HAR
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WHAT THE NEW COLD WAR MEANS FOR TECH

Briefing paper from Harvard's Planning team

April 2021

CONTENTS

EXECUTIVE SUMMARY

Recent pronouncements by the US and UK governments have made it clear that the West and China are moving closer to "Cold War II". Technology, as the key sector in modern society, is the strategic lever in this ideological and economic struggle, just as energy and media were in the 20th century's Cold War.

This reality will have serious consequences for tech companies and force them to consider geopolitical circumstances in a way they haven't before. For their comms professionals, tech firms will need to show how they are on the "right side" of this struggle in the eyes of Western governments and publics.

BACKGROUND —
RHETORIC RATCHETS UP

"China has an overall goal… to become the leading country in the world, the wealthiest country in the world and the most powerful country in the world," President Biden said in his first press conference last month. "That's not going to happen on my watch."

If you hadn't noticed, we've entered a new Cold War – and technology is at the heart of it.

At the same press conference, Biden also said the following: "Look around the world. We're in the midst of a fourth industrial revolution of enormous consequence. Will there be middle class? How will people adjust to these significant changes in science and technology and the environment? How will they do that? And are democracies equipped — because all the people get to speak — to compete?"

To hammer home the point: "I predict to you, your children or grandchildren are going to be doing their doctoral thesis on the issue of who succeeded: autocracy or democracy?"

As if that wasn't enough, Biden's infrastructure plan, launched a week after that press conference, states frankly in its opening paragraph that it's designed to help "position the United States to out-compete China."

Meanwhile the UK government, a few weeks earlier, in its integrated review of security, defence and foreign policy for the next decade, described China as "a systemic competitor". Its plan prioritises "improving our ability to respond to the systemic challenge that China poses to our security, prosperity and values."

Conversely, "China is betting that the West is in irreversible decline", The Economist wrote recently. "China is now applying calculated doses of pain to shock Westerners into realising that the old, American-led order is ending."

WELCOME TO COLD WAR II

This is what the historian Niall Ferguson calls "Cold War II". Western countries have woken up to the rise of China and the fact that it creates a clear danger to their hegemony in global trade and politics for the rest of the 21st century.

But why does this matter to the tech sector?

The strategic lever in any war is the control of resources. In Cold War I, during the second half of the twentieth century, that was about energy supplies (the oil, coal and gas that fuelled economies and armies) and, to a lesser extent, mass media that informed the public. Control those, and you were hard to beat.

But in Cold War II, the strategic resources are technology – the internet, chips, data, telecoms networks, AI, social media apps, and more. That's because, simply put, these facets of technology control economic value today, as well as our news and information, and more and more aspects of society's infrastructure and our daily lives.

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(Two stark quotes: Vladimir Putin famously said in 2017 that "whoever becomes the leader" in AI "will become the ruler of the world." Meanwhile, an official who worked on the British integrated review stated that "Technology is going to be the most fundamental metric of national power over the next decade," according to The Economist.)

HOW IT ALL BEGAN

And we've already seen the early skirmishes of the tech-focused Cold War II.

President Trump came into power in 2017 having made China his public enemy number one. But he didn't attack them by banning their oil companies or financial services firms. He clamped down on Chinese tech firms – first Huawei, and then later TikTok and Xiaomi. He blocked investment, disrupted supply chains and scuppered efforts at growing in the US market. He was trying to strangle these Chinese tech brands to death and keep American leverage over global telecoms networks, information flows and consumer data.

The pandemic in 2020 probably played a role in accelerating the beginnings of Cold War II as well. China was an easy target to blame for the start of it all, of course. But the pandemic also acted as a wake-up call to Western politicians and their citizenries about China's increasing geopolitical reach and global economic influence.
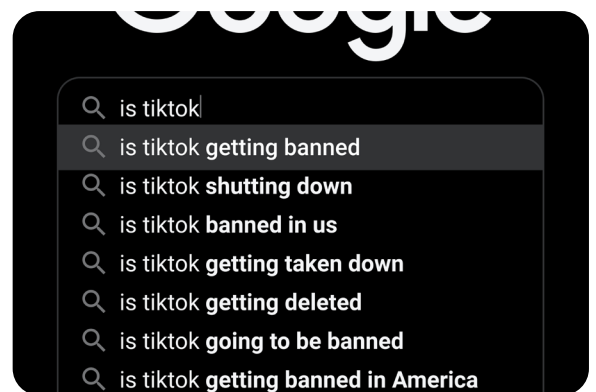
In the space of a year, the number of Americans who thought that China was their number one global adversary went from 22% (putting it second behind Russia) to 45% (putting it way out in the lead).

It's probable that a clash between China and the West was inevitable at some stage this century, because of the Thucydides Trap – the historical fact that tension (and usually war) is always generated between the existing hegemon and the rising power.

The Obama Administration, with its "pivot to Asia", and the Cameron government's so-called "golden decade", tried to avoid that trap – or at least put it off – by binding China into the global economic order. Trump's election scuppered that approach and his provocative behaviour probably just brought the inevitable clash forward a decade or so.

THE IMPLICATIONS FOR TECH

But here we are, at the start of Cold War II. What does it mean for the tech sector?

Almost inevitably it will create more and more of a split between a Western and Eastern internet – digital spheres of influence – with other regions, like Africa and South America, fought over by the main protagonists. The dream of a truly global digital village will end. That will spur innovation to some extent, but also friction.

But we also see two other implications here that are particularly significant from a communications standpoint:

1. Western tech companies will be recruited into this fight, just as aerospace, industrial and energy companies were during Cold War I. Tech companies are the Boeing, Dow Chemical and Shell of Cold War II. That's a fundamental shift for businesses who've prided themselves on their careful political neutrality for the past few decades.

They'll need to show how they are playing their part in the global struggle, to appease their national governments and increasingly their public audiences too.

It will also mean more and more tough choices and ethical dilemmas – like getting involved in military and governmental contracts (just look at Google and Microsoft's recent travails, albeit lucrative, here).

2. More to the point, tech companies will have to fight the ultimate ideological battle – to prove that they are on the side of democracy in the first place. They'll have to answer the point raised by historian Yuval Noah Harari in his book 21 Lessons For The 21st Century. There he argues that 20th century technology favoured free, decentralised societies against state-controlled ones, but that 21st century technology (AI, data-fuelled surveillance, and unstoppable disinformation) "favours tyranny".

What policies do tech firms have in place to counteract this? Can they prove their technology's network efforts don't concentrate power in the hands of a small autocratic elite? How do they encourage freedom rather than, say, tracking our data or deploying algorithms that inhibit our choices? Whose side are the tech companies really on? There will be dozens of such difficult questions to answer.

For some high-profile tech giants, it has already provided a frame for their communications: in 2019 and again in 2020

These implications won't hit most tech companies immediately, of course. The first Cold War took years to emerge as the Allies' relationship broke down at the end of the Second World War. Cold War II is still in its nascent stages. But for some high-profile tech giants, it has already provided a frame for their communications: in 2019 and again in 2020, Mark Zuckerberg explained to Congress that regulating Facebook needed to be considered in the context of how it might inadvertently help Chinese firms. We can expect to see much more of this in the years ahead.

If the twentieth century is anything to go by, Cold War II is likely to be with us for decades. It's already creating a bipartisan consensus in Western capitals. We better get used to it and the tech sector better start thinking about its implications now.

RECOMMENDATIONS —
FOUR THOUGHT-STARTERS
FOR COMMS TO CONSIDER:

1 Understand your business exposure to China, and whether and how you compete against Chinese firms. You may need to explain that context to political and media audiences.

2 Prepare your answers now to questions you could get asked about how your offering supports or undermines democratic norms and processes. How does it enable user choice, encourage diversity of thinking, and empower civic society beyond the state?

3 For larger global businesses, begin scenario planning now and consider your potential responses to increased political tension, new economic decisions (eg bans or tariffs), or government requests for support.

4 Start a discussion at board level about Cold War II and its possible impact on your business. Many of the thorniest issues connected to it will be underpinned ultimately by business strategy and commercial considerations. Board members need to begin thinking about the reputational implications of these business decisions.

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