

A New World Order for the Coronavirus Era Is Emerging

The next six months will go a long way to determining what the geopolitical map will look like at a time of intensifying rivalry.

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Virus Cases Spike in Japan and Hong Kong

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In July 1945, at the close of World War II, the leaders of the U.S., Great Britain and the Soviet Union gathered at a Prussian royal palace in Potsdam outside the conquered German capital to hammer out the new global order. The seeds were sown for the Cold War.

As visitors in face masks ponder the consequences of those decisions at a new exhibition to mark the 75th anniversary of the conference, the geopolitical map of the world is again being redrawn. This time, it’s a result of the coronavirus, which German Chancellor Angela Merkel has described as the biggest challenge of the postwar era.



Winston Churchill, top left, Josef Stalin, middle right, and Harry Truman gather in Potsdam in 1945. *Source: AFP via Getty Images*

Half-way into a year dominated by the pandemic, governments are confronting a health crisis, an economic crisis and a crisis of institutional legitimacy, all at a time of heightening geopolitical rivalry. How those tectonic shifts crystallize over the next six months will go a long way to determining the post-virus era.

Trends that were already discernible pre-Covid-19 have intensified and accelerated. As a fast rising power, China is growing more assertive and jostling with countries from Canada to Australia. The U.S., the one superpower that has remained at the top table since Potsdam, is increasingly self-absorbed as the virus rips through its population and economy ahead of November’s presidential election.



People wearing masks collect their purchases at a curbside pickup counter outside a wine and spirits shop in New York, on June 28. *Photographer: Angus Mordant/Bloomberg*

“A lot of structural problems in the international order are becoming much more glaringly apparent,” said Rory Medcalf, head of the National Security College at the Australian National University.

With a convergence of multiple pressure points, from failures of leadership to a lack of trust in the veracity of information, “it does add up to a kind of perfect storm,” he said. “The big test is really whether we can get through let’s say the next six to 18 months without these crises coming to a head.”

In Potsdam, the key dynamic was the ideological struggle between the Communist and Capitalist systems as espoused by Moscow and Washington. The Soviet Union under Josef Stalin had emerged from the war as a superpower, while American President Harry Truman demonstrated U.S. technological and military superiority by issuing the order from the conference to drop the atomic bombs on Hiroshima and Nagasaki.

Today’s standoff between the U.S. under Donald Trump and Xi Jinping’s China was compared to the “foothills” of a new Cold War by former Secretary of State Henry Kissinger in November. Historian Niall Ferguson says we’re already there. Most agree that a Joe Biden presidency would be unlikely to reverse the deterioration of U.S.-China relations.



Xi Jinping and Donald Trump in Beijing in 2017. *Photographer: Fred Dufour/AFP via Getty Images*

For Medcalf, whose book “Indo-Pacific Empire” deals with the strategic rivalry in the region, the defining issue now is not just how the U.S. responds to the challenge of China’s rise, but whether “middle players” including India, Australia, Japan and Europe are prepared to take risks to defend the international order—and to work together in doing so.

The problem is that there’s no obvious forum to debate the shape of the post-pandemic world. The Group of Seven is in

limbo while this year’s host, Trump, disputes who should be a member. A planned September summit of European Union leaders and Xi has been postponed indefinitely. The November G-20 meeting under the presidency of Saudi Arabia remains uncertain.

The United Nations, formed in 1945 to prevent further wars, is largely dysfunctional: Russia and China, two of five veto-wielding powers, blocked another resolution this week, this time on Syria.

The sources of conflict with Beijing, meanwhile, are suddenly and bewilderingly everywhere.

China, which elicited broad sympathy and medical support at the start of the year when it became the first country to suffer the impact of coronavirus, has since frittered away that goodwill.



Meng Wanzhou leaves her home to attend an extradition hearing in Vancouver, British Columbia, Canada, on May 27. *Photographer: Darryl Dyck/Bloomberg*

It’s locked in a tussle with Australia over the origins of the virus, with Canada over the detention of Huawei Technologies Co. executive Meng Wanzhou, and with India over a disputed border. Japan and the EU are moving to become less dependent on China as a result of supply-chain deficiencies exposed by the virus. Germany and Australia are two among many to enact or tighten legislation to protect against predatory investments from China.

Europe’s attitude to China is hardening inexorably, helped by a rapid shift in public opinion against Beijing, according to Agatha Kratz, a Paris-based associate director at Rhodium Group who leads research on EU-China relations.

“We are actually advancing faster than many of our colleagues and partner countries, the U.S. included, on a number of fronts,” said Kratz. She cited steps including an EU policy paper on competition issues released in June that is “a huge deal” in terms of the bloc’s stance toward China.



China’s national security law imposed on Hong Kong has spurred global anger at Beijing’s interference in the former British territory’s independence and is causing severe strains with London.

U.K. Prime Minister Boris Johnson is preparing to reverse an earlier decision and shut out Huawei from its 5G networks, prompting a warning of “consequences” from China’s ambassador in London. Johnson’s government also offered 3 million Hong Kong residents a fast track to British citizenship.

Ulrich Speck, a senior visiting fellow at the German Marshall Fund, compared the symbolism of China’s stance on Hong Kong to Berlin’s blockade by the Red Army in 1948-1949. That was the moment when reality struck that the U.S. and Soviet Union had moved from wartime allies to deadly rivals.

Tensions are also high with Taiwan and in the disputed South China Sea and the East China Sea amid a “hyper-power display” by China, according to William Choong, senior fellow at the ISEAS Yusof Ishak Institute in Singapore.

“In the Chinese mind, the U.S. has lost its mantle of leadership in the Asia-Pacific, if not the world,” he said. “So China does see it as an opportunity to press the advantage on some of the hotspots in my part of the world.”

Choong worries that a confrontation between the U.S. and China, or between Japan and China, could turn to open conflict as a result of some “trigger-happy commander on the ground who decides to press a point and push the button.”

History is littered with unintended consequences, and the Potsdam Conference had its share.



Joseph Stalin, second left, Harry Truman, center, and Winston Churchill at Potsdam on July 17, 1945. *Source: AFP via Getty Images*

Over 16 days, Truman, Stalin and British Prime Minister Winston Churchill decided Germany’s fate and debated Poland’s western border, while also taking positions that would have far-reaching consequences for the Middle East and for China, Japan and Korea.

Shifting Poland’s border west to compensate for territory carved out of the east—as well as the closing communique’s reference to the “removal” of ethnic Germans from eastern

Europe—led to the mass displacement of some 20 million people.

Within less than a year, Churchill, who was replaced in Potsdam by Clement Attlee after losing the British election, referred to an Iron Curtain descending across Europe. By 1950, war broke out on the Korean peninsula between the Soviet-backed Communist north and the U.S.-backed south.

Many of the fault lines established then can be traced today, overlaid and accentuated by the coronavirus.

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The pandemic hasn’t so much changed the world as “thrown a brutal spotlight on the flaws, deficiencies and the disrepair both for the international order and national order,” said [Constanze Stelzenmueller](#), senior fellow at the Center on the United States and Europe at the Brookings Institution in Washington. “And where there have been flaws and weaknesses, the pandemic has ripped through with particular brutality.”



Members of the People's Liberation Army honor guards walk past a banner depicting Chinese president Xi Jinping near the Forbidden City in Beijing, on May 21. *Photographer: Qilai Shen/Bloomberg*

That applies to the U.S. and the U.K., both of which have suffered a disproportionately [high number of deaths](#) to Covid-19. Stelzenmueller also sees China and Russia as having had bad crises: Beijing’s aggressive virus diplomacy contributed to the backlash it’s witnessing, while Vladimir Putin’s move to [consolidate his grip](#) on power underlines his domestic weakness rather than strength.

Populism and its scorn for experts has been exposed. By contrast, Europe’s efforts to present a viable third way have been given a spur, and appear to be on the verge of becoming credible. Stelzenmueller sees hope in the performance of her native Germany, which has proved that “one sane government” can get a grip on even incredibly complex problems. “Sometimes you really have to stare disaster in the face,” she said.

But the crisis is still very much with us, as renewed outbreaks from Florida to Melbourne show, with question marks over how frustrated populations will react to fresh

government-imposed lockdowns and deepening economic hardship.

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To Medcalf in Australia, a better analogy for what comes next is the prewar period of the 1930s. “Whatever’s happening we’re on the edge of some kind of gathering storm,” he said. “It's just that we don’t yet know what the storm will look like or how it will break.”