

Dragoman Digest.

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US election: Uncertainty abounds ahead of potentially chaotic transition period

“This is less a lame-duck period and more of an adrenaline-infused mallard.”

Naysan Rafati, International Crisis Group

Despite having no clear pathway to victory, President **Trump** is yet to concede defeat to President-elect Joe Biden. Trump’s reluctance to concede and his penchant for disregarding long-established norms, have raised concerns that the next ten weeks [could](#) see adventurous moves in defence and foreign policy. On **Iran** for example, the Trump administration is reportedly preparing a “[flood](#)” of sanctions – likely as part of a strategy to tie Biden’s hands when it comes to re-negotiating the JCPOA. More measures targeting **China** should be expected – building upon Trump’s most recent directive [banning US](#) investment in ostensibly civilian companies supporting the Chinese military.

There are other early signs that the transition period will be somewhat unique. The Trump-appointed head of the General Services Administration (GSA) – a government agency overseeing the public service – is refusing to certify the winner. Until this occurs, Biden’s team will be unable to access public transition funds, gain access to the myriad of government agencies or receive intelligence briefings. Trump has further defied convention by making a significant personnel change during the transition period, firing US Defense Secretary Mark Esper.

However, it is worth noting that up until this point, the GSA and even [members](#) of the Trump team have actively cooperated with transition efforts. Trump’s [private musings](#) about a 2024 run may be a step towards a tacit admission of defeat. A saving grace is that Biden’s transition team is perhaps the [most-experienced](#) in US history. With Trump’s legal challenges looking very likely to fail and the man himself slowly coming around to defeat, the GSA may soon ultimately have no option but to cooperate.

A more pressing issue may ultimately prove to be what the US’ more assertive rivals will do to take advantage of any hiatus or disruption in process. **Russia’s** President **Putin** and Iran’s Quds force will no doubt be monitoring developments very closely.

Ant Group’s IPO put on hold

Political interference bodes poorly for China’s private sector

The decision of Chinese authorities to delay internet finance giant Ant Group’s US\$34.5 billion IPO has inevitably raised concerns about **China’s** political interference in the private sector. The shelving of the IPO – which would have been the [largest](#) ever – appears to have been triggered because of public comments made by Ant group co-founder, Jack Ma. Speaking at a late-October Shanghai financial summit featuring speeches by Party bigwigs including Vice President Wang Qishan, Ma [roasted](#) China’s financial regulators for their overly cautious attitude towards financial risk. Ma’s comments were criticised in official media and a couple of weeks later, the Shanghai Stock Exchange suspended the IPO.

Publicly, the move against Ant Group has been framed as a step to protect investors and consumers from financial risk. Regulators have indeed unveiled changes over the last two months to enhance capital ratios for online lenders. However, as well as perhaps protecting consumers, changes to capital ratios and other regulations on private data, appear to have been designed to deliberately disadvantage Ant Group. Clearly, there seems to be political

motives at play – namely, that Ma did not show sufficient fealty to the Party. The scuppering of the IPO – reportedly [ordered](#) by paramount leader **Xi Jinping** himself – may well also have been intended to give a leg up to state-run banks. Under **Xi** the Party has shown its willingness to prioritise politics over profits in promoting state-owned enterprises. China’s most prominent entrepreneur thus appears to have been a very public demonstration of the Party’s renewed preference for state ownership.

Myanmar holds second election since its democratic transition

Prospects of wholesale reform appear unlikely

After elections in **Myanmar**, the National League for Democracy (NLD) party looks set to be on track for at least two-thirds of the 500 seats up for grabs. Under Myanmar’s 2008 Constitution, 25 percent of all seats are reserved for the military, who also run candidates via the Union Solidarity and Development Party (USDP). Hence, there had been some concern that the USDP and ethnic minority candidates would collectively deprive the NLD of the two-thirds majority needed to govern in their own right. However, despite some [victories](#), early signs suggest that ethnic parties underperformed. Restrictions on campaigning because of COVID19 and the government-backed Union Election Commission’s (UEC) questionable decision to cancel voting in some ethnic areas, were both likely material factors here.

If State Counsellor **Aung San Suu Kyi**’s NLD returns to power – as appears likely – the party may have limited manoeuvrability. In recent years, previously relatively workable civil-military relations in Myanmar have deteriorated. In March of this year – distrusting the military’s intentions – the NLD [voted down](#) a military-backed proposal to allow ethnic areas greater autonomy. Early this month, the military even [threatened](#) to impeach President **U Win Myint** over the UEC saga. In recent developments, the USDP has [labelled](#) the outcome of the election “unfair”. In addition to its mandated seats, the military also controls the home, border affairs and defence ministries, as well as significant parts of the bureaucracy and economy. Without stable civil-military relations, progress on Myanmar’s political reform, peace process and [ambitious](#) economic development plans may remain stagnant.

Pro-business changes in India

The changes have aroused considerable controversy

Amidst persistently high COVID case numbers and an economy that contracted 24 percent in Q2, **India** has joined other similarly affected Asian countries in unveiling pro-business reforms. As part of the reforms – passed in late September – a slew of laws were streamlined into four labour codes. Under the changes, it will now be [easier](#) to hire and fire workers and harder for unions to strike. Under old rules, companies with more than 100 employees needed government permission to fire workers or shut down a business unit. This cap has now been lifted to 300. The new laws also introduce a new category of temporary or “fixed-time” workers who can be hired for a specific time period.

For Prime Minister **Narendra Modi**, the reforms have some political drawbacks. One of the world’s largest trade unions, Bharatiya Mazdoor Sangh (BMS), has publicly hit out at the Modi government. Significantly, the BMS is an affiliate organisation of the Rashtriya Swayamsevak Sangh, a right-wing volunteer organisation often described as the progenitor of Modi’s party – the BJP. For Modi, the political trade-offs associated with the changes are a necessary evil. Modi’s ambitious Make in India agenda, which aims to attract FDI and raise manufacturing’s share of GDP to 25 percent, has so far [failed](#) to take-off. Modi will be hoping

these reforms will be the fillip needed for India to achieve a more regionally competitive manufacturing sector.

Escalating violence in Ethiopia highlights deep ethno-nationalist fault lines

Sustained conflict may threaten stability in the Horn of Africa

The violent [ethno-nationalist conflict](#) seen across **Ethiopia** in recent months threatens to fracture the country. Tensions have escalated in the northern region of Tigray. The Tigrayans held their own elections in September in defiance of Prime Minister Abiy **Ahmed's** [pan-Ethiopian](#) agenda. Since his election in 2018, Ahmed has sought to centralise political control to Addis Ababa. After Tigrayans allegedly attacked a federal army base, Ahmed responded by sending thousands of troops to the region. Ahmed cut internet access and mobile communication, imposed a curfew and restrictions on movement, and declared a six-month state of emergency. Government [airstrikes](#) have been carried out with reports of hundreds of casualties. Some view Ahmed's response as [heavy-handed](#), arguing that he is using national unity as a guise to suppress the region's autonomy.

Ethiopia is divided into 10 ethnically based autonomous regions. It has been described as an "a political and ethnic [tinderbox](#)." Indeed, the [massacre](#) of 54 people from the Amhara ethnic group last Sunday highlights the risk of the conflict provoking a civil war. This has the potential to destabilise the Horn of **Africa** and draw in **Eritrea, Somalia or Sudan** – which has posted 6,000 troops to protect its border. Some southern areas are already calling for referendums to declare themselves autonomous regions. The **African Union's** attempts at negotiations have so far been futile and Ahmed appears unwilling to make concessions. With no clear road to resolution, sustained conflict will have implications for stability in the Horn of Africa. This is a regrettable development after some years of stability and growth, particularly for Ethiopia which has averaged 8.1 percent economic growth over the past three years.