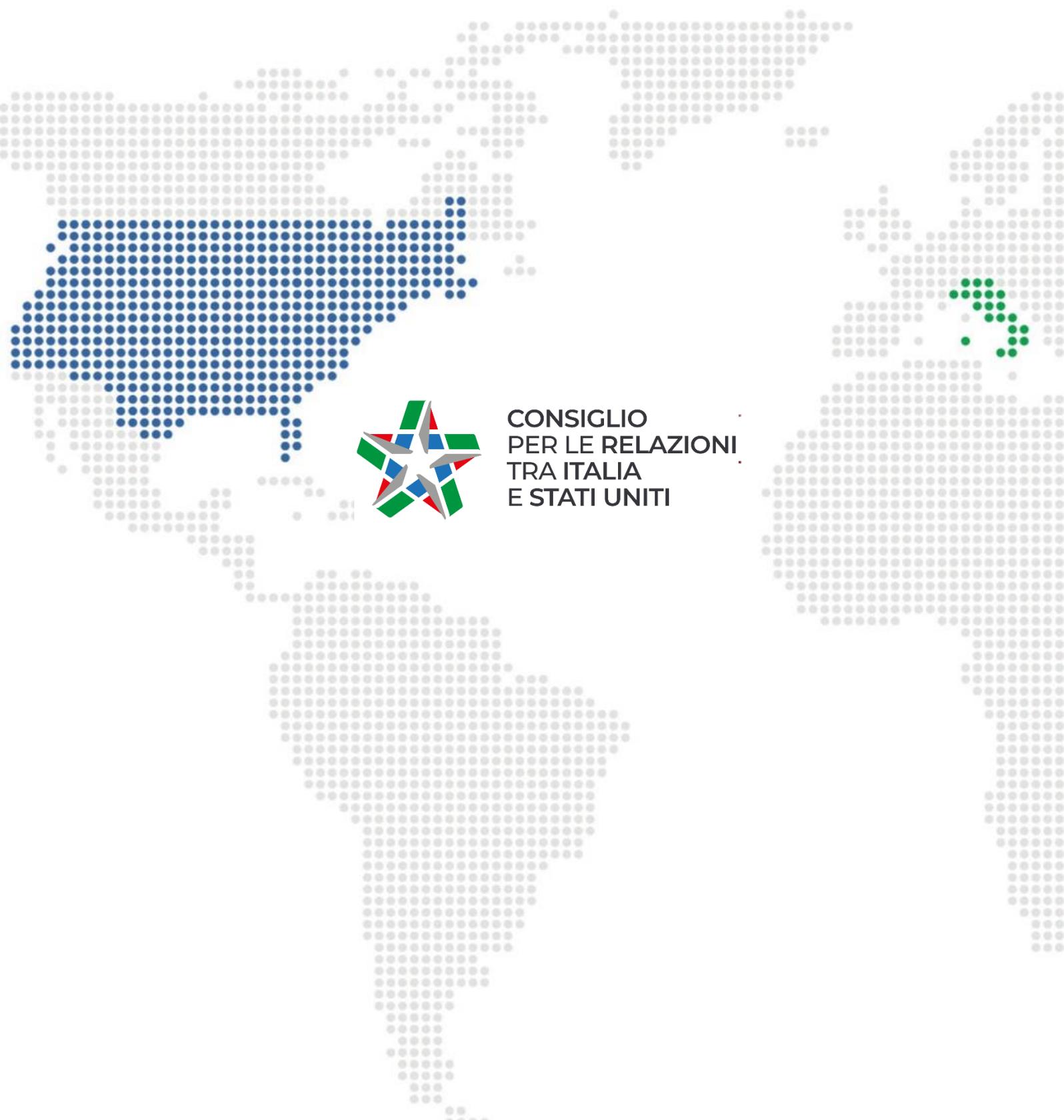


November 2020 - I



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**“ONE AMERICA, TWO NATIONS”**  
(Project Syndicate - November 6, 2020)



**Richard Haass**, President of the Council on Foreign Relations, previously served as Director of Policy Planning for the US State Department (2001-2003), and was President George W. Bush's special envoy to Northern Ireland and Coordinator for the Future of Afghanistan. He is the author of *The World: A Brief Introduction* (Penguin Press, 2020).

*The situation in the US today resembles nothing so much as the United Nations Security Council. Many agree the current system is deeply flawed and unrepresentative, but it is impossible to reach consensus on reform, because any potential fix would benefit some and hurt others.*

NEW YORK – As I write this, officials across the United States continue to count votes in the 2020 US presidential election. When tallies are finalized, recounts and legal challenges are sure to follow. This is to be expected in a hotly contested election that generated record turnout.

Only citizens may vote for the US president, but the choice affects people everywhere. If it is too soon to be certain of the results, it is not premature to explore what the election reveals about the world's most powerful country.

On the positive side, the United States remains a robust democracy. Voter participation was high, despite the physical constraints linked to the COVID-19 pandemic. The process appears to be unfolding as designed. Violence has been minimal. Courts are investigating what seem to have been politically motivated decisions by the US Postal Service to impede the delivery of ballots from areas expected to vote mostly Democratic. President Donald Trump's unwarranted declaration of victory Tuesday evening gained little traction, while his calls to stop the counting (at least in those states where he leads) appear to have fallen on deaf ears.

What is concerning, however, is that the US electorate remains so deeply divided. Voters were near-equally split between the two candidates. Not surprisingly, this division is likely to lead to divided government. If current trends continue, Democrats will win the White House and retain control of the House of Representatives, while Republicans will keep control of the Senate. Governorships and state legislatures are near evenly split between the two parties (Republicans hold a slight advantage).

The “blue wave” anticipated by Democrats did not materialize. Joe Biden will probably win the popular vote by a wide margin – some four or five million out of nearly 160 million votes cast. But Republicans held onto seats in the Senate that many predicted would flip to the Democrats, who actually lost seats in the House. There was no firm mandate, no political realignment.

Trump polled extremely well, receiving five million more votes than he did in 2016 – the second-most votes of any presidential candidate in US history, and more than any previous winner. What makes this particularly noteworthy is that it occurred against the backdrop of a record-high 100,000 new daily COVID-19 cases and more than 1,000 deaths. Just when the consequences of his administration's mishandling of the pandemic had become most severe, nearly half the electorate turned out to support him.

Even if Trump loses, which seems likely, he will continue to have a powerful voice, especially if he remains in the public eye (which also seems likely). Even if he himself does not run, he will probably have considerable influence in choosing the Republican Party's nominee in the next presidential election in 2024. The GOP will be a far cry from the party of Presidents George W. Bush or Ronald Reagan. Trumpism – a modern-day American populism – will remain a powerful force.

Trump, no surprise, has done his best to salt the earth and delegitimize the election results, charging fraud despite his inability to produce any evidence. Many of his supporters will refuse to accept the legitimacy of a Biden presidency. It is quite possible that Trump will never concede the race, much less attend the swearing in of his successor. To paraphrase Will Rogers, Trump has never encountered a norm he didn't break.

Americans increasingly dwell in separate worlds. They have sorted themselves into communities and regions with those of similar views. Each world tends to watch its own cable television channels, listen to its own radio stations and podcasts, and visit its own websites. And the absence of a national civics curriculum facilitates sorting across generations.

What is worth highlighting is that the country's division is not for the most part along economic lines. People of all classes voted for both candidates, and demographic, gender, and racial voting patterns were not as one-sided as many predicted. Where they differed mainly concerned remedies.

Educational levels are clearly an indicator of political orientation, as is geography, with Republican voters more likely to live in outer suburbs and rural regions and Democrats in metropolitan areas. Culture, though, may account for more in American politics than anything else. For the record, foreign policy did not seem to have mattered much in the campaign, except to mobilize specific constituencies, such as South Florida's large Cuban and Venezuelan communities.

Against this backdrop, it will be difficult to build support for significant change to how presidents are elected or how the government operates. The situation resembles nothing so much as the United Nations Security Council. Many agree the current system is deeply flawed and unrepresentative, but it is impossible to reach consensus on reform, because any potential fix would benefit some and hurt others. Not surprisingly, those who stand to lose from change resist it.

This will make governing difficult. Much will depend on the calculations of Senate Republican leader Mitch McConnell and his ability and willingness to work with a President Biden. Working together would also require Biden to compromise, something sure to be resisted by the more ideological members of his own party.

Democrats were hoping for a stinging repudiation of Trump and everything he embodies. They didn't get it. Republicans sought an election that validated Trump. That, too, didn't happen. Instead, what the election revealed is one country and two nations. They will have to coexist; whether they can work together remains to be seen.

## “THE US MUST ACCEPT CHINA’S RISE” (Project Syndicate – November 5, 2020)



**Daniel Gros** Director of the Centre for European Policy Studies

*The US is haunted by the specter of a technologically dominant China – and keen to ensure it never materializes. And yet, given China’s fundamentals, there is little the US could do to hamper, let alone arrest, its progress.*

BERLIN – Elections tend to bring differences to the fore. That is certainly true of the United States’ recent presidential election, in which votes are still being tallied. Among the most bitterly contested elections in the country’s history, the outcome will have profound implications for many aspects of US policy. And yet there is one issue on which both parties seem to agree: the need to “stop” China.

The US government – and, increasingly, the European Commission – now largely believes that China has secured its economic and technological gains unfairly, thanks to its government’s pervasive influence over the economy. Geostrategists often push this view, imagining that a government can achieve technological superiority by investing in the fashionable sectors of the day.

But a more thorough analysis shows this to be misleading, at best. The most “successful” grand economic-development plans usually go with the grain, focusing largely on targets that, given the economy’s fundamentals, would be achieved anyway. Crediting state intervention when those targets are met is thus inappropriate.

Japan provides a cautionary tale here. During its post-1945 growth spurt in the 1970s and 1980s, the Ministry of International Trade and Industry (MITI) acquired an almost mythical global reputation for the apparent success of its efforts to channel resources toward strategic sectors. Many countries were advised to emulate its model.

But in the 1980s, Japan’s real-estate bubble burst, and growth slowed significantly. As it turned out, many of the sectors MITI supported had not actually succeeded. What had really been driving Japan’s growth was not MITI’s prescience, but a high savings rate and the rapidly increasing education level of a disciplined workforce – much the same factors that have driven China’s development.

Until fairly recently, China’s leaders seemed to understand the limits of state intervention. In fact, the Communist Party of China’s general advice to authorities was to scale back the state’s involvement in the economy, because state-owned enterprises (SOE) generally remain far less efficient than private firms, and only about one-third as profitable.

And yet, while SOEs continue to underperform, compared to private firms, China’s leaders have radically changed their views on intervention. Now, the conventional wisdom is that the country owes its progress – and, indeed, its emerging global dominance – in some high-tech sectors to the state’s guiding hand.

The true driver of China’s success, however, is its high savings rate – nearly 40% of GDP, or more than twice the rate in the US and Europe. This gives China massive resources for investment in establishing the fundamentals for technological leadership. Notably, the country has made enormous investments in improving both the quantity and quality of education.

Regarding secondary education, China has already fully caught up with the West in attendance. And testing by the OECD’s Program for International Student Assessment suggests that Chinese secondary-school students are far better at solving problems than their American or European peers.

Moreover, tertiary education – the real key to technological leadership – has exploded in China over the last two decades. According to the US National Science Foundation, China now produces more than twice as many engineers, and more peer-reviewed science and engineering publications, than the US. Similarly, it has surpassed the European Union in spending on research and development, and on current trends, it should catch up to the US over the next decade (some think it already has).

The US is haunted by the specter of a technologically dominant China – and keen to ensure it never materializes. And yet, given China’s fundamentals, there is little the US could do to hamper, let alone arrest, its progress. Huawei is just

one example of a firm that has capitalized on China's pool of millions of engineers to develop new products. Even if the US manages to destroy Huawei, many other Chinese high-tech companies are destined to emerge, driven by the same talent.

The so-called dual-circulation strategy that is set to shape China's next Five-Year Plan is perfectly in line with the aforementioned fundamentals. As China's economy grows, it is naturally becoming less reliant on exports, and its newly minted engineers will master a growing number of technologies. In other words, the government's plans for the coming years would probably materialize, even without state intervention.

By contrast, the US strategy – which begins with an economic “decoupling” from China – has little chance of success. To be sure, the decoupling itself might be feasible. But it would also be counterproductive.

Trade always implies a two-way dependency. And while the US might like the idea of being “liberated” from China by severing trade ties, it would pay a high cost for “liberating” China from it. Shutting Chinese suppliers out of the US market provides an implicit subsidy to higher-cost producers. Ultimately, the effect of reducing bilateral trade would be equivalent to that of Trump's failed tariffs against China: an implicit tax on US consumers.

And for what? Limiting China's access to some key US technologies might make a difference in the short term, but it is unlikely to slow down China's development appreciably. The sheer scale of the human and financial resources China will be deploying over the next decade means that it is well positioned to dominate many high-tech sectors, with or without US inputs.

The conclusion is clear: The next US administration should accept China's continued economic and technological rise. It may not like the idea of China overtaking the US – a milestone that will probably be reached within the next decade. But further attempts to stave off that outcome would be not only futile, but also very costly.

## “THE RISE OF THE INDIAN-AMERICAN VOTER”

(Project Syndicate – November 2, 2020)



**Shashi Tharoor**, a former UN under-secretary-general and former Indian Minister of State for External Affairs and Minister of State for Human Resource Development, is an MP for the Indian National Congress. He is the author of *Pax Indica: India and the World of the 21st Century*.

*As Indian-Americans grow in number, they are becoming an increasingly important voting bloc, helping to elevate their native country's place in the US foreign policy agenda. And while this affluent, highly-educated cohort traditionally has leaned Democratic, it would be a mistake to assume that it is homogeneous.*

NEW DELHI – Beyond the major headlines surrounding the US presidential election, a little-noticed development is attracting attention both in India and among American campaign strategists. The rising influence of the Indian-American community in the United States – though barely 1% of the electorate – has made it impossible for the world's oldest democracy to ignore the world's largest.

Indian-Americans are the second-largest immigrant group in the US, and among the fastest-growing – up by nearly 150% over the last decade. They also are more affluent and highly educated than any other ethnic group, with a median income nearly double the national average (estimated at \$100,000 in 2015). And they have been remarkably active politically, as voters, campaigners, donors, and candidates. In the past two decades, two state governors, one US senator, five members of the House of Representatives, and now a vice presidential candidate have been Americans of Indian descent.

No wonder both major parties are actively courting Indian-American voters, a significant number of whom reside in potential swing states like Texas, Michigan, and Pennsylvania. Both presidential candidates have released television commercials in Indian languages on the leading networks broadcasting Indian programming in the US, and Joe Biden used the Hindu festival of Ganesh Chaturthi to woo Indian-American voters.

On the Democratic side, Biden's running mate, US Senator Kamala Harris of California, has openly embraced her roots, using a Tamil term to describe her Indian aunts in her nomination acceptance speech this August. She has spoken at length about her Indian ancestry, as well as visits to her grandfather and the conversations they had during seaside walks in Chennai. Moreover, Indian-American celebrities have campaigned enthusiastically for the Biden-Harris ticket, with one fundraiser in September reportedly pulling in a record-breaking \$3.3 million from the Indian-American community.

For his part, US President Donald Trump responded to the Harris nomination with a campaign ad featuring Indian Prime Minister Narendra Modi, whom he has lavishly praised throughout his first term. As right-wing populists with a deep suspicion of minorities and a barely concealed bias against Muslims, Trump and Modi have developed something of a “bromance.” They have even held joint campaign-style rallies, sharing the stage at a “Howdy, Modi!” event in Texas and a “Namaste Trump” event in Modi's home state of Gujarat.

The Republicans have created a campaign organization called Indian Voices for Trump, as well as various sub-groups to target Hindu, Sikh, and Muslim Indian-American voters separately. And Trump's handlers recently arranged for their candidate to preside over a rare White House naturalization ceremony featuring a sari-draped Indian-born software engineer.

All of this attention has led some observers to suggest that Indian-Americans, who traditionally lean Democratic, may shift their support to Trump this election. There has certainly been a modest realignment from eight years ago, when 84% of them voted to re-elect President Barack Obama. Still, a recent YouGov poll finds that 72% of Indian-American voters support Biden, and, as one recent study concluded, “Indian Americans continue to be strongly attached to the Democratic Party, with little indication of a shift toward the Republican Party.” When Trump described India's air as “filthy” at the second presidential debate, Biden was quick to reply that he wouldn't insult a friend that way.

However, there are larger fault lines emerging within the Indian-American community. India's diaspora, though collectively influential, is deeply divided by ideology, religion, age, immigration history, and even caste.

Modi, for example, is a deeply polarizing figure among Indian-Americans. Those who support him do so passionately, applauding his tough stance on issues such as Kashmir and Pakistan and his advocacy of an assertive majoritarian Hindutva (Hindu nationalist) ideology. They cheered for his government's controversial Citizenship Amendment Act and his participation in a ceremony breaking ground for the construction of a Ram temple on the site of a demolished mosque.

But Indian-Americans of a more liberal bent oppose Modi just as intensely. While their counterparts have cheered Modi's every appearance in America, they have protested outside his rallies, decrying his human-rights record. Modi's popularity among some Indian-American voters probably accounts for the slight shift toward Trump, but they are still far outnumbered by those expressing support for the Democratic ticket.

Both tickets have their drawbacks, though. Trump's harsh immigration rhetoric and policies – including severe restrictions on H-1B visas, which have disproportionately hurt Indian tech professionals – certainly haven't helped his standing in the Indian-American community. But it remains to be seen how much the Democrats will be helped or harmed by their own politicians' unsparing criticism of Modi. Representatives Pramila Jayapal of Washington and Ro Khanna of California, echoed by Harris, have condemned the Modi government's actions in Kashmir.

If Biden wins, Harris's presence in the administration will ensure that India isn't overlooked, let alone forgotten. But that attention will cut both ways. Harris is bound to be a strong voice for democracy and human rights generally, which could put her at odds with the Modi government. When politicians have special ties to another country, they are more likely to adopt passionate and principled positions toward it. But this is not always welcome within that country, as would surely be the case with Modi and his allies.

Modi's Indian-American supporters may feel that Trump's re-election would be "good for India." But while Trump has uncritically embraced Modi and his Hindutva agenda – and there has been growing convergence on security cooperation, especially in view of Chinese assertiveness in the region – his administration has not always been helpful to India. From tariffs and immigration restrictions to environmental politics, US policies over the past four years have needed New Delhi.

Those Indian-Americans who dislike Trump can argue that a Democratic administration could hardly be worse. And Trump's close identification with Modi will affect the votes of Modi's Indian-American opponents.

When asked recently by a White House reporter whether he thinks Indian-Americans will be voting for him, Trump confidently replied: "I do." We will soon learn if he was right.

## ABOUT THE COUNCIL FOR THE UNITED STATES AND ITALY

The Council for the United States and Italy is a private non-profit organization, founded in Venice in 1983 by Gianni Agnelli and David Rockefeller, who served as honorary presidents until 2003. Marco Tronchetti Provera followed them as Chairman, then Sergio Marchionne until 2018. Domenico Siniscalco is the current Chairman, Gianni Riotta Executive Vice Chairman. The Council for the United States and Italy promotes and creates economic relations between Italy and the United States, linking them to Europe, Asia and Africa through knowledge and free trade. Its members are leaders in the economy, industry, finance, technology, services, consulting, law and culture - a team in which economic growth is viewed as promoting humanity and wealth as a cultural value to be shared.

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