In 1947 the USA invited all European countries to join the European Recovery Program, known as the Marshall Plan. For the Soviets, democratic reforms in the occupied Germany, and in West Berlin, which underpinned the Marshall Plan, were absolutely unacceptable. Allowing East Germany to apply for these funds, would create a domino effect in Eastern Europe. Therefore, the Soviet-backed governments in Eastern Europe refused to join it. When the Marshall Plan begun in April 1948, the three Western powers agreed to merge their three sectors, doing the same in West Berlin. That was followed by the introduction of a new Deutsche Mark in the Western Zones. Russians had to resist it because it would mean a dependence on the market, rather than on a socialist economy. It was the moment when the simmering cold war came to a boiling point.

Since Russians did not have a nuclear bomb yet, that came in August 1949, the only weapon left was economics. So, how did the Soviet Union use the economic pressure in 1948? They decided to block the land-based supplies to West Berlin. It was meant to test the Allies' resolve to defend the city and indirectly the Western Europe. The Allies responded by launching a huge operation known as the Berlin Airlift, delivering essential supplies, such as coal (it was a severe winter) by a flotilla of hundreds of small aircrafts. West Berlin survived the blockade and in May 1949 West Germany was created, followed by the creation of East Germany in October 1949. Thus the 40-year period of the Cold War started.

Today, the situation is obviously different but there is also some similarity. For this second cold war, which has just started in earnest, a direct trigger was almost identical –the break in the supply lines for a few months from China, most importantly to Europe and the USA, created by the COVID-19 pandemics. Although China did not stop the supply lines deliberately, it was the evidence that China could stop it, anytime it wants, just using its economic, and especially manufacturing, capacity to exert political pressure enabling it to advance its domination, and perhaps ultimate supremacy in the world.



Image: Financial Times ft.com

How did we find ourselves in such a game-changing position, when the vast proportion of the Western manufacturing capacity was transferred to China? I think at its core is a new business ethics proposed in the 70' by Milton Friedman. It underpinned, what it became known as Reaganomics, a new version of the capitalist system supported by President

Reagan and Mrs Thatcher. It proposed that the only aim of business is to make profits since indirectly, when these profits are taxed, it is the most effective way for companies to make their contribution to a society. That is the essence of neo-capitalism and globalisation. It promised huge profits by shifting mainly the manufacturing capacity to China and the Far East, because the labour costs in China were significant lower. Such a situation has continued without any major change until now. Covid-19 has exposed something that was well-known to quite a few economists and politicians that the West was becoming dangerously dependent on China's manufacturing, since many previously competitive industries, were completely destroyed, with the American Rust Belt being the best example. But we needed a smoking gun, such as the Corona virus to show it to most people what it meant in practice.

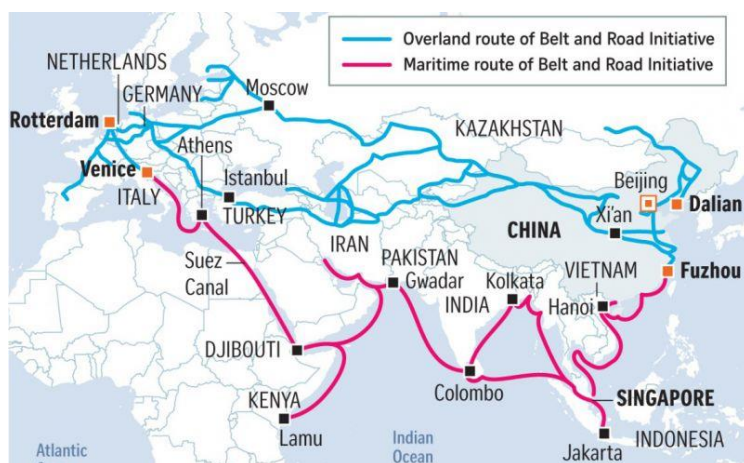
The consequences of this 'discovery' will be generally positive for the Western countries. It has now become clear that the labour cost advantage, which was once the major reason for shifting the manufacturing production to China, is quickly becoming less significant, being now about half of the wage cost in the USA. However, in the most technologically advanced industries, such as electronics, and automotive sectors, the labour content is becoming exceptionally low because of robotisation. If we add the transportation, insurance, and other related costs, as well as the resilience and proximity of the supply lines, the advantage of producing goods in China disappears almost completely. Therefore, what we can expect in the next few years is a rapid re-industrialisation of the Western economies and a massive robotisation. Since the robotisation it is now reaching a minimum critical mass for investment, it will lead to a virtual circle of falling down prices of AI-supported, self-learning robots, accelerating the re-industrialisation even more. Initially it will have a beneficial cushioning effect on the employment market in the Western countries. However, in just a few years from now, the effects of Technological Unemployment will change all that – as many as 0.5 billion people may become permanently unemployed by 2030, mainly for their inability to learn the new skills requiring higher level of education.

In the immediate future, the post pandemic repercussion, will cause a significant drop in manufacturing output in China and its trade with the Western countries. Even GDP may fall in absolute terms. That may cause some disturbances and even street protests, unknown as yet in China. To pacify these trends with a minimum political cost, the Chinese leadership will point to the West as the main culprit, similarly as Donald Trump has been doing, pointing his finger in the opposite direction. Nothing pacifies a nation more than showing that it is the external enemy, which is the cause of their unwelcome circumstances. That will also justify the flexing of China's military muscles and keeping the current leadership in power.

An indirect consequence will be a deterioration in the relations between the West and China, which may lead to a full scale second cold war. Any war, including a cold war, must have an ultimate objective. For the Soviet Union it was an open declaration to rule the whole world by encouraging the proletarians of all nations to unite. So, what might be the ultimate objective of that second cold war masterminded by China? Before I answer this question fully, let me unravel first what China has already done to create for itself an advantageous position in that second cold war.

For years, China has been realizing a long-term strategy to invest into mainly mineral resources in Africa and South America where the collateral for such an investment quite often is a substantial piece of land. The objective is to turn the debt at some stage into an outright ownership of the assets such as land rich in mineral resources and indirectly or directly have a control over such a country's government.

The second example is the China's Belt and Road Initiative.



China's Belt and Road Initiative

This is an investment into roads and railway lines going from Beijing through China, Russia, and Europe, and ending up in Rotterdam. This global infrastructure development strategy was adopted by the Chinese government in 2013 to invest about \$1trillion in nearly 70 countries and international organizations. It has been considered to be the brainchild of the Chinese Communist Party general secretary Xi Jinping. So far, what mattered for the Western countries was only the financial return. Now, we can see the China's other underlying long-term objective, which may not be that welcome by the West.

The third approach applied by China is to use formally private but in fact government controlled, globally operating companies, such as Huawei, Alibaba or Tik-Tok, as a very sophisticated means to penetrate and influence the economic and political domains in the Western countries.

Current aggressive politics, towards Taiwan, Japan, and the USA, especially in the China Sea and around India, may create some hotspots bordering on a full-scale war, especially with Taiwan, at least by applying the concept of the so called *Finlandization*. This is the term used in the first Cold War where the Soviet Union guaranteed Finland a kind of sovereignty, provided that Finland would not cross certain lines on the international stage. Similarly, China may initially offer peace to Taiwan if it curtails its relationship with the USA. But this paramilitary adventurism may be actually a smoke screen. In my view, China thinks big and thinks very long-term. The Chinese leadership, as most autocrats and dictators, do not see the limits of their power. Whichever country is not yet under their control is a target to be subjugated.

However, all these three approaches described above and some more provocative actions, such as building artificial islands may be considered by the Chinese as auxiliary in achieving an upper hand in the ensuing second cold war. The most powerful weapon may be the use of technology, and especially Artificial Intelligence. Here, China already has proven that its advancement in AI is equal or even surpasses the USA in some areas, such as supercomputers and quantum computing. Initially, the Chinese government may attempt to disrupt the West in various forms by launching anonymous cyber-attacks bordering on a cyber war, or through the Chinese companies operating in the West, such as Huawei, now an openly boycotted company in the West. The apparent threat of G5 system offered by Huawei is the possibility to steal industrial and political information or even make serious damage by planting super viruses, similar to the one planted by Israel in the Iranian nuclear fuel enrichment factories several years ago.

Among technological weapons that China may use, the most dangerous one will be the advanced version of AI, which I call an Immature Superintelligence. This is a kind of AI that in some domains will be thousands of times more intelligent and capable than any human system, while in other areas it will be absolutely ignorant. Being potent and at the same time very unreliable may make it extremely dangerous indeed. However, for a determined politician dreaming about becoming a Supreme leader over the whole world, that may not be a barrier. China's advantage is that being an autocratic system, it can make decisions very quickly. That means that the West could be put off guard. Therefore, such a system, if applied with an earlier clandestine well-prepared operation, could overwhelm all unprotected military and civil digital systems on the planet within seconds, with perhaps the only exception being some satellites and the most protected government facilities. In such a situation, the Chinese army, additionally protected by their military planes, could walk into any country, it could conquer the whole world.

You may wonder when such a scenario may actually be realized. It may happen even in this decade. If you want some proof, verify this on the Internet. By 2030, a computer the size of your today's PC will be more intelligent than any human in many areas. Assuming then that China does use its Immature Superintelligence as a weapon against the rest of the world, the question is what may happen after that. Well, by harming directly or indirectly billions of humans they will transgress against the so-called the first Asimov's law for AI – "Do no harm to humans". AI used in such a way may turn against its own creator. I have written extensively on that subject in my recent book 'Becoming a Butterfly', proposing that in such a situation, the aggressor will face, what I call AI Supremacist's Dilemma. Unless such an aggressor is a psychopath, he must have learnt by simply playing the war games, that in the end it will be a self-defeating strategy. The only way, where the use of Immature Superintelligence as a weapon may not violate the Asimov's law, would be if the overall ultimate goal would be beneficial for all humans. For example, by becoming a Supreme global power, China may save humans from themselves. It may be considered a dystopian future, but only in relative terms. Let me explain what I mean.

First of all, China has never been an occupying force of any country. Quite the reverse, it was itself occupied for nearly a century by the Mongols. So, it is unlikely they have such an objective. Secondly, Chinese generally follow Confucian and Taoist doctrines, according to which personal goals are always secondary to the nation's goals, which ultimately means that the survival of the nation counts more than a survival of any individual. For a Chinese, the state represented previously by an emperor and now by the First Secretary of the communist party, has the right to expect

from each person an ultimate sacrifice for the nation's survival. It is a mindset of a bees' swarm protecting the hive. That explains why it is much easier to apply in China the Machiavellian principle – "the goal justifies the means".

The western civilisation is diametrically opposed to such a view, promoting an individual freedom as the most important value, upon which the law and the rights of the state are bestowed. Therefore, democracy is much more widely accepted in the western civilisation. However, the consequence of this attitude is that when we need to sacrifice part of our freedom or limit our choices, for examples in fighting nearly 10 existential man-made threats, which may lead to the extinction of a human species, this may put us all in an extremely dangerous situation.

Top experts in the field, such as the late Stephen Hawking, Martin Rees, Stuart Russell or Ray Kurzweil agree that the greatest and the earliest existential threat that we face is not the global warming but the loss of control over the development of AI. If it becomes malicious, then it may lead to the extinction of the human species in the next few decades. Incidentally, some experts believe that by 2030 we may reach simultaneously two tipping points, if there is no fast, global effort to mitigate such threats. It is the loss of control over the development of the Artificial Intelligence and the loss of control over the man-made global warming. Therefore, if we do not have a powerful World Government in the next decade, our last hope for saving a human species might be China. And that may be the ultimate goal of the Chinese leadership's behind this second cold war and the use of Immature Superintelligence to gain an absolute control over the world in order to save humans from themselves.



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In summary, the threat of converting a cold war into a hot war will not be a nuclear war, as was the ever-present risk in the first cold war, but the use of Immature Superintelligence to conquer the world. However, like the SALT I Treaty between President Jimmy Carter and the Soviet Union's Leonid Brezhnev in the 1970', which limited the number of nuclear warheads, this time it will be something, which I call 'the AI Supremacist's Dilemma,' that may bring the warring parties to their senses. It points clearly that the best result for the two contenders in the second cold war is co-operation, since even a win, may only be a temporary one, should its aim be to gain an absolute power for its own sake, killing millions of people. The side effect would be the creation of an evil Superintelligence, which would in a longer-term ultimately lead to the annihilation of the Supremacist's nation as well as all humans. Therefore, what may happen in the end is that the second cold war might be the last one of any wars.