

Review scientific article  
UDC: 321.64:316.32(510:470)"198/..."  
351.77:[616.98:578.834(100)"198/..."  
DOI: 10.5281/zenodo.7556988

Nikola Samardžić

Department of History, Faculty of Philosophy, University of Belgrade

Čika Ljubina 18-20, 11000 Belgrade, Serbia

E-mail: nikola.samardzic@f.bg.ac.rs

## THE SECOND COLD WAR AND THE CRISIS OF THE GLOBAL ORDER: PANDEMIC, POPULISM AND ECONOMIC DECOMPOSITION<sup>1</sup>

**Abstract:** At the beginning of the twenty-first century, and in a broadest historical and economic context, the essence of globalization was the integration of China in the world market. China, however, did not become a free, democratic state, on the contrary, its totalitarian order did not ensure predictable decisions in relations with Western partners, in the pandemic, in the economy, above all in global supply chains. China's authoritarian bureaucracy, not accountable to independent institutions, has become irresponsible in global relations. Care and responsibility towards public health have become new factors of democratic standards and global order.

**Keywords MeSH:** Globalization, Pandemic

**Non-MeSH:** Populism, Cold War, Economy

Globalization is a development of a single, common international market. The idea of abolishing borders historically originated from the process of European integration. However, after the fall of communism in Eastern Europe, promoted by the European Union, United States and British Commonwealth, liberal democracy did not become a universal model of institutional and social change that would follow the development of the economy and technologies. China and Russia are not open, free, democratic states. After 20 years since the formal beginnings, globalization seems uncertain facing their refusal to reform political systems and achieve democracy and freedom.

---

<sup>1</sup> This paper was created as part of the scientific research project *Čovek i društvo u vreme krize* (Man and Society in the Time of Crisis), which is financed by the Faculty of Philosophy of the University of Belgrade.

The crisis of global economic order definitely emerged with the pandemic that started in China in 2019, and further intensified during the second aggression of Russia against Ukraine in 2022. The Second Cold War broke out in relations between the West and Russia, but also between the West and China, as after having captured Hong Kong, China continued its pressures on Taiwan [1]

The crisis of the global order is further uncertain as world lacks experience in global management. The United Nations are paralyzed by the lack of consensus of superpowers on key political values and decisions. Under Chinese pressure the World Health Organization was unable to handle the pandemic.<sup>2</sup>

Globalization has no historical precedents. The interconnected and interactive world existed only during the last several decades. In the absence of historical experience, global perspective is feeding fears and encouraging doubts. Global crisis of democracy, felt already around 2005, also raises the question of the future of the global order. During the last several decades, globalization compressed the time and the space, even their market value. Time, space and data processing contribute to faster application of new technologies, especially in traffic and communications, but also in trade, the essence of the global order. Human experience is otherwise difficult to adapt to any future shaped by new technologies.

European Union was born out of the need to abolish trade barriers. Development of common institutions and the enlargement process were accompanied by democratization. As the Berlin Wall fell, the former Soviet satellite states were liberated. Nevertheless, analogous expectations, from China and Russia, failed. On the contrary, China and Russia became agents of a new international disorder.

The question is to what extent globalization, during the last two decades, since China joined the World Trade Organization in 2001, has contributed to civil emancipation. The world has never been richer, the average age never been longer, and the technological conditions of survival and transformation are fascinating. A mediocre mobile phone can hold all the computers in the world from the moment when man first landed on the moon, or an entire national library. Nevertheless, the trends of democratic regression, contestation of human freedoms and rights, conspiracy theories, denial of scientific knowledge, especially scientific medicine, indicate a general crisis of rational human perspective on scientific knowledge and its enlightened application in everyday life. Facts are never more accessible, while fake news power actual history of deception, lies, prejudices or superstitions. Post-truth is means of special warfare ran by Xi Jinping, Vladimir Putin and the former Donald Trump's administration in the US. Chinese and Russian corruption of EU and US officials, media and social networks created a cognitive and ethical confusion in the Western world. Chinese and Russian corruption influenced the emergence of populist regimes on the EU peripheries, and in the EU itself. While using illegal means to achieve political and economic power, China and Russia are also becoming unreliable business partners.

---

<sup>2</sup> <https://foreignpolicy.com/2020/04/02/china-coronavirus-who-health-soft-power/>; <https://www.theatlantic.com/politics/archive/2020/04/world-health-organization-blame-pandemic-coronavirus/609820/>; <https://www.reuters.com/investigates/special-report/health-coronavirus-who-tedros/>; etc.

The conduct of China in Hong Kong, and Russia's aggression on Ukraine are attacks on Western democratic order and political freedom, including economic freedoms, and economic freedom is a cornerstone of global market and global order. China rethought its Maoist visions of the nation-state and global power, opening conflict zones in the South China Sea, against Taiwan, South Korea and Japan, including cyber-intrusions abroad and censorship at home, pushing from "reform and opening" towards totalitarianism [2 p147].

Globalization is accompanied by dilemmas on its advantages and potential harm to humanity. As a general idea, and historical process, globalization originated from a liberal-democratic belief that economic freedoms improve living conditions and encourage democratic development, and the ethics of utilitarianism, based on the general principle that, compared to the regulatory institutions, markets are successful in promoting social happiness. Markets solve two main problems. First, human nature is unable to devote itself to maximizing social happiness that is opposed to one's own happiness and the happiness of a relatively small circle around the individual. Second, even when the individual intends to maximize social happiness, the individual usually does not have sufficient knowledge, abilities, or instruments. However, China did not join the global market by developing free economic institutions. On the contrary, China developed partocracy, corruption and systems of state monopolies managing both the economy and totalitarian order, defending the leader, party and state from alien democratic influences. In Russia, the market is controlled by intelligence services, moguls, mobsters and the state influenced church.

Globalization was initiated by the US, EU and Japan, and joined by China, India, Russia, Brazil, Indonesia. There is no globalization without China. A distant historical origin of globalization could be the Silk Road, preceding European world discoveries, conquest and colonization of overseas. Only in the course of the last half millennium did the world begin to know itself as a whole, and the concept of world history acquired the full meaning of the interactive dynamics of change. Globalization accelerated only after the Second World War, in the search for mechanisms that would ensure world peace and encourage trade. The first time ever, ideas of general peace globally prevailed. National governments representing territorial states gathered in the United Nations. Simultaneously, the forces of globalization became multinational corporations, international financial institutions and non-governmental organizations striving to take over prerogatives and power of nation-states. The fall of communism was supposed to end the era of totalitarian systems, arbitrary and self-isolated. However, new totalitarian or authoritarian systems grew rapidly as post products of communism. In the era of Donald Trump and Angela Merkel in the US and EU, populism suppressed democratic practices. Under the pretexts of economic crisis and migration, supposedly defending traditional identities, populist nation-states were approaching China and Russia. [3 p6]

In relation to globalization, left and right narratives have emerged, both under Russian or Chinese ideological or simply corruptive influence. The left-wing populist narratives point sharp increase in inequality, "with a growing divide between rich and poor and a hollowing out of the middle class". Left-wing populism claim to represent

“the ordinary people who have lost out to the corrupt elite”. The right-wing populists operate with two narratives about winners and losers. They claim that workers, their families and communities lose from globalization, as in the United States the blue-collar jobs have been lost in unfair labor force competition with China and Mexico. “In western Europe, anti-immigrant sentiment and concerns about a loss of sovereignty are central features of the narrative, whereas anxieties about the impact of international trade are less pronounced. In the United Kingdom, for instance, many of those who voted for Brexit did not oppose free trade; they rebelled against what they perceived as dictates from the EU institutions in Brussels and longed to regain control over immigration”. “The geoeconomic narrative also focuses on an external threat, but of a different kind: it emphasizes economic and technological competition between the United States and China as great-power rivals. Although both countries have gained from economic globalization in absolute terms, in relative terms China has closed the gap on America. Concerns about the interplay of economic security and national security have waxed and waned over the years; the United States treated the Soviet Union as a security threat during the Cold War and Japan as an economic competitor during the 1970s and 1980s. But the United States increasingly perceives China as both an economic competitor and a security threat, lending the geoeconomic narrative an urgency that it did not have during the Cold War. Although the narrative features most prominently in America, it is gaining ground in other Western countries as well, where China is increasingly regarded as a strategic competitor and a potential security threat rather than merely as an economic partner. Instead of applauding trade and investment as enhancing economic welfare and increasing prospects for peace, the geoeconomic narrative emphasizes the security vulnerabilities created by economic interdependence and digital connectivity with a strategic rival”. [4 p8-11]

The construction of a traditional centralized nation-state required the development of a unified tax system, in order to finance institutions and reduce economic, and thus social differences, and unified protective tariffs towards foreign markets, in order to protect the economy, but also the state controlled the circulation of goods, capital, people and ideas. The monopolized state was expensive and ineffective, and social order in long term damaged by poverty and lack of freedom. On the other hand, liberalism has been accused of generating differences, of being socially insensitive and cruel. China and Russia were unable to democratize after the fall of communism. The global order was unable to transform its economic principles into a matching political development. Instead of a system of functions, the modern state is becoming again a system of values. The escalation of the Second Cold War is a clash of two value systems, and that is why the global order is recessing. The rational and enlightened values of freedom and democracy have not become universal. The value systems of China and Russia are still based on censorship and self-censorship, police repression, party and media uniformity. Again, the expectations, after the fall of the Berlin Wall, that the freedom of trade would include political evolution, failed. If the freedom of trade implied the freedom of the individual, its determinations and conscience, that did not happen. China's pressure on Hong Kong, along with the violation of the most important hand-over agreements, the corruption of EU officials following the Belt and Road project,

from Piraeus to the Baltic, repression and irresponsibility of China in the pandemic, led to a China that is becoming also an increasingly unreliable business partner. Russia's aggression against Ukraine, in 2014 and 2022, raised the question of a long-term peaceful coexistence with the EU, including business and trade.

In the modern economy, trade has overtaken exploitation as the most efficient form of acquisition, and as a motivating force. However, freedom of trade has not become a global framework for a subsequent development of freedoms and democracy.

Globalization implies a huge responsibility for all others. Since the end of 2019, China has persistently proven that it is unpredictable and unreliable. China has infected the world with the coronavirus, first through its negligence and then through its coverup and suppression of information about Covid-19. "The coronavirus added a whole new context to an ongoing trade war between China and the United States and to the two nations' struggle for supremacy in the South China Sea and, more generally, for global leadership - a struggle made ever-more daunting for the U.S. by rising Chinese adventurism, not only in the South China Sea but also in Hong Kong and North Korea." From the beginnings, Beijing misled about the virus's existence, origin, modes of transmission, virulence. "Chinese officials silenced doctors and destroyed lab samples; shut down or suppressed social media commentators; and assured the world, through their collaboration with the World Health Organization, that there was nothing to worry about". The World Health Organization was acting as China's dupe. "The co-conspirator allegation, though scoffed at by determined globalist supporters of the organization, seems increasingly plausible after a report in Germany's *Der Spiegel* claiming that Chinese president Xi Jinping directly intervened with WHO on January 21, asking director-general Tedros Adhanom Ghebreyesus to delay making a public warning about human-to-human transmission of the virus and declaring a global pandemic". Otherwise Beijing played a leading role in Tedros's selection to head up the organization. "Tedros himself is a consummate practitioner of cronyism with Third World dictators, such as China, which he demonstrated when, stung by criticism of his performance, he complained about racist attacks - and blamed Taiwan for them". [5 p7-17]

Globalization is controversial. Its positive and negative effects are not evenly distributed. Globalization is a force for a general progress, but before the common perception, it brings in foreigners and takes away children. The invisible hand of the market erases traditional feelings of security and certainty. Under the auspices of campaigning deceptions, China and Russia violate the principles of global order by spilling party monopolies into trade monopolies. China and Russia also supported anti-globalist beliefs, that globalization is an unfettered market, and that globalization leads to a homogenization according to the American model of socio-national and cultural assimilation, that globalization suppresses cultural and national differences, and emerges as a new form of imperialism.

Globalization is driven by capitalism, applied science and innovation. There is no hidden intention or world conspiracy that could be taken seriously. Paranoid campaigns by China and Russia, both official and anonymous, claimed otherwise. Globalization is more about earnings and technology than about scheduling. Globalization is

also a revolution. China and Russia were also born in revolutions, but their core revolutions were anti-liberal and anti-market orientated.

Globalization has profoundly changed the structure of world economy, political power, culture, and communications. The world has never lived better and more peacefully. Despite the economic crises, in 2008 and 2020-2022, absolute poverty was significantly reduced. At the beginning of the crisis, the middle class included about 1.8 billion inhabitants of the planet (Europe 664, Asia 525, North America 338 million). The growth of the middle class in Africa is also noticeable. By 2030, Asian middle class will reach 66% of the total global middle class, with 59% of total global middle class consumption. The regimes in Beijing and Moscow, however, are paranoid when it comes to the possible political expectations of the middle class.

Communism never really fell. All politicologist classifications and predictions in that matter miserably failed. Reforms in Russia collapsed during the nineties. Already from the beginning of 1996, and certainly from 1999, Russia was becoming progressively hostile towards the West, as Putin decided to restore the Russian Tsarist and Soviet heritage simultaneously, with a clearly expressed anti-liberal attitude. China preserved the one-party system, established policing control over every single individual, subjugated Hong Kong, acted irresponsibly in the pandemic, and militarily threatened Taiwan with reliance on Russian aggression in Ukraine. In all actions that implied hostility towards the West and Western liberal democracy, China and Russia acted contrary to the rules of fair business and trade, using corruption, state-party monopolies, and violation of intellectual property.

Although globalization is a stage of late capitalism, or post-capitalism, globalization has not ended the history of totalitarianism. Open democratic states they became at one point powerless to resist the illegitimate influences of authoritarian powers, and the populist erosion of institutions and values at home. Instead of the global proliferation of democracy, globalization has enabled the global proliferation of totalitarian ideologies and practices.

A particular challenge is in globalization controversies. Nation-states do not give up their prerogatives. Autarchy is the most appropriate framework for political and economic corruption. The crisis of European democracies, since 2008, indicated how the financial challenges spilled over into identity manipulations, xenophobia or cultural self-sufficiency. Democracy was equated with weakness, instead with the efficiency of institutions. In China and Russia, the processes were related but reversed, as political repression generated economic autarchy. By refusing to open up, democratize, and resolve foreign political disputes peacefully without imposing their own authoritarian order, China and Russia are becoming less and less reliable economic partners since 2020.

Nation-states often do not choose the means to preserve monopolies of influence and power. The global proliferation of states did not lead to substantial growth of freedom, democracy, and tolerance. The global growth of the middle class was neither sufficient pressure in that sense. The largest 50 multinational companies are richer than 120-130 UN member states. Most of the UN member states are anti-democratic, and sometimes only the US strategic and economic influence deters the majority to



rule the world (that was how the UN condemned the Russia's invasion against Ukraine and massive human rights violations). The nation-state supposedly preserves identities, cares about equality, and prevents imaginary illegitimate bodies from ruling the world.

As global relations gain new momentum, China and Russia are withdrawing into self-isolation, dictated by the nature of their political systems, contrary to both the logic and sense of globalization, and their particular economic interest. The invasion of Ukraine has made Russian President Vladimir Putin persona non grata in the Western world. Chinese President Xi Jinping showed similar tendencies, as China threatened public health on a global scale during the pandemic, violently took over Hong Kong and crushed its democratic institutions, and began threatening Taiwan with a military invasion. China even accused the US for supposedly stoking the conflict in Ukraine, intending to exhaust Russia with a protracted war and sanctions. Russia supported China on Taiwan. Communist China is no longer Russia's poorer cousin, and it is to be expected that reliance on China will contribute to the further collapse of the remnants of pluralism in Russia. As China and Russia disassociate from the global world, the paradox remains in the fact that globalization has contributed to their dynamic economic change over the last three decades, and that the strength of globalization is on the wane.

With another epidemic outburst China has again isolated itself from the global market, confirming in 2022, after the end of 2019, that it the regime is becoming an unreliable partner. "Supply chains thrive on predictability, yet China's continued zero-Covid policy is causing uncertainty and taking an economic toll at a time when we are learning to cope with other significant challenges, such as the fallout of the Russia – Ukraine conflict. Prices for ocean freight, whilst dropping slightly more recently, have skyrocketed over the last 24 months, at times reaching ten or twenty times the pre-pandemic price in the spot market. The knock-on congestion at ports in the US and Europe has been passed on to the consumer, with the bullwhip effect on businesses and their logistics costs rapidly pushing up the price of goods". China is becoming "predictably unpredictable".<sup>3</sup> Poor public health policy seems to be incompatible with the global leadership. "Vaccine hesitancy has been fostered by the lack of urgency to get vaccinated in China. China's control of COVID-19 gives citizens fewer reasons to get vaccinated, especially when there was widespread misinformation on the side-effects of vaccines such as frequent heart attacks and severe allergies. The logic goes: there is no need to get vaccinated when there is no virus in the first place".<sup>4</sup> Poor vaccination led to a new health crisis, with severe lockdowns and first political protests since 1989. Urban youth unemployment rose to 18%, nearly double in comparison to 2018.<sup>5</sup> Parameters of public health become parameters of economic potential also for the fu-

---

<sup>3</sup> <https://www.proximagroup.com/how-chinas-zero-covid-policy-is-affecting-global-supply-chains/>

<sup>4</sup> [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(22\)00873-X/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(22)00873-X/fulltext)

<sup>5</sup> <https://www.economist.com/leaders/2022/12/01/xi-jinpings-zero-covid-policy-has-turned-a-health-crisis-into-a-political-one>; <https://www.theatlantic.com/international/archive/2022/12/zero-covids-failure-is-xi-jinpings-failure/672422/>

ture. “Estimating the number of lives saved by the zero-Covid approach necessarily requires some assumptions of our own. According to the University of Washington’s Institute for Health Metrics and Evaluation, 244,489 Americans will have died from Covid-19 this year. Suppose the Chinese had the same vaccines, vaccination rates, public attitudes, and public-health policies as the US: 1,051,300 Chinese would have died from Covid-19 this year – given the Chinese population is 4.3 times that of the US – rather than China’s likely death toll of 6,968. Forgoing US\$384 billion to save 1,051,300 lives means that the Chinese policy placed an average value of at least US\$365,262 on every life saved”.<sup>6</sup>

The pandemic shaped the public attitude related to the roles of the EU and individual national states in the protection of public health, and to the general adaptation of the EU to new global realities. Pandemic has “scrambled” the distinction between nationalist and federalist determinations. “On the one hand, many nationalists appear to have realized that European cooperation is the only way to preserve the relevance of their nation states. On the other hand, many cosmopolitans have seen that, in a world squeezed between Xi Jinping’s China and Donald Trump’s America, Europe’s best hope for preserving its values lies in strengthening its own ‘strategic sovereignty’ rather than relying on global multilateral institutions”. [6 p3] Europeans have toughened their stance on China over its responses to the pandemic while facing Chinese government disinformation campaigns and practices, bullying, and threats to withhold medical supplies. Their perceptions of Trump’s America have also worsened. [6 p16-17] A year after, in May and June 2021, a majority of EU citizens believed that a new cold war with both China and Russia is under way, while the most did not feel that their own states as such are involved in global conflicts, shifting responsibility to Brussels and joint EU institutions. A majority also thought that a new cold war broke out between US and Russia. [7 p2-4] Until Russia’s attack on Ukraine in 2022, sovereignty was almost related to non-alignment.

At the beginning of the twenty-first century, and in a broadest historical and economic context, the essence of globalization was the integration of China in the world market. China, however, did not become a free, democratic state, on the contrary, its totalitarian order did not ensure predictable decisions in relations with Western partners, in the pandemic, in the economy, above all in global supply chains. China’s authoritarian bureaucracy, not accountable to independent institutions, has become irresponsible in global relations. [8 p8] Care and responsibility towards public health have become new factors of democratic standards and global order.

### Rezime:

Globalizacija je razvoj jedinstvenog, zajedničkog međunarodnog tržišta. Ideja o ukidanju granica istorijski je proistekla iz procesa evropskih integracija. Međutim, posle pada komunizma u Istočnoj Evropi, koji su promovisale Evropska unija, Sjedinjene Američke Države i Britanski Komonvelt, liberalna demokratija nije postala univerzalni

---

<sup>6</sup> <https://www.project-syndicate.org/commentary/zero-covid-china-economy-costs-benefits-by-shang-jin-wei-2022-10>.



model institucionalnih i društvenih promena koji bi pratio razvoj privrede i tehnologija. Kina i Rusija nisu otvorene, slobodne, demokratske države. Posle dvadeset godina od formalnih početaka, globalizacija izgleda neizvesna suočena sa njihovim odbijanjem da reformišu političke sisteme i postignu demokratiju i slobodu. Na početku dvadeset prvog veka, i u najširem istorijskom i ekonomskom kontekstu, suština globalizacije bila je integracija Kine u svetsko tržište. Kina, međutim, nije postala slobodna, demokratska država, naprotiv, njen totalitarni poredak nije obezbedio predvidive odluke u odnosima sa zapadnim partnerima, u pandemiji, u ekonomiji, pre svega u globalnim lancima snabdevanja. Kineska autoritarna birokratija, koja nije odgovorna nezavisnim institucijama, postala je neodgovorna u globalnim odnosima. Briga i odgovornost prema javnom zdravlju postali su novi faktori demokratskih standarda i globalnog poretka.

### References:

1. Samardžić N. Druga hladna vojna. Odnosi med Zahodom in Rusijo, ki so pripeljali do vojne v Ukrajini. Cicero; 2022.
2. Hartnett StJ. A World of Turmoil. The United States, China, and Taiwan in the Long Cold War. Michigan State University Press; 2021.
3. Rodrik D. Populism and the economics of globalization. Journal of International Business Policy; 2018.
4. Roberts A, Lamp N. Six Faces of Globalization. Who Wins, Who Loses, and why it Matters. Harvard University Press; 2021.
5. Schoen DE. The End of Democracy?: Russia and China on the Rise, America in Retreat. Regan Arts; 2020.
6. Krastev I, Leonard M. Europe's Pandemic Politics: How the Virus Has Changed the Public's Worldview. European Council on Foreign Relations; 2020.
7. Krastev I., Leonard M. What Europeans think About the US-China Cold War. European Council on Foreign Relations; 2021.
8. Runde DF, Ramanujam SR. Recovery with Resilience Diversifying Supply Chains to Reduce Risk in the Global Economy. Center for Strategic and International Studies; 2020.

*Submitted: 07/10/2022*

*Reviewed: 26/10/2022*

*Accepted: 06/12/2022*