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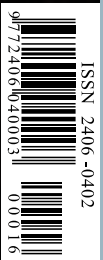
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CORONAVIRUS AND THE WORLD ORDER TO COME

Ian Bremmer

THE coronavirus is the first truly global crisis since 2008. It is also the first crisis of our GZero, leaderless era of global politics.

In contrast to the global financial crisis roughly a decade ago, the coronavirus pandemic is unfolding in a far more challenging domestic political environment for a number of countries. Look no further than the United States, where Republicans and Democrats are so polarized and politically entrenched that the politicization of the crisis has generated nearly as much coverage as the epidemic itself. Compare that with the bipartisan U.S. Congressional support for bailout and stimulus in both the Bush and Obama administrations in 2008-9.

Internationally, mistrust among Western allies and “my country first” populism has led to pushback against multilateral coordination and resource-

sharing in response to coronavirus, with obstacles to effective crisis response further exacerbated by growing direct geopolitical conflicts that were already in motion. Again, comparisons are in order—when the last financial crisis threatened to plunge the world into chaos, world leaders took the unprecedented step of convening the G20 at the heads of state level to help coordinate responses, which was followed by a series of largely successful international summits.

As we descend further into our current coronavirus crisis, expect the political response to be strongly inefficient at both the international and domestic levels. This, in turn, will drive more national and geopolitical conflicts—and the U.S.-China rivalry will be at the heart of those conflicts. Make no mistake: by the time the coronavirus crisis subsides, the shape of our new world order will have begun to emerge.

*Ian Bremmer is President of Eurasia Group and GZERO Media and author of ten books, most recently, *Us vs Them: The Failure of Globalism* (2018), a New York Times bestseller. You may follow him on Twitter @ianbremmer.*



In the midst of the global lockdown, a stormtrooper looks down at a lone pedestrian wearing a protective mask

Photo: Guiliver Image/Getty Images

AMERICA VS CHINA

One of the starkest differences between the 2008 financial crisis and the global coronavirus crisis today is the dynamic between the United States and China. Back in 2008, America quickly and decisively took the lead in a global response, and its allies all fell into line. Eventually, so did Beijing, with the Chinese recognizing they needed to get on board lest their economy take a much bigger hit.

It couldn't be more different today. The coronavirus crisis shows China much more confident and seeing

opportunity in changing the global order towards their benefit on the back of it.

On the one hand, China is responsible for the original outbreak. And the coverup at the highest levels—including suppressing and reprimanding Li Wenliang (the doctor who originally “discovered” the virus), kicking out foreign journalists and repressing Chinese media coverage, and refusing support from the World Health Organization (WHO) and America's Centers for Disease Control (CDC)—all while millions of people in Wuhan were traveling from the area across China

and internationally, eventually led to the breakouts in Washington state, Iran, Italy, and elsewhere that effectively created the pandemic.

On the other hand, China is now the world's second-largest economy and is critical for global supply chains—particularly for medical supplies to fight the pandemic. The restart of their economy matters a lot more to the health of multinationals and the global economy as a whole, and China's critical role in the supply chain is essential for countries responding to the crisis.

All this helps to explain how and why China has ramped up public diplomacy efforts, triggered by the ostensible end of domestic transmission of cases in Wuhan. Beijing is showcasing the Chinese government response as the global standard for fighting the virus and has turned China from the country to be most avoided into one of the places where the economy is about to restart.

The Chinese government even took the rare step of exonerating Dr. Wenliang, while local officials offered a “solemn apology” for disciplining him for having shared information about the outbreak. The coverup has been the issue where China has been particularly vulnerable to criticism internationally; acknowledging it can be seen as a sign of confidence by President Xi

Jinping at home, as previous Chinese leaders wouldn't have risked a show of weakness at home to support their international charm offensive.

Taken together, it is clear that China is now preparing for a much more assertive global role, seeing opportunity in the weakness and unilateralism of the American response to coronavirus, the greater international dependence on China, and the lack of strategy and leadership from other corners of the world. Not long into the international outbreak, China organized a foreign ministers video conference with the South Koreans and Japanese to coordinate coronavirus responses, and proposed an ongoing joint task force to share data and mobilize resources for medical response. China is also strengthening its engagement with the Europeans, with Chinese Premier Li Keqiang having reached out to European Commission President Ursula von der Leyen to donate—as a start—2 million surgical masks, 200,000 N95 masks, and 500,000 testing kits.

Compare this to the Chinese response to the Indonesia tsunami in 2004—a massive humanitarian crisis that killed over 200,000 people. While the Americans had boots on the ground and orchestrated unprecedented international aid and the Japanese provided enormous humanitarian assistance (not to mention

much of the world's democracies and private sector companies quickly adding their support), the Chinese did next to nothing. They were roundly criticized for their non-response back then; this time around, the Americans and Europeans are scrambling to provide critical support for their own constituents and the Chinese are out in front offering aid.

Meanwhile, much of the American response to the coronavirus crisis has been blaming the Chinese for it (which, again, is a point with some legitimate merit). That orientation is coming from across the Trump Administration, starting with Trump himself, who sees this tactic as a useful way to drive a patriotic response. Anti-Chinese sentiment is strong across the board among Republicans and Democrats; in today's political environment, it is one of the few easy enemies that exist. And we're now seeing that messaging consistently from across the Trump cabinet.

Thus, the biggest difference between this current coronavirus crisis and crises like 9/11 and the 2008 financial crisis is that while previous ones similarly brought the possibility of truly profound economic dislocation and human displacement, the global order was not in question. This time, it very much is.

THE NEW GLOBAL ORDER

Our new world order is going to be shaped in large part by three trends that had already been set in motion long before coronavirus, but that nevertheless have been accelerating in the current pandemic: deglobalization, rising populism and nationalism, and an ascendant China.

First, *deglobalization*. The biggest conceptual victim of the coronavirus pandemic is the “just-in-time” supply chain that had undergirded

globalization for the better part of the last century. Extraordinarily efficient and built for growth, it's incapable of working when borders are shut and people are atomized. Companies stressed to ensure profitability after this shock will need to find ways to cut labor and move towards further automation, undercutting advantages of low-cost labor locations. Meanwhile, a massive spike in global unemployment, together with new public-private partnerships developed to fight coronavirus (alongside nationalizations that ensure the survival of key companies), will push to ensure higher job creation at “home.”

So the decoupling in the global economy already seen in the technology sector with the U.S.-China fight over issues like Huawei and 5G will spread

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into manufacturing and services in general. Tourism and other travel will be one of the last sectors to rebound, given lack of policy coordination and continued coronavirus outbreaks until a vaccine that works is finally developed. All of which implies a further turn in trajectory away from globalization—the most significant and structural change in world politics since the post-war era began.

Second, rising populism and nationalism. Anti-establishment forces had already been ascendant when the global economy was performing comparatively well. That will significantly intensify on the back of the worst economic crisis in generations, as large proportions of already hollowed out middle and working classes become disenfranchised through displacement and failed long-term social safety nets. Against that backdrop, strengthening borders to contain coronavirus spread will morph into longer-term anti-immigrant measures. And at a community level, the implications of social distancing and more online engagement will significantly reduce the diversity of social connections across demographic spectra, fostering stronger political polarization.

It is clear that China is now preparing for a much more assertive global role, seeing opportunity in the weakness and unilateralism of the American response to coronavirus, the greater international dependence on China, and the lack of strategy and leadership from other corners of the world.

Along with the deglobalization trends, we should expect a significant boost for populist and nationalist political movements across developed and emerging markets in the coming years.

Third, an ascendant China. Today's China is an economic superpower and, in recent years, also a technology superpower. But before the coronavirus crisis, nobody would have referred to China as a “soft power” superpower. They will now—while there's no moral relativism between Western democracies and the Chinese authoritarian and state capitalist system, the willingness of countries to consider China as an attractive model towards which to aspire will increase dramatically after this crisis.

Some of this is China's critical function in the medical equipment supply chain (which most economies couldn't replicate if they tried), and some is their significantly improved efforts in humanitarian response in the crisis (hampered somewhat by news that many of the tests donated didn't work; but compared to the aid per country coming from the United States, still an overall positive for the Chinese). But mostly, China's newfound attractiveness as a

political model to be emulated comes from China's ability to respond decisively and systemically to defeat the virus and restart their economy while democracies systemically failed their citizens.

China is still not remotely prepared to replace the United States as an overall superpower—especially when it comes to projecting military strength abroad. But post coronavirus, it will be prepared to compete for the title. And a large number of countries, including many American allies, will listen to the pitch.

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NEW COLD WAR?

It's still too early to say whether we emerge from the current coronavirus crisis with a *new cold war* between the United States and China. Trump has been all over the map in the early stages of the crisis—we've gone from Xi being Trump's “good friend” to China being responsible for the “Wuhan virus” (and one of the sorriest pieces of this entire episode was the G7's inability to come up with a joint statement because U.S. Secretary of State Mike Pompeo demanded it include the term “Wuhan virus” whilst every single American ally refused to go along with it) to Trump and Xi having a great one-hour phone call so that it's suddenly “coronavirus” again.

So there is plenty of volatility ahead; but when things take a serious turn for the worse like they look poised to do, Trump will again need someone to blame. If that turns out to be a principal election play, the Chinese will react in kind (we're already seeing a wide response to worries about “dirty foreigners” in China, following the lockdown on international travel from countries that didn't take coronavirus seriously).

The likelihood of an all-out cold war between the two countries in the coming months isn't yet a base case given just how costly it would be to both sides—but it's a real possibility.

Thus, the overall trajectory of relations between the world's two most important economies long-term is directly towards confrontation. It's going to be very hard to steer those ships in another direction, particularly at a time of less functional international architecture.

And once the crisis subsides, established multilateral institutions will have proved significantly weaker. That doesn't just matter for the Sino-American fight to shape the next world order, but also for both developed and developing markets struggling to battle coronavirus, ultimately widening the gap between them even further.

If you were worried about the inequality built-in to the postwar global order, the worst is yet to come.

DEVELOPED VS EMERGING MARKETS

Even before coronavirus, the global economy was softening.

Developed markets were already the ones best-positioned to deal with that reality given the economic resources at their disposal. We have already seen a strong fiscal and monetary response from the United States to the coronavirus crisis; South Korea and Japan have both moved to provide more fiscal stimulus by using reserve funds and passing supplemental budgets.

Germany and the EU have (somewhat) stepped up to support fiscal expansion in Italy, worst hit among Europeans by coronavirus and also among the biggest underlying economic challenges to the union even before coronavirus hit.

It's a challenging environment to be sure, and a combination of caution, fake news, and panic will cause greater short-term economic dislocations than you'd otherwise expect (in terms of event/travel cancellations, business disruptions, and the like).

The lack of international coordination responding to coronavirus meant it took longer than necessary to get the world's wealthiest countries all rowing in the same direction and to take the coronavirus crisis as seriously as it deserves. That's been particularly true on three fronts—healthcare, monetary policy, and fiscal policy.

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It's going to be very hard to steer those ships in another direction, particularly at a time of less functional international architecture.

First, *healthcare* is the critical near-term concern. Governments of the world's advanced industrial democracies are working as fast as possible, together with a broad range of actors in the private sector, to increase testing capacity, secure and step up production of necessary medical supplies (masks, gloves, gowns, ventilators), and surge intensive care facilities and personnel. Social distancing policies have been put into place in all areas with large-scale outbreaks.

Despite that, there's nothing that can be done at this point to prevent significant explosions of cases—these measures come too late, and so there aren't enough tests distributed and asymptomatic transmission is too broad to engage in meaningful contact tracing. Further, near complete lockdowns (e.g.

China) or strong compliance (e.g. Japan and South Korea) aren't plausible in the United States and the member states of the European Union. So the key question is whether the marginal slowing of the rate of expansion, combined with expansion in medical infrastructure capacity, can prevent healthcare systems from being overwhelmed—both now and in the long term.

Second, *monetary policy*, which is the least concerning. Central bank governors and finance ministers have their playbook from 2008-9 and are deploying it quickly and effectively. Central bankers remain politically independent, ideologically aligned, and capable; and the banking system benefits from changes in regulatory and risk structure post-2008 financial crisis that allows it to continue to function well.

This also isn't a financial crisis—a point which can't be overstated; it's a massive external shock from a pandemic that's led to a sudden shutdown of the real economy. There are major stresses on the financial system to be sure (longer term, that includes junk bonds, commercial real estate, and peripheral eurozone sovereign debt), but this isn't where the danger is.

Third, *fiscal policy*, which is the most substantial we've ever seen—led by the United States with an initial package worth over \$2 trillion that passed in short

order. The money hit pretty much every part of the American economy: relief for Main Street, aid for small businesses, subsidies for corporates, and support for the Federal Reserve that can be leveraged to bring the total number to \$6 trillion. That's some 20 percent of America's GDP, compared to 5 percent all-in stimulus totals over 2008-9.

All told, these and continuing measures appear to be enough to get the United States through two-to-three months of shutdown without economic collapse; similar measures are being taken by the Japanese and the European Union. For now, as we enter the teeth of this crisis, there should be no panic that advanced economies collapse for lack of relief.

Emerging markets across the board are in more trouble. The global economy was already heading into an environment where investors were less interested in putting money at play in comparatively opaque and unstable markets. Access to capital will be more constrained by coronavirus fears and downturn, at exactly the time these countries need it most. That in turn will translate into more political pressure on governments that heretofore have been more economically reformist in orientation.

Brazil deserves focus here, with the potential for comprehensive reform plans in coming years being undermined by low growth, social instability,

and political missteps. Mexico is also vulnerable, with President Andres Manuel Lopez Obrador, who goes by AMLO, enjoying consistently high approval ratings on the back of a challenging economy and serious security challenges; a major hit from coronavirus that he's not well positioned to manage could push his approval underwater and end support for key infrastructure projects and other core components of his platform. Middle East governments will come under a lot more pressure, with energy prices testing recent lows, tourism taking a dive (Saudi Arabia already nixed foreign pilgrim travel to holy sites; if the ban continues until the Hajj, that's a hit to about 50 percent of their annual tourism receipts), and generally poor healthcare infrastructure in addition to horrible governance coordination and record numbers of displaced people.

As a result, it's much harder to expect that emerging market responses are up to the task of weathering the coronavirus fallout. They need the same level of support that developed markets do—a minimum of 10 percent of GDP relief to get through the global economic downturn and the kind of political responses that are essential to cope with the pandemic. But they don't have the money, their healthcare infrastructure is considerably weaker, and an oil shock has further undermined energy and other commodity exporters. With large segments of the labor force in the informal

economy and under more precarious social conditions, there are serious risks of social unrest, waves of looting and urban violence erupting as families who rely on a daily wage for sustenance get desperate as economies shut down.

Greater social and economic costs with less capacity to extend a lifeline to businesses and the public is a dangerous mix: most countries announced, at least in the initial stages, measures of relief only close to 1 percent. And while there's strong effort by the IMF and other international institutions to fill the gap, it's clear a multiple of that will be needed.

GEOPOLITICAL ACCELERATION

Coronavirus, in many ways, is simply accelerating the arrival of the post-Americana world order, for all the reasons described above. But that is not its only effect on global politics—two of them stand out in particular.

The first is *authoritarian impulses*. The advantage of top-down, strong central governance is clear in responding to a crisis on the scale of today's pandemic. That will tip the balance of global power more towards authoritarian regimes over the course of the coming months, as well as provide opportunities for authoritarian-oriented leaders of democracies to test the strength of their political institutions in ways we haven't experienced in generations.

In the EU, we're seeing this most obviously in Hungary, where Prime Minister Viktor Orban wasted little time in announcing a state of emergency, suspending parliament, preventing snap elections and referenda, and punishing the spread of fake news and rumors (as arbitrarily defined by the government) with up to three years in prison. Ostensibly the necessary response to coronavirus, what Hungary's institutions look like after a year of functional martial law is anyone's guess—while the EU will be in no shape to consider Hungary's suspension.

Similar possibilities emerge for comparatively weak democracies around the world with populist leaders who otherwise face long-term trouble on the back of economic collapse. Turkey's Recep Tayyip Erdogan is an obvious candidate here, as are leaders of some of Latin America's and southeast Asia's weaker democracies.

The second is *climate change*. There's only so much focus on global infrastructure and preventive care/sustainability out there. Big money was available for pandemic response on the back of the SARS crisis, but the massive expansion of climate focus led

some government agencies to de-prioritize pandemic spending. Obviously, that's about to change completely.

As this happens, with the global economy contracting and all resource focusing on relief, recovery, and stimulus, prioritization of climate will take a backseat in the short term. The COP26 United Nations climate change summit has already been postponed to 2021, a significant hit to the global focus on the issue. And while it's true that global emissions will decrease in 2020 along with the slowdown in the global economy, long-term emission levels are based on stocks, not flows—and emissions tend to rebound strongly after a crisis slowdown, so there's no expected benefit for 2025 targets. We should be pushing our estimates for effective response time and related scenarios on climate change out accordingly.

A new world order is coming; it's been coming for some time. Coronavirus has simply accelerated and thrown many of the trends that will define this emerging world order into sharper relief. The world is going to look very different on the other side of this crisis; best to start preparing for it now. ●

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