CORONAVIRUS: GLOBAL REBALANCES OR THE FINAL THRESHOLD FOR THE WEST?

Abstract: The years 2018 and 2019, for international relations and global trade, were wavering from a trade war between the two largest superpowers today, which caused a significant drop in world growth and that redefined the strategy for both China and for the United States: between multilateralism and protectionism, reconfiguring new alliances, but finally, generating a truce between both countries that ended in the signing of an agreement in early 2020.

However, the optimism at the beginning of this year quickly ended with the appearance of a virus – baptized as COVID-19 – which, although it originated in the city of Wuhan, in China, has been one of the great global equalizers. Unlike humans, viruses don’t care where their victims come from, what religion they follow, or what ideology they believe in. Everyone is at risk, and as economies close and resources are depleted, the dynamics of international power may see a shift in the coronavirus era.

Keywords: CORONAVIRUS, COMMERCIAL WAR, ALLIANCES, RECONFIGURATION, STRATEGY.
Introduction

When in 1978, Den Xiaoping established a new economic model for China, generating a revolutionary commercial opening model for this Asian giant, materializing it in the Special Economic Zones – ZEE, turning this country into the “factory of the world” and whose first forty years celebration in December 2018 was marked by incredible achievements among which you can stand out just to name a few: In 1981, just three years after the launch of Deng’s reform project, almost 90% of the Chinese lived in extreme poverty as defined by the World Bank. By 2013, that number had dropped to less than 2%. GDP per capita grew almost 24 times between 1978 and 2017 (Garnaut, Song, & Fang, 2019).

In 1979, Shenzhen, the manufacturing hub just across the border from Hong Kong, had fewer than half a million people. In 1980, it became China's first special economic zone, allowing foreign investment in the city. It is now one of the largest cities in the world, with more skyscrapers built there in 2016 than the United States and Australia combined. The city is emblematic of the rise of China's coastal metropolises (Kissinger, 2012).

Contrasting with this situation, in 1974, when George H.W. Bush was in Beijing as the unofficial US ambassador (diplomatic relations were still four years away), the future president noted in his diary that “in our trade with China we have a very favorable balance, more than 10 to 1.” By 1985, the United States imported $6 million more worth of goods from China than it exported. In 2017, the US trade deficit with China reached $375 billion (Tripti, 2018).

However, despite China’s economic progress in the 1978-1990 period, it was not until 1991, when the Soviet giant finally imploded, and the global bipolarity that was recognized in the 1945-1991 period, where the United States represented the capitalist system and the Soviet Union led the communist system, the world system had lagged behind the peripheral areas made up of Asia, Africa and Latin America. This is why the 1990s would be those of a new impetus and brilliance of the global presence of the United States.

Francis Fukuyama in his book The End of History and the Last Man, using and recharging the postulates of Hegelian philosophy, ended the competition between systems, given the end of global bipolarity. Establishing liberal capitalism and democracy as the world beacon at the center of the economic equation, while the planned economy had been “buried” forever, as the dictatorial power. This theory gave ideological support to the United States as hegemon and made visible a new stage of economic prosperity under the presidency of William Jefferson Clinton.

On the other hand, a few years later another truly prophetic essay appeared, coming from the pen of one of the most renowned political scientists in the world: The Pattern of Conflict, which became famous as The Clash of Civilizations. His central argument is well known: the great “fracture lines of humanity” no longer run along nation states,
but rather the new “dominant line of conflict will be cultural”. Samuel Huntington understands civilizations as the highest and most extensive form of individual cultural identity, defined by language, history, religion, tradition, morality, and subjective self-identification. In any case, for Huntington, identities are not determined either, but are subject to change given by the course of time (Merkel, 2015).

Precisely, despite the criticism developed over the years towards Huntington for not delimiting civilizations beyond elements such as religion, political regime, regional and ethnic diversity within a single typology, he did make visible the role those great civilizations such as China and India would take up again (Huntington, 2015), resuming protagonist processes overshadowed by the hegemony first of the European continent and then by the United States; in this sense, with the accelerated process of development of the People’s Republic of China, becoming a nation that is present in the vast majority of international scenarios.

**The golden age of China: The OBOR project**

With the coming to power of Xi Jinping in 2013, the People’s Republic of China has made its role as a fundamental player within the international system even more visible with a clear view to specifying the 21st century as the “Chinese Century”, for this. It has deployed a series of foreign policies that will allow it, according to the precepts of government, to achieve hegemony within its natural region.

The Chinese State in its quest to be the greatest power of the 21st century, has established itself as the most ambitious and important One Belt, One Road (OBOR), known in Spanish as the “cinturón y la ruta”.

This initiative, launched at the end of 2013, within a tour of visits made to countries that were part of an ambitious Chinese expansion plan, which through infrastructure will seek to connect the most isolated areas of the Chinese geography, especially located on its borders, not only with large Chinese cities, but also with neighboring countries (Cai, 2017) while trying to connect the large economies of Southeast Asia by sea, from which the Chinese economy can benefit.

One of the important points of the project is the situation expressed in that the Chinese government launched it at a time when its foreign policy has begun to be more assertive with its neighbors, causing the impact that the OBOR may have to be seen from a geopolitical perspective, instead of being purely economic, as was initially proposed (Cai, 2017). This point of view coincides with the debates carried out before the 18th Party Congress in 2013, in which different Chinese “Policymakers” reached a consensus that Chinese foreign policies were at a moment where their focus began to be relations with its neighbors, under the term “Peripheral Diplomacy”.

1 This is how the Chinese policy is known in which Xi Jinping seeks to make neighboring countries feel safe, even when the Chinese state begins to expand.
Based on this political approach, President Xi Jinping would state in his speech at the “Peripheral Diplomacy Work Conference” that its neighboring countries would begin to play a vital role in its development, as well as the fact that his government wanted to improve closer relations in the field of economy and security cooperation. However, this idea goes hand in hand with Xi Jinping’s vision of China’s growth, within which the economy is seen as the sure way to cement Chinese leadership within the region, thus weakening Japan and India.

From the point of view of planning, infrastructure and development of the OBOR, it is divided into two parts. The Silk Road seeks to revive the old route. This raises three major rail routes that would connect China with Europe, the Persian Gulf, the Mediterranean Sea and the Indian Ocean. The Silk Road Maritime Belt of the 21st Century will be based on the maritime routes and geographical limits of the member states of the megaproject (Sarker, Hossin, Yin, & Sarkar, 2018).

The OBOR also responds to the Chinese economy, which during the last decade, since the economic crisis of 2008, has begun to present symptoms of an economic slowdown, even after the monetary injection made by the government to avoid the financial backlash of the other countries. However, during the year 2018 the figures to show the end of rapid economic growth, projecting the year 2019 as an economic storm (Greg, 2019). That is why creating an economic connection with Central Asia is one of the most important motivations for the Chinese government, as this will boost the Chinese industry. However, this strategy proposes and means a change in the Chinese production model, since it has been sold in recent decades as a market for cheap labor, of acceptable quality and easy to export to other markets. However, this model has begun to run out for different reasons, the main ones being the huge carbon footprint left by the factories and the working conditions within them (Economy, 2018).

These two variables, accompanied by the unstoppable movement that the international system experiences every day at the hands of its members, have inscribed within the pages of the search for sustainable development for China beyond its borders, thus responding to the needs posed by the size of its population and the relatively rapid economic growth it has experienced over the last three decades.

However, other OBOR arms have Latin America within their plans through maritime routes, since China sees within the Latin American continent the answer to the food problem that China faces. In case of reaching an agreement that would benefit both parties, Latin America could come to orbit the Chinese economy, thus breaking with the tradition of the “respice polum” (Müller-Markus, 2016). To take this step, China invited Latin America in early 2018 to join the initiative, however, the initiative received with enthusiasm and suspicion; As of August 2018, only 8 countries have joined the project, these being: Panama, Bolivia, Uruguay, Antigua and Barbuda, Trinidad and Tobago, and Guyana (Portfolio, August 2018).

China’s current foreign policy is strongly marked by the cult of personality towards
Xi Jinping that has been presenting itself in recent years, since with the arrival of the now powerful Xi Jinping in central power in 2013, China has begun to generate an ambitious economic expansion program, along with plans that seek to combat corruption within the government and generate a significant increase in the quality of life of the Chinese population. The Asian giant faces a country where the coasts have a high level of development, in contrast to an internal area that is lagging with high levels of poverty and underdevelopment.

From this point it should be explained that China has elevated Xi Jinping to the height of Mao Zedong and Deng Xiaoping, surpassing in importance his predecessors Hu Jintao and Jiang Zeming (Gil, 2017), establishing something that will be known as the “Thought of China”. Xi Jinping on Socialism with Chinese characteristics for the New Era, within the party constitution, determines that this doctrine will be a new theoretical reference that must be applied in all aspects of the Chinese state. This opening of a new chapter within the history of the Middle Kingdom, is composed of several political principles, the most relevant for this work being the following:

1. To guarantee party leadership over all work.
2. To continue with a comprehensive and profound reform.
3. To promote the construction of a society with a shared future with all of humanity. (Gil, 2017).
4. To achieve the goal of being the most powerful state in Asia, China has calculated that it must deepen its integration strategy with Eurasia through political coexistence, military support, and financial investments in countries with low levels of economic development. From this perspective, the Chinese government has ahead of it the task of establishing a network based not only on trade flows, this being the main objective of the OBOR project, but also on infrastructure and diplomacy networks, which will significantly facilitate the transit of Chinese goods throughout Eurasia.

The trade war: United States VS China

Throughout history, trade wars have been rare, with numerous precedents between the United States and China. To date, the United States has launched five “Section 301” investigations against China since 1991, investigating areas of intellectual property, rights, unfair trade barriers, and clean energy. In these past investigations, both sides have threatened to use tariffs to their advantage. However, the above all disputes were ultimately resolved through diplomatic means, either by signing trade agreements after negotiation or reaching a compromise under the WTO dispute settlement mechanism (Wright, 2016).

Despite the fact that the Unitted States launched five “Section 301 investigations” against China, before the arrival of US President Donald Trump in the White
House, they were all resolved through negotiations. However, it is worth noting that in the past, China's responses to “Section 301 investigations" were in part determined by its economic strength, for example, in 1991, when China was accused of having insufficient intellectual property protection and pursuing unfair trade barriers, China responded promoting the protection of intellectual property and elimination of trade barriers unilaterally. In 1994 and 1996, China was once again the target of two more “Section 301 investigations", which were launched against its policies to protect intellectual property. In contrast to two previous cases, this time compromises were made by both parties. China promised to improve intellectual property protection, and the United States also agreed to provide more technical assistance to China. As for the last investigation initiated by the US in 2010, the trade dispute was resolved in a different way, that is, through the dispute settlement of the World Trade Organization – WTO.

After Donald Trump took office, a tough stance was taken on White House trade policies, even before the outbreak of the China-US trade war. In June 2017, Trump launched a “Section 232 investigation", for national security reasons, into the importation of steel and aluminum. Considering China's huge steel and aluminum production capacity, the investigation and the next additional tariff are believed to be targeting China.

The trade imbalance alone does not provide a convincing case for a trade crash. Another driving force behind the trade war can be traced back to the American political system. In the United States, midterm elections are held every four years in November, when voters choose members of Congress. They take place in the incentives to adopt radical policies that attract their base of followers. Given that one of Trump's main promises during his election campaign was to solve the trade deficit, the China-US trade war seems like a timely and logical move to secure votes for his political party in the midterm elections (Feldman, 2015).

While there are economic factors and political motives at play, at the heart of the US – China trade war is, in fact, a battle for global economic dominance.

For example, China's production volume now ranks second in the world, and China's GDP has already overtaken the United States in terms of purchasing power parity. The importance of the yuan has also been steadily increasing in world trade and transactions, posing a challenge to the dominant position of the US dollar.

At the start of 2018, trade disagreements between the US and China increased in scale and frequency. Since March 24 of that year, the United States has repeatedly imposed anti-dumping duties, or tariffs, on Chinese imports, when the US President Donald Trump signed an executive memorandum launching a “Section 301 Investigation" into China's practices.

In retaliation, China promptly issued a similar statement the next day, establishing the same set of threats, that is, with warnings of additional tariffs on US imports. On April 4, 2018, the US detailed a list of 1,333 Chinese products, valued at US$50 billion, that would be subject to an additional 25% tariff. China immediately responded with
reciprocal tariffs on a list of US goods of equal value, matching US threats dollar for dollar.

Led by Liu He, Vice Premier of the People’s Republic of China, a delegation from this nation went to the United States on May 17. After meeting with the US President Donald Trump and having rounds of negotiations with trade officials on the US side, including Steven Mnuchin, Wilbur Ross and Robert Lighthizer, a joint statement was announced, reflecting a cooperative attitude from both parties and a temporary easing of trade tensions. However, on June 16, 2018, the Office of United States Trade Representative (USTR) announced a nearly US$50 billion tariff schedule, covering more than 1,000 Chinese goods. China Customs Tariff Commission of the State Council immediately issued a notice, announcing tariffs on 659 locally made US products valued at US$50 billion. At the same time, the Ministry of Commerce declared that previous attempts at negotiation with the United States had failed, marking the official start of the China – US Trade War (Bradsher, 2020).

In the months that followed, neither country was willing to hold a concession. By August 23, 2018, the US had already made good on its threat of an additional 25% Tariff on US$50 billion worth of Chinese goods. China would also retaliate against the US measures by imposing an additional 25% tariff on US products, also valued at close to US$50 billion.

After rounds of ministerial-level negotiations, Xi Jinping, the general secretary of the Chinese Communist Party, was to meet Donald Trump at the 2018 G20 Summit in Buenos Aires, where both sides agreed to suspend new trade tariffs for 90 days to allow negotiations. The ceasefire was believed to be a temporary truce as more action could be taken by both sides, however, no substantive agreements were reached during the negotiation.

During much of 2019, the destabilization in the financial markets, as a result of the worsening of the trade war, made instability the prevailing trend and it was a complicated year in terms of economic growth for the entire planet. However, after several frustrated negotiations, the partial trade pact of January 15, 2020, considered by both parties as a truce, could be the lasting legacy of more than two years of economic conflict.

The agreement signed by Trump and Vice Premier Liu He, China’s top trade negotiator, reduced some of the US tariffs imposed over the past two years on Chinese goods and prevented others from being imposed. It committed China to buy, over two years, an additional 200 billion dollars in grain, pork, airplanes, industrial equipment and other products (Bradsher, 2020).

Consequently, the protectionist decisions imposed by the President of the United States, Donald Trump, for products coming from, among other markets, Mexico, Canada, China and the European Union, established an approach that forgot the natural tradition of the United States in the decades: this is multilateralism, a model of which the northern power was the guarantor and backed both the role of the institutions that emerged from Bretton Woods: the International Monetary Fund.
and the World Bank, the World Trade Organization, as well as the role of the United Nations Organization, as a friendly mediator of world conflicts. Therefore, this trade war has left on the table an issue that affects not only global trade, but also the sustainability of enterprises, increasing employment and economic development.

**2020: A global crisis scenario that few expected**

The 21st century has so far witnessed epidemics such as the acute respiratory syndrome, known by its acronym in English as SARS in 2003 or the Middle East Respiratory Syndrome -MERS-, both focused on Asia and did not cross borders. of this continent.

In addition to the unfortunate human losses, epidemiological outbreaks also “infect” economies. Mexico reduced its GDP by 0.4% in two weeks due to the H1N1 Influenza crisis; South Korea, for its part, lost 2.6 billion dollars in tourism in two months due to the MERS crisis. Therefore, countries have no incentive to declare an epidemic in its early stages (Moreno, 2020).

Managing SARS imposed a very high cost on China and its neighbors. It is estimated that 916 people died and more than 8 thousand were infected. During the most critical stage of the epidemic, China’s annualized economic growth fell from 12% to 3.5%. Furthermore, China has earned global mistrust in handling pandemics.

In December 2019, an outbreak of viral pneumonia began in the city of Wuhan, in the Hubei province of China. On January 9, 2020, the Chinese authorities, and the World Health Organization (WHO) announced the discovery of a new coronavirus called 2019-nCoV (Salud, 2020). On January 12, the Chinese government shared with the rest of the world the complete sequence of the coronavirus genome. This showed China’s technological capacity to quickly obtain complete information on the genetic material of the virus, a crucial step that allowed specific diagnostic tests to be carried out, not only in China but also in other countries, and to initiate the development of treatments. His policy of working hand in hand with the WHO and making the information public showed global responsibility and transparency. This contrasts with what happened in 2003 with the SARS virus, whose sequencing took almost 6 months and where the information was opaque. To contain the spread of the virus, the Chinese government implemented a quarantine in Hubei province (56 million people), requiring monumental and historic logistics capacity.

These circumstances, combined with global fear in the first stage, where, as on previous occasions, it had not left the borders of the Asian continent, and which has led to discrimination against the population of this region of the world, as well as the imposition of travel and commercial transport restrictions, making them the “new outcasts”. In this sense, it was not until March 24 that President Trump decided to refer to himself as “that Chinese virus”, to start referring clearly as the “Covid-19 pandemic” (Elcomercio.pe, 2020).
Similarly, in search of a culprit to hold responsible for the dramatic development on a global scale of COVID-19, the lights of the world point to China. The communist regime of the most populous country in the world is seen as responsible for having originated this global tragedy for not having alerted the World Health Organization early about the appearance of the virus. Other voices maintain that Beijing directly has deliberately hidden what was happening. In the absence of internal controls, without the institutional checks and balances of the free press of democratic countries, the Politburo could have fallen prey to a sort of Chernobyl syndrome (Caucino, 2020).

The events resulting from the appearance of COVID-19 are seriously damaging the Chinese communist regime’s attempt to build “soft power”. The pandemic spread on a global scale will result in thousands of deaths and a deep planetary recession (Caucino, 2020). From this forced coexistence where the two major powers had somehow maintained a forced balance, a new type of power has begun to be coined; Smart Power, which has become recurrent in international relations as the Secretary of the State Hillary Clinton named it in one of her speeches. However, this concept had already been introduced in 2003 by Joseph Nye to explain how Soft Power is not effective on its own in creating foreign policies that achieve the goals of the power holder.

While many nations point to China as the culprit of the current pandemic, which will plunge the world economy to levels not seen since the great depression, and the fall in oil, where a barrel of crude oil is already trading below 20 dollars, the United States is also in a generalized crisis because New York City became the epicenter of Covid-19 infections in the Western Hemisphere, presenting an exponentially growing number of deaths and with a number of those infected exceeding two and a half million.

The internal containment strategy of the United States was harshly criticized by medical epidemiologists, for taking measures late, and in that same sense, the conflict between the central administration and governors New York or California, by implementing long periods of quarantine. President Trump wanted to quickly open up the nation’s economy, which reported nearly 22 million unemployed for the month of July 2021. The strategy ended the record numbers of job creation, which by the end of 2019, placed the United States at its lowest unemployment levels since 1969.

Before the pandemic, Trump’s public approval rating had remained constant nationally throughout his presidency. Some surveys even indicated an increase at the start of the health crisis. It is still possible that his unique style of doing politics, based on attacks on others, could once again overcome the obstacles that would sink other presidents seeking a potential re-election in 2024, especially if the pandemic subsides or the economy recovers; or the political storm over the withdrawal of troops from Afghanistan paves the way for this purpose of Trump (Clarin.com, 2021).

As another of the points of the speech of the former US president in the current
pandemic, he declared that the World Health Organization – WHO “had acted in collusion with China and from the beginning information was hidden from the United States” (bbc.com, 2020), a statement that he used as justification for withdrawing aid funds from said institution.

Meanwhile, the European Union, which has faced the pandemic in a dissimilar way, with cases like Germany that, using high medical technology and having a good number of medical epidemiologists, has managed to decently overcome this crisis, while countries like Italy, France or Spain, which do not have the hospital capacity for such a high level of population, did not take the measures in time and allowed, for example two large gatherings of civil society, such as the one held on March 8, 2020, in the protests of feminist conglomerates on Women's Day, generating a high source of contagion.

Additionally, the European Union runs the risk of repeating the mistakes of lack of coordination and slowness of the past. This would deepen new internal divisions at a time when the global geopolitical environment has made it clear that Europeans must choose between building a “better Europe” or falling into a process of greater international irrelevance. What is needed is an emergency anti-disaster plan with European resources and, above all, to ensure that the governments of the euro countries and the ECB, in a coordinated manner, become lenders of last resort and buyers of last resort, to smooth the bump of the coming months and to avoid future public debt crises (Steinberg, 2020).

Conclusions: Is this pandemic the definitive decay of the West?

Decay is established due to the lack of a joint voice of the West in its fight against this pandemic, and reveals the serious inequalities given by a capitalist economic model, as Hans Jürgen Burchardt has rightly noted:

“Not only kills the highly infectious coronavirus. The deep trenches of social inequality, the material poverty of a large part of the population and the complete absence or fragmentation of social services are also lethal. As this author rightly announces, these are all issues that politics has ignored, tolerated, or even promoted. As in the United States or Europe, in Latin America.” (Burchardt, 2020)

In line with previous problems, the pandemic, lives are lost not only due to the aggressiveness of the virus, but also due to the social fracture, overloaded employees, and the lack of financing of care and health services.

Other voices, such as that of Henry Kissinger, a prolific author, about international geopolitics in the last seventy years, in an interview published on April 3 in The Wall
Street Journal, where he pointed out that: `the surreal atmosphere that offers the COVID-19 pandemic reminds me of how I felt as a young man in the 84th Infantry Division during the Battle of the Bulge. Now, as in late 1944, there is a sense of nascent danger, targeting no one in particular and striking randomly and devastatingly`.

“When the COVID-19 pandemic is over, the institutions of many countries will be perceived as having failed.” (Infobae, 2020)

It is as if the pandemic has turned into a competition for global leadership, and countries that respond most effectively to the crisis will gain strength. Diplomats, operating from empty embassies, are busy defending their governments’ handling the crisis, often taking deep offense to critics. National pride and health are at stake. Each country looks to its neighbor to see how fast they are “flattening the curve”.

Assessing how the virus will permanently change international politics, the Crisis Group think tank suggests:

“For now we can discern two competing money-making narratives, one in which the lesson is that countries should come together to better defeat the Covid-19, and one where the lesson is that countries need to stay out of it to better protect themselves from it.” (Wintour, 2020)

The crisis also represents a severe test of the competing claims of liberal and illiberal states to better manage extreme social distress. As the pandemic unfolds, it will test not only the operational capabilities of organizations like the WHO and the UN, but also the basic assumptions about values and political negotiations that underpin them.

Many already claim that the East has won this war of competing narratives. The South Korean philosopher Byung-Chul Han, in an influential essay in the Spanish newspaper El País, has argued that the victors are the

“Asian states like Japan, Korea, China, Hong Kong, Taiwan or Singapore that have an authoritarian mentality that comes from its cultural tradition of Confucianism. People are less rebellious and more obedient than in Europe. They trust the state more. Daily life is much more organized. Above all, to deal with the virus, Asians are heavily engaged in digital surveillance. Epidemics in Asia are fought not only by virologists and epidemiologists, but also by computer scientists and Big Data specialists.” (Han, 2020)

Byung-Chul Han predicts:

“China will now be able to sell its digital police state as a model of success against the pandemic. China will display the superiority of its system even more proudly.”
He asserts that Western voters, drawn to security and community, might be willing to sacrifice those freedoms. There is little freedom in being forced to spend the spring cooped up in your own flat (Han, 2020).

Indeed, China is already on something of a victory lap, believing it has deftly repositioned itself from the culprit to the savior of the world. A new generation of assertive young Chinese diplomats has taken to social media to assert their country’s superiority. Michel Duclos, the former French ambassador now at the Institute Montaigne, accused China of

“blatantly trying to capitalize on the country’s ‘victory against the virus’ to promote its political system.” (Wintour, 2020)

The kind of undeclared cold war that had been brewing for some time shows its true face in the harsh light of Covid-19.
LITERATURE


WEBOGRAPHY:


ВИРУС КОРОНА: ГЛОБАЛНИ РЕБАЛАНС ИЛИ КОНАЧНИ ПРАГ ЗА ЗАПАД?


Међутим, оптимизам на почетку ове године брзо се завршио појавом ви-руса – крштеног као COVID-19 – који је, иако је настао у граду Вухану, у Кини, био један од великих глобалних еквилизатора. За разлику од људи, вирусе није брига одакле су њихове жртве, коју религију следе или у коју идеологију верују. Сви су у опасности, а како се економије затварају и ресурси се исцрпљују, динамика међународне моћи може да доведе до промене у ери коронавируса.

Кључне речи: ВИРУС КОРОНА, КОМЕРЦИЈАЛНИ РАТ, САВЕЗИ, РЕКОНФИ-ГУРАЦИЈА, СТРАТЕГИЈА.