# "The liberal rule-based world order was a myth"

Interview with Emeritus Professor Dr. Günther Schmid

The invasion of Ukraine by Russian forces began on 24 February 2022. The Russian war against Ukraine has seen post Cold War hopes for a peaceful world order disappear almost overnight. But this war of aggression could be a turning point in history not just for the West but also for Russia itself. The background to the crisis is complex. For a long time now, the situation has been extremely fragile, as critical voices have repeatedly pointed out. At the 43rd Munich "Security Conference" back in 2007, the Russian President, Vladimir Putin, talked about the risks of NATO expansion to the east and a unipolar world. He called NATO's eastward expansion "a provocative factor that reduces the level of mutual trust". To get a better understanding of the key political and economic challenges brought about by the conflict and possible scenarios in a disordered world, we spoke to Emeritus Professor Dr. Günther Schmid, a renowned expert on international security policy.


**Emeritus Professor Dr. Günther Schmid**
worked from 1985 until the end of 2014 in a junior department of the German Chancellor's Office, where he was responsible for the field of international security policy and global issues (specialising in Asia/China). He is a Professor of International Politics and Security at the Munich/Berlin Civil Service College. From 1975 until 1984 he was an academic assistant and lecturer in the department of international politics at the LMU (under Prof. Dr. Gottfried-Karl Kindermann) where he had both research and teaching interests. He studied political science (international politics), modern history and constitutional and international law at Ludwig Maximilian University (LMU) in Munich, and internationally, achieving his Masters in 1975 and his doctorate in 1977/ 78.

**In 2011, the Arab Spring led to huge disruptions in the global supply chain for the automotive industry, as a large proportion of wiring harnesses were produced in Egypt and Tunisia. It has now emerged that significant proportions of these "nervous systems" for cars are currently produced in Ukraine. So the war in Ukraine has led to another massive disruption in the supply chain. Do businesses lack (geo)political expertise? And, conversely, do politicians lack economic expertise?**

*On the one side, businesses have very little idea about the day-to-day life of a politician. And on the other side, politicians have very limited knowledge of economic processes and industrial supply chains. Simply put, the two sides have very little understanding of each other – they live in two totally different worlds. In other countries, for example in France, in the UK or in the USA, there tends to be a kind of symbiosis. Economists go into politics and then back again. This "revolving door effect" means that both sides learn from one another. But I don't see much evidence of this in Germany. German politicians lack a broader understanding of economic relationships, including possible supply shortages and potential disruptions in supply chains. There are too few points of contact between the worlds of business and politics. And these are crucial to ensure a proper evaluation of the impact of geopolitical developments on the economy.*

*You can sum it up using a simple example. All the groups are sitting on the same train heading for the future. Politicians are in the first carriage, business is in the second carriage and society is in the third carriage. But there are no connecting doors between the individual carriages.*

*With this in mind, it will be fascinating to see what kind of state our society will become in the future. The past has largely been shaped by the concept of a rather inert welfare state. But today and in the future we may well be moving towards an era of greater state provision, where the state takes care of basic public services and acts to* *protect supply and delivery chains and critical infrastructure. Such a state would get involved in important details, such as procuring masks, protective clothing and key strategic goods. But this can go to the other extreme: an excessively interventionist state that takes care of everything at the expense of its citizens' individual responsibility.*

**I'd like to look at the issue of raw material supplies. The raw material risk index lists raw materials with an extremely high supply risk such as yttrium. This rare earth metal is required in the production of permanent magnets for electric motors and for laser equipment, for example, which are both highly relevant future technologies. And there is no practical substitute for yttrium. It is almost exclusively (99 percent) mined in China. At the RiskNET Summit in 2015, you mentioned that the Foreign Office planning committee only carries out its crisis analyses a maximum of four weeks in advance. As a risk manager, I just can't get my head around that. No business thinks in terms of weeks or even months. So does the state need to think more strategically and longer term to ensure raw material supplies?**

*Geopolitical analysis has never been a common way of thinking in Germany. Foreign policy debates in Germany are generally based on specific events, wars or people – but not so much on an overall strategic level. There is a definite lack of understanding of strategic security policy. Questions such as "What would be the consequences of allowing Turkey to join the EU?" or "What would happen if we didn't bail out Greece?" or "How should we position ourselves towards China in the medium term?" are not the subject of long-term or strategic analysis. In a major exporting country like Germany, too few people in politics and society more generally have been interested in key questions about protecting raw materials and securing supplies.*

*Because of and following the 1990/91 reunification, we have tended to see ourselves in Germany as an "island of bliss" surrounded by a ring of friends. From this perspective, concepts such as power and geopolitics have not really been part of Germany's way of thinking.*

*In addition, since 1990/91 we have lost all strategic perception of threat – both mentally and in the white papers published by the armed forces. Official perceptions have not included threats; they have all been reframed as global risks. Wars have been perceived as marginal regional phenomena, although conflicts have been getting closer and closer: Yemen, Syria, Libya, Afghanistan, Crimea and so on. Wars have been viewed as anachronistic vestiges of an age that has long since passed. Security has been all about the lowest common denominator and is something of an abstract concept in the mentality of both the German people and their political elite. After reunification, a kind of pacifist sentiment was dominant in sections of the major parties.*

*Society, politicians and businesses lost sight of threats. German reunification seemed to be a blueprint for a world that is moving in the right direction. In parallel to these political developments, in society at large there has been a growing trend towards individualism, emotionalism, awareness and inclusion. The concept of wars and enemies didn't fit into this picture. People were convinced that multilateral diplomacy, "good services" and economic aid could solve all of the world's problems.*

*Unfortunately, as we now know this was a severe misjudgement. The rule-based liberal world order was a myth and a persistent delusion. And politicians are still talking about it, even though that world order never really existed. It was only ever a partial order that applied solely to Europe and North America. The shifts in power and uprisings that formed part of of what became known as the "colour revolutions" in Georgia (2003), Ukraine (2004) and Kyrgyzstan (2005) showed us that the liberal rule-based world order was a myth. Against this backdrop of a rather euphoric mood, hardly any politicians at the time saw the need for a sound geopolitical risk or threat analysis for Central Europe in the subsequent years.*

*Another issue is the fact that there are inherent systemic deficiencies in German foreign policy and its decision-making process. We do not have a clear hierarchy for foreign policy decisions, as is the case in France or the USA for example. There, the President is the ultimate foreign and security policy decision maker and the supreme commander of the armed forces. Russia also has a clear vertical structure. In Germany, we have a fragmented decision-making apparatus involving coalition governments, parliament and the civil service, which means that we are always looking for consensus and the lowest common denominator when it comes to making decisions. Politologically, you could say it was consensual decision making based on bureaucratic consensus formulation. For example, when it comes to foreign deployments of the armed forces an obfuscating rhetoric has been developed that is repeatedly used to label those deployments. It is never war, but stabilisation or policing missions. Soldiers are development workers in uniform, mediators but never combatants.*

*The pronounced bureaucratic silo mentality is another barrier. There is a lack of dialogue between silos and no overall communication in the ministerial bureaucracies. There is also a lack of a long-term strategic direction such as that which an effective commercial business would adopt. The reality of a German politician's day-to-day life is a reaction to a world obsessed with headlines. Forward-looking action or thinking outside the box bring no benefit for a politician who thinks in terms of electoral cycles.*

*The German historian Heinrich August Winkler recently said that German people want to be left in peace by the world's inconveniences and if possible would like to be kept out of global political conflicts. Merkel's election campaign slogans in 2017 "You Know Me" and "Living Well in Germany" reflect this very limited interest in foreign policy and geopolitical issues.*

**Were there other early warning signs that we need to adopt a different approach to German foreign policy?**

*In the latter stages of the Obama administration, it was clear that Americans were increasingly looking towards East Asia in an attempt to contain their strategic rival China. Therefore, it is not acceptable to the USA that they continue to provide 75 percent of all NATO military capabilities to maintain European security.*

*There were also early warning signs in terms of the successful export-focused German economic model. Here in Germany we have still not sufficiently discussed the fragility and success factors of this model. We need discussions in the German parliament about global geopolitical shifts and their consequences. The Russian war of aggression against Ukraine is a catalyst that has brought us to a watershed moment in German foreign policy. As a result, it is important that a long overdue national security strategy is put forward by the end of 2022.*

Professor Dr. Günther Schmid in conversation with Frank Romeike.

**The American nuclear strategist, cyberneticist and futurist Herman Kahn said: "Everyone can learn from the past. Today it is important to learn from the future." Do politicians and business leaders learn too little from potential geopolitical scenarios? Do politicians spend too much time looking at geopolitics in the rear view mirror?**

*I've outlined the key systemic reasons for this behaviour. The population has been continuously told: We are economically stable, we have loyal allies and we are "surrounded by friends". We have NATO, we have the EU and the UN. We don't need to worry any more. This default position among German people has reinforced the status quo. We have suppressed the concept of enemies, wars or crises as future projections. As far as I know, there has not been a planning committee dealing with the potential crises of the next 20 years. We have also done very little preparatory work academically in this area because the term "geopolitics" has very negative associations in the context of our historic experiences. But geopolitics today is totally different than "nation and territorial policy" based on National Socialist ideology.*

**Let's get specific. In 1997, i.e. around 25 years ago, Jack F. Matlock Jr., a former US ambassador to the USSR, warned that NATO's eastward expansion was a "fundamental strategic mistake". He said it would "trigger a chain of events that could result in the greatest security risk since the end of the USSR". The US diplomat, Deputy Secretary of State and former CIA Director William Joseph Burns also warned in 2008 against escalation of a potential Ukrainian accession to NATO. He described Ukraine joining NATO as the clearest of all red lines for Russia. "I don't know anyone who sees that as anything but a direct threat to Russian interests", Burns said. And in 2019 Henry Kissinger warned that the USA and China are in the "foothills of a new Cold War". Why have political decision makers paid too little attention to these geopolitical and critical scenarios and done nothing to prepare for them?**

*We have always had a small but well-established group of experts on Russia, but they have never really been valued too highly. And these experts have often concentrated on Russian history or culture. Operational Russian politics has never been an academic subject for us. The experts and diplomats cited have mainly been involved with a bipolar world and Russian-American relations.*

*It is incredible that there have been hardly any experts who are familiar with operational politics. For example, the German Eastern Business Association could have made good use of this kind of political expertise. But unfortunately there has been no networking between academics, politicians and business.*

*Nevertheless, there have been adequate warnings and early indicators. For example, the former security advisor to Jimmy Carter, Zbigniew Brzeziński, who comes from Poland and was raised in Ukraine, wrote in his book "The Grand Chessboard" a quarter of a century ago that: "Ukrainian independence robbed Russia of its dominant position on the Black Sea, where Odessa was the irreplaceable gateway to trade with the Mediterranean region and the world beyond. [...] Without Ukraine, Russia is no longer a Eurasian empire or a major power."*

*Kissinger said essentially the same thing. But on the other hand, we have to consider the fact that for a long time Putin accepted NATO's eastward expansion. The turning point was the Rose Revolution in Georgia and the "colour revolutions" in other states starting in 2003, which led to regime changes. Putin alleged that the West was behind these changes of system and actively conducted them. If not before, this was the point where we should have realised that NATO's expansion in the east was approaching sensitive limits. Putin repeatedly stated that the demise of the USSR was an "error of history" that had to be corrected. And he made repeated reference to the idea that NATO was clearly working towards further expansion. But there was never any such plan in reality. In actual fact it was the former Eastern Bloc who insisted that, as democratic* *and sovereign states, they should be free to choose their alliances, such as the EU and NATO. This right was documented in treaties in the Helsinki Accords of 1975 and the NATO-Russia Accords of 1997.*

**Do you view the joint declaration by Vladimir Putin and Chinese President Xi Jinping on 04 February 2022 – just days before the opening of the Winter Olympics in Beijing – as a turning point in the shift towards a new Cold War?**

*This is a very one-sided interpretation. The joint declaration talked about "eternal friendship" and the like. But it should be understood symbolically. It's important to view the whole thing in a historical context.*

*In 1969, China and the Soviet Union fought a short but fierce border war. The conflict was sparked on an uninhabited island in the River Ussuri on the border. In March 1969, Chinese troops occupied the island of Damanski and forced Moscow's hand. The Soviet leadership was actually contemplating a military strike against Chinese nuclear facilities. And Anatoly Fjodorovich Dobrynin, former Soviet ambassador to the USA, asked US Secretary of State Kissinger what the USA would do if Moscow were to disarm the recently established nuclear power China. Kissinger smelt a rat and answered: We could not be neutral on this matter. This is likely to have influenced the Soviets' risk calculation. It was a face-off between two nuclear powers with two million soldiers on each side. And ultimately, the Soviets backed down and ceded control of Damanski to China. But this conflict needs to be viewed as more than an insignificant historical footnote. The historical burden is still very much there. There is still a historical awareness of the ideological dispute between Mao and Stalin. History has placed a heavy burden on both powers. Especially among senior military leaders in Russia, there is a latent mistrust of China, which any analysis should not ignore.*

*But back to the 4th February declaration. The crucial phrase is "redistribution of power in the world", a common strategic objective that links the two sides. The message is: We want to replace the US-based liberal world order. With our own world order. The autocratic states view the democratic West as a major risk to their own societies, which is why they want to tear down a world order dominated by the US. Both Russia and China agree that the USA has passed the zenith of its power, particularly after its withdrawal from Afghanistan.*

*To the best of our knowledge, we can assume that Xi Jinping was not notified in advance of Russia's attack on Ukraine. And it became clear that the Chinese news agencies did not have an accurate picture either. Putin's failure to inform them angered the Chinese leadership. It is clear that each of the two sides is definitely acting on its own account. It is also apparent that the Chinese do not want to be drawn into a conflict with a third state. However, the problem appears to be that the rhetorical acrobatics of China's "pro-Russian neutrality" is rapidly losing credibility. For example, China's trade volume with Europe and the USA is ten times that with Russia. Since 2019, China has also been Ukraine's largest trading partner. China mainly imports wheat, barley, iron ore and manganese from Ukraine and has displaced Russia as the country's largest trading partner. Beijing thus has no interest in Russia attacking or destroying Ukraine's agricultural base.*

*The Chinese are currently walking a thin line. On the one hand, they do not want to lose Russia from a geopolitical perspective, but on the other hand they cannot lose the economic and industrial prospects resulting from their economic cooperation with the West. We also have the fact that China upholds three core principles: Unrestricted national sovereignty, territorial integrity and non-intervention.*

**Is there no chance of the Chinese taking on the role of negotiator in the conflict?**

*Diplomatically the Chinese are currently acting very smartly. They claim to be mediating in the background. Xi Jinping is appealing to both sides. However, as the war becomes increasingly brutal, this balancing act will become more and more difficult. But I don't think that China will definitively take sides. China will keep all its options open to maintain its freedom of action as far as possible.*

**For years, the power shift in the geopolitical environment has been accompanied by a stronger expression of Chinese foreign policy. Are there threats of conflicts with regard to Taiwan but also other neighbouring countries in the South China Sea?**

*Chinese publications repeatedly state that the Taiwan question has to be resolved by 2027. The year 2027 is likely to be linked to the Chinese preference for symbolic dates. The People's Liberation Army was founded in 1927. Learning from the war in Ukraine, China needs to take into account resistance by the population in Taiwan. China has now learned that a small army can be highly mobile. Taiwan differs from Ukraine on one important point. It has 250,000 soldiers in its army and high-tech weaponry. It will definitely not be a walk in the park. And there is another factor that the Chinese cannot currently calculate. Will the US intervene or not? There is the famous Taiwan Relations Act, which was passed by the United States Congress on 10 April 1979. According to the Act, the USA will view "any measure intended to determine the future of Taiwan other than by peaceful means, including boycotts and embargoes, as a threat to the Western Pacific region and very concerning for the United States." In addition it requires the US government to "supply Taiwan with weapons of a defensive nature". The form that support will take in any conflict is a different question.*

*Based on experiences from the current war in Ukraine, intervention in Taiwan will be more unpredictable and riskier for Beijing.*

**How do you assess the impact of the sanctions imposed on China?**

*The sanctions against Russia are unique historically. This kind of sanctions regime has never before been imposed on a major power. The effects are obvious. The rouble has declined in value by 80 percent. There is no more cash. Russian currency reserves have halved. The full brutality of the subsequent economic impacts will not be visible for a few months. In particular, cutting the country off from SWIFT, the international finance world's main communication channel, which is not used for processing transactions but allows fast and secure exchange of information about money transfers, is a devastating blow for the Russian economy.*

*But conversely, economies in the West will also feel the effect of the sanctions.*

*The Russian population will experience the effects very quickly, as around 80 percent of the important goods come from the West.*

*In this context, I believe the influence of the oligarchs is overestimated. They have long since stashed away their assets and moved their main bases of operations to London or Switzerland, and do not have any significant political influence on Putin.*

**A few weeks ago, in the context of the war in Ukraine Stephen Roach, economist from the Jackson Institute for Global Affairs at Yale University, was lamenting in an interview that the USA has sadly fallen asleep at the wheel. Is that portrayal correct? Barack Obama was talking about "leading from behind", we could say back seat driving, during his Presidency. Direct military action will be avoided, drawing on lessons learned from Iraq and Afghanistan. How can you fall asleep at the wheel if you've been comfortable on the back seat for so long?**

*Obama was convinced that you definitely need a driver, but without advice from the passenger seat or people who are comfortable in the back, they can't drive effectively. It's not just the driver who decides the direction. And everyone has to pay their share of the fuel.*

*Obama made it clear that the US can't keep pulling the coals out of the fire on its own – this has to be done collectively. The strategic challenge will be to jointly define the destination and decide the best way to get there together.*

*At the annual RiskNET Summits, I have spoken several times about the "multi-order world". The American systemic hegemony will not survive in its previous form. Democratic states are in retreat all over the world. More states are non-democratic now than ten years ago. We need to get used to a coexistence of different systems, which will exist alongside one another. The West and its liberal ideas are now just one of several actors in the conflict. Overall, the world is getting more unpredictable.*

*Looking into the future, spheres of influence and buffer zones, in other words classic geopolitics, will gain in importance. They will be the indicators of the new distribution of power. Who has the final say in the South China Sea will be determined by trade flows. Likewise who controls the Black Sea. The same applies to the Mediterranean and the North Atlantic. Re-nationalisation of power politics means that in the future we will dealing with more spheres of influence and buffer zones.*

*If you ask American security experts today whether China or Russia represents the bigger threat, the answer will be unequivocal. Russia is a tactical threat, but China is the strategic challenge for the rest of the century. The conflict between China and the USA is not a bilateral power conflict, it is a conflict over the new rules of global politics and ultimately over world domination - economic, political and military.*

*The trend towards de-globalisation is also important. We are seeing backshoring of strategic production and supply chains in the interests of national security. The new guiding principles are internal and external security.*

*We will experience competition in three major fields: 1. Geopolitics, 2. Geo-economics, and 3. Geo-technological politics Whoever can utilise the potential of artificial intelligence, lead the way in nanotechnology or get their noses in front in other key technological fields, will play a big role in shaping the future. In this context, it is important to mention that at present China's innovative capabilities are well behind those of the USA due to the lack of basic research. In the next two decades, we will have to deal with two key global developments:*

*On the one hand there will be competition between different forms of government: "Yalta" against "Helsinki". Putin talks about "Yalta II". "Yalta II" is about a return to the formation of blocks and camps with clearly defined zones of influence. By contrast, "Helsinki" stands for inter-block, multilateral and democratic agreements.*

*On the other hand, there will be a race between systems in terms of their innovativeness and productivity, as well as their ability to establish crisis-resistant value creation networks and infrastructures. In my opinion, democratic systems have a better chance of achieving this objective than autocratic systems. The West has a big opportunity here to expand and take advantage of the innovative capabilities of democratic systems. The Europeans can use their potential as an opportunity. Intel provides a good example. The chip manufacturer Intel wants to invest a total of around 17 billion Euro to make the Magdeburg region the centre of the European semiconductor industry and is planning to create more than 10,000 new jobs. Thanks to the "EU Chip Act", semiconductor production in the EU will also receive more than 43 billion Euro in subsidies between now and 2030. US businesses have long since recognised the advantages of locating in Europe. Autocracies will ultimately lose out. Current and future waves of refugees could also help us to stabilise the labour market. There is no convincing alternative to a liberal and democratic system in the 21st century.*

The questions were posed by Frank Romeike,
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