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## **Rethinking Confidence-Building Measures Amid Geopolitical Rivalry**

*By Joel Ng*

### **SYNOPSIS**

*The US-China relationship has deteriorated over retaliatory measures each has inflicted on the other, but an under-appreciated fact is that tit-for-tat strategies contain their own solutions. However, because cooperation is not given as much weight as retaliation, confidence-building measures must be more ambitiously rethought to reverse spiralling distrust.*

### **COMMENTARY**

At the 2023 G20 and ASEAN summits, Singaporean Prime Minister Lee Hsien Loong's recurrent message was simple: Global tensions had put multilateralism under pressure. This was not merely a policy problem divided by different philosophies over whether to conduct foreign policy multilaterally or bilaterally, but a fundamental problem that zero-sum thinking threatened to unravel global and regional interdependencies – a critical safeguard against conflict.

### **Proliferating Conflicts and Major Shifts in Multilateralism**

The 2020s are already shaping up to be the bloodiest decade since the end of the Cold War. Since the COVID-19 pandemic, new or escalated violence in Myanmar, Ukraine, Sudan, Nagorno-Karabakh, and the Gaza Strip have added to the formidable number of conflicts worldwide. Multilateral mechanisms have done little to manage or mitigate these conflicts, while new sources of tensions are constantly arising.

The G20 and BRICS summits outside the region sent contradictory signals. On the one hand, both appeared inclusive as they expanded their participants: the G20 accepted the African Union as member while BRICS saw six new members. On the

other hand, Western voices appeared alarmed at the formation of a nascent anti-Western bloc through BRICS.

While “anti-West” is a stretch to describe the character of BRICS, some of these moves may be a response to Western actions to “friendshore” or “reshore” critical sectors and commodities. While the West has valid security concerns underlying these moves, they involve the risk of building monopolistic structures located in the West that exacerbate the divide between developed and developing worlds.

### **Great Power Politics will Replace an Unravelling Liberal Order**

While media headlines harped on the return of the “Global South”, it is necessary not to ignore the restructuring in the “Global North” that has fostered agreement in the Global South on the need for counterweights. Should the West reject inclusivity in favour of more exclusive policies to constrain perceived threats, it is likely to hasten the unravelling of its own liberal order.

The BRICS’ addition of heavyweights is indicative of the mounting pressures on the liberal order. Balancing rather than inclusion now appears to be the more fundamental driver of endeavours to reorder the international system. Such moves may become increasingly frequent should transactionalism and exclusionism proliferate.

The problem with transactional foreign policies is not that states should not look after their own interests, but that transactionalism also requires hasty reciprocity for small aggravations. Furthermore, this desire to unshackle their foreign policies to permit unhindered transactionalism involves challenging rules-based frameworks to afford them more autonomy, increasing [systemic risks](#).

Yet if too many states reject the multilateral order on account of its imperfections, they risk throwing the baby out with the bathwater – that is, unravelling the underlying security provided by rules-based frameworks.

### **The Escapable Logic of “Tit-for-Tat”**

Amid deep uncertainty, states want to maintain maximal autonomy for strategic decisions. This makes them unlikely to commit to binding agreements – such as rules-based frameworks – that would restrain their range of actions. At the same time, to regain confidence in the states that they distrust, they need to see such states commit to restraint. These interests appear mutually contradictory.

Malaysian Prime Minister Anwar Ibrahim recently said that “tit-for-tat manoeuvres” were being deployed amid US-China rivalry with serious implications for supply chains. Trade wars tend to generate these actions, but to mitigate them, it is vital to understand the costs and payoffs involved.

Game theorists understand the [“tit-for-tat” approach](#) as an effective strategy to secure optimal outcomes in the classic game of “Prisoners’ Dilemma”. In this model, two suspects must coordinate their statements to the police to avoid implicating each other. However, the problem is that if one chooses the cooperative option while the

other defects, the cooperating player is punished severely. The best payoff comes from both cooperating with each other.

An under-appreciated fact is that the tit-for-tat strategy contains its own solution. The prisoners' problem is the inability – since they are held separately – to communicate and coordinate their actions. Therefore, tit-for-tat involves communicating through their actions: In cooperating initially, they signal that they will not defect. This should be interpreted by the other as an invitation to cooperate in future rounds, setting up a virtuous cycle for the best outcomes and resolving the dilemma. But if one defects, this signals to the other that cooperation is not on the cards and leads the other to defect as well. This results in a vicious downward spiral – but no player suffers disproportionately.

### **Breaking the Vicious Spiral**

In today's Sino-US competition, past actions by both sides have been interpreted by the other as "defections", creating a deteriorating spiral. Each year, the US-China relationship appears to be in a worse state compared to the last. Retaliations for transgressions occur, but rewards for cooperation are few. The tit-for-tat playbook's problem comes from not giving as much weight to cooperation as it does to defection, which comes down to the problem of trust.

Regionally, building trust has usually been done through confidence-building measures (CBMs). While it may be difficult for great powers to initiate CBMs between themselves, they do seek the mantle of global leadership, and this leadership is predicated on marshalling support from the rest of the world.

Numerous conflicts around the world urgently need addressing. If the US and China would work cooperatively to manage conflicts, it would burnish their credentials as responsible great powers, and this may build their confidence in each other. These conflicts are critical problems in their respective regions, and great power attention to resolving an issue would offer strong signals, demonstrating the value of their direct involvement to solving pressing global problems. The rest of the world may understand the great powers' conflict management strategies as CBMs.

A consultative approach that involves relevant regional actors with a stake in the conflict would undoubtedly go a long way. Unlike the 1990s when CBMs were oriented around understanding how states would relate with one another as they emerged from the Cold War, today they need a more ambitious impetus to reverse deteriorating spirals of distrust. Engagement on all fronts is critical.

### **Rebuilding Trust and Strengthening Existing Instruments**

ASEAN has a binding agreement for the management of tensions through its Treaty of Amity and Cooperation (TAC), whose ratification has been a precondition for those wanting to engage in the region's affairs. There should be regional interest for the great powers to demonstrate how their leadership has enhanced the visibility and relevance of the TAC, as a safeguard against the deeply unsettling 2020s being extended or repeated.

The original ARF process envisioned moving through stages of confidence-building measures, preventive diplomacy, and conflict resolution and was a suitable framework for establishing cooperative security priorities in the immediate post-Cold War peace. Today, however, managing regional conflicts is no longer a hypothetical contingency. The onset and risk of conflicts regionally requires more proactive action.

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