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by Randolph Mank
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We would expect a pandemic crisis to be a catalyst for global change. Yet the specific cascading effects that flow from COVID-19 remain largely undefined. It's not for lack of opportunity. In a flurry of recent diplomatic meetings, leaders of Western nations have set out their plans for dealing with the immediate pandemic crisis and, in their words, *building back a better world*.

If words were deeds, we would be well on the way to that better world. In May 2021, G7 foreign and development ministers delivered an 87-paragraph, 12,000+ word statement pronouncing on an exceptionally wide waterfront of issues.¹ Finance ministers and central bank governors followed shortly thereafter with a relatively more restrained 20-paragraph statement.² But G7 leaders ramped up the output again with a 25-page, 70-paragraph communiqué following their summit in June.³ Days later, the same leaders joined with NATO partners and issued another 79-paragraph, 14,000+ word declaration.⁴

A good deal of the focus has been on what we have long known: viruses and climate change constitute serious threats to humankind. Sadly, both are now irreversible and will require adaptation. Failure to take mitigating actions on these years ago provide an object lesson in both our national and international institutional shortcomings and the damage that can result. Yet, despite all the words, significant initiatives to mitigate not only these, but also other transboundary risks which the pandemic has inflamed, have been either weak or absent. Such initiatives are never easy. They're even harder now that globalization has become a bad word.

Divided into three sections, this paper suggests that three other cascading risks from the pandemic merit collective actions: rising global debt, growing technological vulnerability and increased great-power tensions. All pose real threats, not just to individuals, but to the existing liberal international order which, if we do not defend it now, could well follow its current trajectory of decline.

A Looming Global Debt Problem

The first risk made worse by the pandemic comes from ballooning global debt. To survive the economic effects of the health crisis, governments everywhere have been understandably focused on support programs. They had little choice in this. But because of unprecedented stimulus, total

¹ Foreign and Development Ministers of the Group of Seven, "G7 Foreign and Development Ministers' Meeting, May 2021: Communiqué," G7 Information Centre, May 5, 2021, <http://www.g7.utoronto.ca/foreign/210505-foreign-and-development-communique.html>.

² Finance Ministers and Central Bank Governors of the G7, "G7 Finance Ministers and Central Bank Governors Communiqué," U.K. Government, June 5, 2021, <https://www.gov.uk/government/publications/g7-finance-ministers-meeting-june-2021-communique/g7-finance-ministers-and-central-bank-governors-communique>.

³ Leaders of the Group of Seven, "Carbis Bay G7 Summit Communiqué," European Council, June 2021, <https://www.consilium.europa.eu/media/50361/carbis-bay-g7-summit-communique.pdf>.

⁴ Heads of State and Government of the 30 NATO Allies, "Brussels Summit Communiqué," North Atlantic Treaty Organization, June 14, 2021, https://www.nato.int/cps/en/natohq/news_185000.htm.



world government debt reached an all-time high of \$281 trillion by the end of 2020. That's 355 per cent of total global GDP, which stands at \$81 trillion.⁵

The U.S. alone is carrying a national debt of \$28 trillion, with accumulating \$3 trillion budget deficits and more to flow in 2021-2022.⁶ This does not count unfunded obligations exceeding \$150 trillion, nor state, local and household debt. Though the quantitative easing process of increasing the money supply had gained momentum since the 2008 financial crisis, no less than 25 per cent of all cumulative U.S. debt has been created in the last 12 months. In Canada, on a smaller but no less alarming scale, the federal deficit and debt are forecast to reach \$380 billion and \$1.4 trillion respectively, exceeding 50 per cent of GDP. Adding in provincial, local and household debt, the level well exceeds 100 per cent.⁷ Despite this, costly new social programs are still being announced.

In pushing Keynesian economics and modern monetary theory to extremes, scant regard has been paid to the value of money, the inflationary consequences, the increasing costs of servicing higher debt-to-GDP levels or the reality that such debts are unlikely ever to be repaid. It also sends the wrong moral message to individuals that spending is good and debt doesn't matter. Adding to the debt trap problem are the mounting costs of perpetuating the low interest rate economic growth model, while mitigating the countervailing global forces of climate change and projected demographic decline. The resulting wealth gap has real socio-economic consequences.

Canadian Mark Carney's 2019 speech to Central Bank governors at Jackson Hole, Wyoming is considered seminal in outlining the challenges facing the global financial system.⁸ He argued that it's imperative to preserve a reliable and trusted international system of exchange while allowing for modernization. Unfortunately, nothing much has been done about it so far.

As a result, like canaries in a coal mine, the rise of unregulated cryptocurrencies such as bitcoin, Ethereum and even the whimsical Dogecoin, signals that trust in traditional national currencies is fragile. Digital payments and accounting have, of course, been a ubiquitous and welcome fact of life for years. But non-state cryptocurrencies, of which there are now over 10,000 versions, represent computational advances that challenge the entire system for conducting global financial transactions, with the U.S. dollar and the SWIFT transfer system at its heart.⁹

The objective of cryptocurrencies is no less than the elimination of traditional banks and government oversight. While that sounds tantalizing in some respects, it is also a clever new way of dividing the haves from the have-nots, with a cap, for example, of only 21 million bitcoins that

⁵ S. Maki, "World's \$281 Trillion Debt Pile is Set to Rise Again in 2021," Bloomberg, February 17, 2021, <https://www.bloomberg.com/news/articles/2021-02-17/global-debt-hits-all-time-high-as-pandemic-boosts-spending-need>.

⁶ U.S. Debt Clock, <https://www.usdebtclock.org/>.

⁷ J. Fuss and S. Lafleur, *The Growing Debt Burden for Canadians: 2021 Edition*. Fraser Institute, February 2021, <https://www.fraserinstitute.org/sites/default/files/growing-debt-burden-for-canadians-2021.pdf>.

⁸ M. Carney, "The Growing Challenges for Monetary Policy in the Current International Monetary and Financial System," Speech, Jackson Hole Symposium 2019, Wyoming, August 23, 2019, <https://www.bankofengland.co.uk/-/media/boe/files/speech/2019/the-growing-challenges-for-monetary-policy-speech-by-mark-carney.pdf>.

⁹ For a more detailed analysis, see "The Future of Banking," *The Economist*, May 8, 2021, https://www.economist.com/special-report/2021-05-08?utm_source=YouTube&utm_medium=Economist_Films&utm_campaign=Link_Description&utm_term=Business_and_Finance&utm_content=Correspondent&linkId=10000043618406.



will ever be produced. It's also a recipe for financial anarchy. Tellingly, ransomware attacks typically demand payment in cryptocurrencies. The reality is that commercial banks drive domestic economic growth through the allocation of capital to enterprises and individuals. There are already numerous virtual online banks that offer alternative digital services, but they too are regulated. Governments normally protect individuals from malfeasance to some extent by backing deposits and transactions with an albeit imperfect mix of regulatory rules and deposit insurance. Contrary to their marketing pitches, the more that unregulated, inefficient and energy-intensive private currencies are permitted to rise unchecked, the more threatened will be, not only individual financial security, but also governments' ability to set effective monetary policy. With this goes the existing global system of exchange and, potentially, geopolitical stability.

G7 finance ministers have been addressing the debt problem, but mainly in the context of suspending payments for the poorest and most vulnerable countries, as if they themselves aren't over-leveraged on an even larger scale.¹⁰ The G7 group has cited the need for further study on creating their own digital currencies.¹¹ In fact, G7 central banks have been studying this for quite some time.¹² The International Monetary Fund (IMF) has also been studying the creation of a basket of digital currencies to serve as a new global reserve currency and replace special drawing rights (SDRs).¹³

While Western nations ponder the idea, China is already moving ahead. Alarmed by the rapid adoption of Alipay's digital payment system, the Chinese government has moved to block private currencies, including bitcoin, and created its own trial digital yuan. It has also cracked down on energy-intensive crypto-mining activities, as well as monopolistic corporations. A national digital currency is different from an anonymous cryptocurrency. But China's moves highlight precisely the hornet's nest of security and privacy issues that arise with such new technologies.

Unless we prefer chaos, the goal should be to preserve and modernize the post-Second World War Bretton Woods international economic order. Some people dismiss the importance of the dollar's ongoing role in this, not fully grasping the geopolitical consequences of its potential replacement.¹⁴ It currently accounts for no less than 60 per cent of all global transactions, with the euro a distant second at 20 per cent. Not incidentally, sanctions' effectiveness depends on dollar dominance. As unsavoury as this sometimes is, replacing the dollar with, for example, the digital yuan as the main reserve currency would position China to impose sanctions to enforce compliance with its objectives instead. As remote a possibility as that seems, it is nevertheless worth resisting.

¹⁰ G7 Finance Ministers, "G7 Finance Ministers' Statement on the Debt Service Suspension Initiative and Debt Relief for Vulnerable Countries," G7 Information Centre, September 25, 2020, <http://www.g7.utoronto.ca/finance/200925-dssi.html>.

¹¹ HM Treasury, United Kingdom, "Chancellor Announces First In-person Finance Ministers' Meeting of UK's G7 Presidency," G7 Information Centre, May 4, 2021, <http://www.g7.utoronto.ca/finance/210504-finance.html>.

¹² Bank of Canada, "Digital Currencies and Fintech," <https://www.bankofcanada.ca/research/digital-currencies-and-fintech/>.

¹³ W. Bossu, M. Itatani, C. Margulis, A. D. P. Rossi, H. Weenink and A. Yoshinaga, "Legal Aspects of Central Bank Digital Currency: Central Bank and Monetary Law Considerations," International Monetary Fund Working Papers, November 20, 2020, <https://www.imf.org/en/Publications/WP/Issues/2020/11/20/Legal-Aspects-of-Central-Bank-Digital-Currency-Central-Bank-and-Monetary-Law-Considerations-49827>.

¹⁴ P. Krugman, "Working Out: The Greenback Rules. So What?" *New York Times*, May 28, 2021, <https://www.nytimes.com/2021/05/28/opinion/us-dollars-currency.html>.



The G7/G20 nations should also be at the forefront of a counter-narrative against the anti-globalization movement. *Build back better* is a nice slogan. But the World Economic Forum's (WEF) advocacy of a great global reset in answer to the pandemic and climate change runs the risk of inadvertently damaging the highly complex and beneficial system of globalized trade.¹⁵

Meaningful actions that could be taken to defend the international economic system include:

- The G7/G20 should champion an all-inclusive global debt-reduction initiative that seeks to shore up their own currencies and the current system of international exchange;
- Major Western economies should signal their determination to preserve the U.S. dollar as the main global reserve currency, with the euro, yen, pound and others continuing in smaller roles;
- The 63-member Bank for International Settlements should develop common rules for digitization of national currencies, along with a model for seamless international exchange;
- A clear signal should be sent to crypto holders that national, not private digital, currencies will prevail;
- All digital currency systems should have redundant backup systems to protect against both cyber-attacks and electricity supply failures;
- While some strategic supply lines can be shortened, leading nations should advocate the preservation of integrated global trade and the benefits of comparative advantage.

Growing Technological Vulnerability

A closely related second global risk made worse by the pandemic involves the increasing dependence on internet-based technology itself. The extraordinary benefits of the internet and other technological advances are undeniable. Yet, due to the internet's success, citizens and systems everywhere are less and less able to function without access. Unfortunately, it can be turned off, both intentionally and unintentionally, as we have been reminded by such disparate events as the military coup in Myanmar, winter storms in Texas and ransomware attacks on a major U.S. gas pipeline and a food-processing company, all in the first half of 2021. The internet itself depends on such fragile things as electricity supply, undersea cables, satellites and server farms. The more we rely on electronics connected to the internet, the more vulnerable we are.

No one wants to stifle the remarkable genius of individuals to create and innovate. That has always been the basis for human progress. At the same time, no one knows the precise limits of

¹⁵ World Economic Forum, "The Great Reset," <https://www.weforum.org/great-reset#articles>.



exponential technological development beyond which we might damage civilization itself. Already, we can see the destructive environmental effects of technology-driven consumerism.

Big Tech now consists of only a handful of giant corporations without coherent government regulation or taxation in most places. Nor are they all equally beneficial. It's one thing for a climate-conscious innovator like Elon Musk to establish separate companies to develop better electric vehicles, explore space and create ways for humans to interface with machines, while also offering a \$100 million XPRIZE for carbon removal from the atmosphere. It's quite another matter for a corporation like Amazon to seek to replace existing retail with online catalogues, creating a dystopian employment culture to drive environmentally damaging consumerism. Using the same consumer data to build and commercially mine the world's largest cloud platform, without any globally beneficial purpose in mind, compounds the problem. For complex political and legal reasons, Western governments have done little to break up monopolistic practices in this new Gilded Age. Doing so would require great effort to get it right. Instead, they have even recklessly delegated censorship of free speech to social networking corporations, rather than relying on rule of law adjudicated by courts. The original dream of net neutrality based on a free and open internet is dead as a result.

At the other extreme, the Chinese government is determined to control any technologies that run counter to its interests. In Orwellian fashion, it is perfecting the surveillance state, using artificial intelligence to mine data and control its people's behaviour. It blocks U.S. social media platforms and requires its own corporations to share data with the security establishment. Failure to comply has dire consequences, as we have seen recently with China's Uber-equivalent ride-hailing giant, Didi Chuxing. Its IPO raised \$4.4 billion in New York in June 2021, but within days was raided and its app deleted from all platforms by the Chinese government after failing to share data.

But China is far from alone in developing the surveillance state. Edward Snowden's whistleblower revelations make American post-9/11 data-gathering activities clear. Less secretive, smart cities being developed around the world offer modern conveniences in exchange for advanced surveillance systems using facial recognition and artificial intelligence programs, increasingly on 5G networks.¹⁶ Governments can control their citizens more closely this way, with the unintended consequence of becoming more vulnerable to foreign hacking, as well. With water and sanitation, telecommunications, transportation and other systems all linked to the electrical grid and the internet, the vulnerabilities of the so-called Internet of Things (IoT) mount exponentially.

As for global regulation, the Council of Europe's 2001 Budapest Convention on Cybercrime has so far made limited progress towards harmonizing criminal law around illicit cyber-activities. It still has only 67 signatories.¹⁷ Elsewhere, in March 2021, alarmed by cyber-attacks during the COVID-19 pandemic, the UN Open-Ended Working Group (OEWG) set forth voluntary norms of behaviour in the field of information and telecommunications.¹⁸ Important as this is, it expressly

¹⁶ R. Muggah and G. Walton, "'Smart' Cities are Surveilled Cities," *Foreign Policy*, April 17, 2021, <https://foreignpolicy.com/2021/04/17/smart-cities-surveillance-privacy-digital-threats-internet-of-things-5g/>.

¹⁷ Council of Europe, "Convention on Cybercrime," Council of Europe, 2001, <https://rm.coe.int/1680081561>.

¹⁸ United Nations General Assembly, Open-ended Working group on Developments in the Field of Information and Telecommunications in the Context of International Security, March 10, 2021, <https://front.un-arm.org/wp-content/uploads/2021/03/Final-report-A-AC.290-2021-CRP.2.pdf>.



refrains from establishing new international law, and remains focused entirely on cyber-activity, rather than on the weaponization of the full list of emerging technologies.

New international law is precisely what is needed. Apart from important treaties prohibiting the use of nuclear and biological weapons, which themselves are decades old and eroding, the world could benefit from fully elaborated diplomacy to control the threats from the quantum age in which we live.¹⁹ The ability of monopolistic enterprises to own and monetize individual data, censor free speech, de-platform users and evade taxes should also be constrained by co-ordinated domestic and international policy measures. The Organisation for Economic Cooperation and Development (OECD) could be called upon to co-ordinate this effort.

At the same time, new initiatives are needed to redirect emerging technologies towards solving global problems rather than garnering strategic advantage. While still in its infancy, the race to develop quantum computing, for example, should be redirected towards deliberately co-operative efforts to improve the global commons. A global project on the scale of the Conseil européen pour la recherche nucléaire (CERN) on particle physics, or the international space station, should be undertaken. Middle powers like Canada can participate with constructive ideas and material support. Canadian company D-Wave, for example, is currently the only company that sells commercially available quantum computers, though so far these are limited to narrowly defined experimental tasks.

Initiatives that could be undertaken to advance technological security include:

- The G7/G20 should initiate plurilateral negotiations on a treaty to prevent the weaponization of artificial intelligence, robotics, biotech and cyber-technologies, and to prevent cyber-attacks on critical infrastructure, including electrical grids, water systems and the internet itself;
- Modelled on its Partners for Progress initiative to promote corporate social responsibility, the OECD should promote standardized backup systems in case of disruption to member-state infrastructure;
- The OECD should also develop standards on data sovereignty for individuals, including measures in support of privacy and against censorship;
- The G7/G20 should co-ordinate application of existing anti-monopoly and anti-trust laws to reduce the power of the Big Tech corporations;
- The G20 should launch a co-operative global quantum computing initiative focused on blockchain development, rationalization of global shipping, protein folding for the development of new drug therapies and other such beneficial applications.

¹⁹ These themes are developed more fully in R. Mank, "Quantum Diplomacy for a New Technological Age," Canadian Global Affairs Institute, December 2017, https://www.cgai.ca/quantum_diplomacy_for_a_new_technological_age.



Rising Geopolitical Tensions

The third related risk increased by the pandemic comes from escalating tensions among nation-states. The 2021 G7 and NATO meetings pointed fingers at Russia and China in particular. Demonizing rivals continues to be a dangerously common practice on all sides. Ordinary people share a desire to live their lives in peace without worrying about geopolitics. But with nine countries now either armed with nuclear weapons or close to it, the risks of catastrophic conflict – deliberate or accidental – have steadily increased, especially since state aggression remains the reality.

The combination of authoritarian governance, corruption and aggression towards neighbours continues to yield particular trouble. Russia continues its revanchist expansionary moves towards Ukraine, having already annexed Crimea in 2014. Iran and North Korea continue their development of nuclear weapons and delivery systems. The Middle East roils perpetually in multi-dimensional strife. Africa still suffers from tribal conflict and extreme poverty. Numerous other failed or failing states in other regions of the world produce fresh flows of refugees who are forced to flee violence and economic collapse.

But centre-stage in any geopolitical risk analysis goes to the worsening U.S.-China relationship. In their respective security strategies, the two countries have literally issued recipes for conflict, setting up a classic challenger versus hegemon, “Thucydides trap”. Unlike the last Cold War, though, this more closely resembles a competition between plutocracies than ideologies.

Ruled by a 95 million-member Communist Party that brooks no external opposition, China also happens to be a highly successful capitalist economy with a GDP of \$15 trillion and giant state-owned enterprises responsible for nearly \$10 trillion in annual revenue. It has become the workshop of the world and has lifted hundreds of millions of its people out of poverty, building impressive infrastructure in support. This has come, though, at the cost of human rights and civil liberties. Even Chinese corporate leaders fear running afoul of the Party’s confiscatory practices. As a result, despite its economic success, China does not suffer from mass immigration. The Chinese poor continue to face abject hardships, while the elite send their children to schools in the West, a flow that goes unreciprocated. How long the formidable Chinese people will accept these trade-offs is an open question that only they can answer.

The U.S. itself is a deeply cleaved country, with a partisan media and a rapacious corporate class capable of exerting undue influence through lobbying and campaign financing. Though the world’s largest economy with a GDP of \$23 trillion, the country suffers from crumbling infrastructure, an alarming level of violence, drug addiction and racial conflict – all combining to undermine its moral authority globally. Still, with over 700 military installations at home and in 80 countries, and a nearly \$750 billion defence budget, it remains the pre-eminent military power by far, one still capable of doing both enormous harm and good around the world. Driven by its military-industrial-political complex, it is guilty of multiple foreign interventions since the Second World War, toppling regimes at will. Since 9/11 alone, it has fought dubious and costly wars in



Afghanistan and Iraq, launched rocket and drone attacks on Syria, Iran and others, and imposed sanctions on numerous rivals and allies alike.

Paradoxically, the U.S. also remains the main sponsor and defender of the liberal international order that it created to promote peace and prosperity following the Second World War. A multicultural democracy that, in theory at least, values individual liberty above all else, it attracts multitudes of both legal and illegal migrants pursuing the American dream. The Trump presidency unsuccessfully sought to plug the porous southern border. It also eschewed costly foreign entanglements and punctured the already weakening consensus on globalization. One of the great challenges for the rest of the world in the aftermath is to keep America positively engaged, as it retreats increasingly from the very international system it created. To paraphrase Churchill, America tends to do the right thing, but only after exhausting all other alternatives.

China's relations with the U.S. and the rest of the world have clearly been aggravated by the still-spreading coronavirus itself, which so far has resulted in over 200 million recorded infections and over four million deaths worldwide. Unreported cases put the numbers much higher and new variants continue to spread. The toll includes more than 35.5 million Americans infected and over 620,000 deaths, all due to a pandemic that began under suspicious and deliberately shrouded circumstances in Wuhan, the site of a level 4 virology research laboratory.²⁰ The global economy and individual livelihoods have been significantly damaged everywhere.

Meanwhile, China's recent effective takeover of Hong Kong in violation of the 1984 Sino-British Joint Declaration raises alarms over its aggressive intentions. Its wolf-warrior diplomacy has included inhumane imprisonment of innocent Canadians in retaliation for the contrasting luxury-house detention of Huawei's chief financial officer in Vancouver on a U.S. extradition request. Allegations of genocide of Uyghurs in Xinjiang also raise serious alarms, as do China's border skirmishes with India, its control of Tibet and ongoing disputes with various other neighbours. Rather than continuing the approach of his modernizing predecessors, President Xi Jinping has reverted to the Maoist model of simultaneous control over the government, the military and the Communist Party. This makes for a potentially fragile governance system. Its sustainability depends increasingly on nationalism built upon the age-old device of hostility to outside enemies, real or imagined.

On top of this, territorial tensions over the South China Sea and Taiwan provide active potential flashpoints for hot war. The fact that China controls the largest share of the world's rare earth mineral supplies and has a paradoxically recognized, yet resisted, claim to sovereignty over Taiwan, sets up the conditions for further strategic instability. Dominated by the Taiwan Semiconductor Manufacturing Company, Taiwan has the world's largest semiconductor foundries, accounting for 60 per cent of the global market. Choking off supplies would spell industrial catastrophe around the world. At the same time, such countermeasures as blocking

²⁰ N. Wade, "The Origin of COVID: Did People or Nature Open Pandora's Box at Wuhan?" *The Bulletin*, May 5, 2021, <https://thebulletin.org/2021/05/the-origin-of-covid-did-people-or-nature-open-pandoras-box-at-wuhan/>.



supplies of Middle East oil to China would be equally disastrous. In short, economic decoupling seems like a self-defeating strategy for both sides.

Yet, heading in opposite directions on trade in recent years, the U.S. has turned inward, withdrawing from the Trans-Pacific Partnership, while China has pursued its breathtakingly ambitious Belt and Road Initiative aimed at expanding its reach across all of Asia, to Africa and Europe as well. As part of this unprecedented expansionist plan, China established the Asia Infrastructure Investment Bank in 2014, with an initial \$100 billion capital base coming from over 100 members. In 2020, China also concluded the Regional Comprehensive Economic Partnership (RCEP) with 15 Asia Pacific partners, accounting for some 30 per cent of global GDP. While China has been careful to maintain friendly relations with Russia, putting past border disputes behind it, the same cannot be said for its relations with India. These are inflamed by China's plan to build roads through disputed northern routes to the port it has built at Gwadar in Pakistan.

The Art of War, by fifth century Chinese military strategist Sun Tzu, prescribed a stealthy approach to defeating a stronger enemy. He couldn't have imagined how useful today's technologies would be in such a strategy. The International Institute for Strategic Studies (IISS) has recently ranked the cyber-security capacities of 15 leading countries.²¹ The U.S. and its allies remain in the lead but with China among the credible and motivated challengers. To cite one example, the alleged attacks by Chinese government-sponsored hackers on Microsoft's systems in March 2021 reveal how antagonists can indeed wage invisible cyber-war and get away with it.²²

In fact, the trouble with this kind of modern warfare is that it's hard to know for sure if it's even happening, or who the attacker is, whether a state, organized crime or a private hacker, state-sponsored or otherwise. Whereas the use of nuclear and biological weapons has been deterred since the Second World War by the risk of mutually assured destruction, cyber-attacks can be launched quite readily, making them devilishly difficult to deter. While nuclear weapons were said to have made war obsolete between those who possessed them, cyber-weapons have put it back on the table. The level of attack that would constitute an official act of war has not been defined. Yet, as noted, the more our societies evolve towards electronic dependency, the more debilitating these attacks can potentially be on our socio-economic and military systems. Even short of such attacks, we have seen how covert use of social media can be effective in manipulating public opinion, fomenting conflict and even sowing doubt about election outcomes.

While cyber-attacks may be most effective for the stealthy softening of targets, advanced mechanical weapons systems are being deployed as well. This includes recently established space force branches of militaries. The U.S. Defense Advanced Research Projects Agency (DARPA) remains well ahead of the curve, of course. Already in the Afghanistan war, we saw the increased use of remote-controlled drones for surveillance and lethal attack. The Islamic State (IS) terrorist

²¹ International Institute for Strategic Studies, "Cyber Capabilities and National Power: A Net Assessment," June 28, 2021, <https://www.iiss.org/blogs/research-paper/2021/06/cyber-capabilities-national-power>.

²² D. Volz and R. McMillan, "Suspected China Hack of Microsoft Shows Signs of Prior Reconnaissance," *Wall Street Journal*, April 7, 2021, <https://www.wsj.com/articles/suspected-china-hack-of-microsoft-shows-signs-of-prior-reconnaissance-11617800400>.



group has already reportedly used over-the-counter drones against traditional militaries in Iraq and Syria, signalling the ease of their proliferation. Widespread use of autonomous weapons armed with artificial intelligence cannot be far off.

As with nuclear war, the key to avoiding conflict is deterrence. And deterrence can only come from strength. Echoing George Kennan's famous 1946 Long Telegram on how to contain the Soviet Union, an anonymous U.S. policy expert published a fully developed prescription early this year for how to counter China's rise.²³ Taking the cue, the Biden administration is addressing concerns over the security of supply chains with a new initiative prioritizing domestic production of pharmaceuticals, rare earth minerals, semiconductors and batteries.²⁴ If successfully implemented, this kind of decoupling may boost U.S. security of certain supplies. By definition, however, it will run counter to global co-operation.

Given its Cold War genesis, NATO could play a role in inventing new international mechanisms to meet these modern threats. The NATO 2030 plan is rightly focused on securing infrastructure, supply chains and communications.²⁵ Equally important, the alliance has also signalled its intention to preserve the international rules-based order. But it has not yet spelled out how it intends to do so. The goal should be mutually beneficial coexistence. Existing deterrence architecture is mostly based on preventing war in a simpler bipolar world. For deterrence to work in today's multi-polar system, organizational capacity is required to shift military assets to wherever threats need to be deterred.

At present, the U.S. relies on a piecemeal alliance structure in the Asia Pacific. The objectives are to maintain freedom of navigation through international waters and to deter China from invading Taiwan or other neighbours. Initiated by Japan in 2007 and revived in 2017, the Quadrilateral Security Dialogue group, comprising the U.S., Japan, India and Australia, should be scaled up. NATO members have been divided over how far to go in countering China's rise, due to their differing economic interests and fear of sending the wrong signals. However, the notion that G7 and NATO countries would not be impacted by, and therefore drawn into, any major conflict between the U.S. and China is sheer fantasy. If attacked, Japan, Australia, New Zealand and ASEAN countries would need to be aided by other Western allies.

As if to demonstrate the point, on its maiden voyage this year, the new British aircraft carrier HMS Queen Elizabeth II is sailing through the South China Sea to visit friendly ports in Asia.²⁶ India and Germany are deploying ships there as well. Other NATO allies including Canada have been joining U.S.-led Rim of the Pacific (RIMPAC) naval war planning exercises since 1971. These arrangements should be formalized in a regional collective security treaty. At the same time, for

²³ Atlantic Council, "The Longer Telegram: Toward a New American China Strategy," 2021, <https://www.atlanticcouncil.org/content-series/atlantic-council-strategy-paper-series/the-longer-telegram/>.

²⁴ The White House, "Building Resilient Supply Chains, Revitalizing American Manufacturing, and Fostering Broad-based Growth," June 2021, <https://www.whitehouse.gov/wp-content/uploads/2021/06/100-day-supply-chain-review-report.pdf>.

²⁵ J. Stoltenberg, Press Conference by NATO Secretary General Jens Stoltenberg Ahead of the Meetings of NATO Ministers of Foreign Affairs and NATO Ministers of Defence, North Atlantic Treaty Organization, May 31, 2021, https://www.nato.int/cps/en/natohq/opinions_184341.htm?selectedLocale=en.

²⁶ Staff, "HMS Queen Elizabeth Leaves Portsmouth on Maiden Deployment," BBC News, May 1, 2021, <https://www.bbc.com/news/uk-england-hampshire-56956070>.



counterbalance, China, Russia and India – all of whom have been RIMPAC observers – should be brought into a permanent security dialogue for the region. A complementary initiative on the economic front would be to pursue a merger of the TPP and RCEP trade agreements to harmonize trade rules and level the playing field.

Actions that could be taken to strengthen both deterrence and confidence-building include:

- NATO should either be reformulated to respond to threats globally, or an interoperable RIMPAC-based Asia-Pacific treaty organization should be established in the Pacific region;
- NATO countries should strengthen their own defences, not only by meeting the target of two per cent of GDP for defence spending, but also by shifting an even greater proportion of procurement to cyber and other modern defence systems;
- NATO should develop a new global deterrence architecture for a multi-polar world, including a target list of new treaties required to preserve peace and security;
- An organization for security and co-operation in Asia Pacific, with China, India, Japan, ASEAN and others included, should be established, modelled on the 57-member OSCE in Europe;
- Trans-Pacific Partnership countries should negotiate with the U.S. to rejoin and initiate discussions on a merger with the Regional Comprehensive Economic Partnership countries.

Conclusions: Heading Off a Future We Do Not Want

These three areas of risk reflect uneasy relations among governments, corporations and individuals, all situated within national and international systems inadequate to regulate them. With widespread economic disruption, increased reliance on unregulated technologies and a deepening rift between the world's great powers, COVID-19 has increased rather than decreased these risks.

If we are content with a future defined by ever-increasing debt and dubious currencies, spiralling technological dependence driven largely by poorly regulated corporations and potentially catastrophic challenges to the current world order from heavily weaponized usurpers, then there is always the option of doing nothing. In short, if we are content to let the existing liberal international order erode, then we are on the right trajectory.

But for those who believe that the system built following the Second World War is worth preserving and modernizing, resolute action will do better than rhetoric. If advance warnings of a widely predicted global pandemic fell on deaf ears before December 2019, the greatest lesson to be learned from it is that we cannot afford to let other risks go unheeded. Just as we have seen with the pandemic and climate change, we need proactive global solutions to transboundary challenges.



Turning to the international system for solutions may be the last resort for many governments. But all countries rely on its stability for prosperity and security. With multilateral initiatives at the United Nations usually bogged down by bureaucracy and the sheer number of countries involved, the G7, G20 and NATO groups offer key plurilateral forums for initiating meaningful global action, as do the Bretton Woods institutions formed after the Second World War.

Rather than huddling in isolation or abandoning the global institutions that have been built over the past seven decades, the goal should be to build upon these foundations in pursuit of ongoing peace and prosperity. Though the COVID-19 pandemic is not yet over, it is time to start mitigating the other global risks cascading from it. The G20 summit at the end of October in Rome offers an opportunity for more unified action, given the participation of China, India and Russia. Only time will tell if today's world leaders have the vision to work together and lead us through such challenges. They should not wait for yet another full-blown crisis to take the actions required to head off a future we do not want.

► About the Author

Randolph Mank is a three-time Canadian ambassador and former VP of BlackBerry, who served as director for foreign policy, 1999-2003. He currently heads MankGlobal Inc. consulting and serves as a Fellow of the Canadian Global Affairs Institute and the Balsillie School of International Affairs. He is co-author of a forthcoming book: *Crisis and Pandemic Planning: Quarantine, Evacuation and Back Again*.

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