



Simon Constable

A New Order of Chaos

It all seems like it's unraveling at once. Talk to leaders in Berlin, Bangalore, Boston, or anywhere else trying to do business and the conversation quickly comes around to how there's so much ... disorder. Troubles in Turkey, a Middle East morass, trade disputes, unpredictable leaders, populist protests—it's all happening at once. It's making people pine for the halcyon days of 2016, when there was only a US presidential election and a Brexit referendum that caused potential upheaval.

How this all sorts out is anyone's guess, but the talk itself can have an unsettling impact on anyone who's trying to lead. "The world is cleaving," says Gordon Chang, a fellow at the New York City-based think tank the London Center for Policy Research and author of *The Coming Collapse of China*. "It's a new world order of increased chaos."

There hasn't been this much change, or talk

of change, since the end of the Cold War nearly 30 years ago, which opened up commercial opportunities for capital-rich western companies. These days, the catalysts, Chang says, are China and Russia. The onetime superpower Russia has the goal of reestablishing its former glory through geographical expansion. "Russia has a grand strategy to redraw its former [Soviet-era] borders," states a recent report from Academy Securities, a New York-based financial firm. It views Ukraine as the first casualty. Russia annexed the Crimean peninsula in 2014 and waged a proxy war via rebels in the ethnically Russian areas of eastern Ukraine.

Academy Securities analysts say Turkey is increasingly aligning itself with Russia and Syria. "While issues within NATO are not unprecedented, we have never had this level of tension with a military ally," states another report from Academy Securities.

At the far end of the Eurasian continent,



China and the United States seemingly keep fighting over trade. There's been a tit-for-tat tariff fight for more than two years. However, peel back a layer and Academy Securities says the underlying issue is US national security. The concerns are myriad, with accusations of industrial espionage, theft of trade secrets, and even military expansionism. "The China-US tiff is about China's vision," says Kristina Hooper, chief global market strategist at the money management firm Invesco in New York. In other words, Beijing wants to see itself in a global role, not just a regional power, and that places US security at risk. "We are living through all this uncertainty of having foreign policy intertwined with economic policy," says Hooper.

Even if everything remains the status quo, experts say leaders need to ensure that their organizations—and their workers—are as agile as can be. "Heightened insecurity raises the stakes when it comes to whom companies

can sell," says Hooper. Firms may find themselves having to redo supply chains thanks to economic sanctions, tariffs, or cybersecurity breakdowns. For instance, if Turkey were to quit NATO and align with Russia, would arms manufacturers in Britain, France, or the US be

allowed to sell arms to Ankara freely? Or would China, which has spent years snapping up massive supplies of rare earth metals (essential in many electronic devices and weapons),

stop selling them to the United States?

The talk of disorder is enough to make leaders develop multiple contingency plans. Supply chains can get disrupted, visas of executives could get revoked, or worse. The extent of how much international trade gets curtailed may be far greater than many people think. Chang sees a dark future for trade. "The most important thing is that we have seen the high point for commerce, and as the world cleaves, trade restrictions will get vigorously enforced," he says. ▀

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Constable is a former Wall Street Journal TV anchor and current fellow at Johns Hopkins Institute for Applied Economics.