

COMMENTARY

America's global prestige on life support

The world is waiting for the US to restore its trust, possibly through a regime change in November

by [George Koo](#)

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If former US vice-president Joe Biden becomes president he may repair some of the damage Donald Trump has done to America's global standing. Photo: AFP

Recently, on the occasion of commemorating the United Nations' 75th anniversary, world leaders took turns addressing the General Assembly via video feed.

US President Donald Trump's surprisingly short seven-and-a-half-minute address can be summarized in three words: "Chia-nah, Chia-nah, Chia-nah," with a sneer and a snarl for emphasis. Trump blamed China for covering up the Covid-19 outbreak, and for spreading it to the rest of world.

He also congratulated himself for his great job in bringing the pandemic under control – despite the fact that the America he has supposedly made great, with slightly over 4% of

world's population, has accounted for more than 20% of the world's Covid infections.

In his address, Chinese President Xi Jinping reported that China has several vaccines undergoing final stages of clinical trials. When the vaccines become available, he promised that they would be a public good available to the world.

"Covid-19 will not be the last crisis to confront humanity, so we must join hands and be prepared to meet even more global challenges," Xi said.

In short, China considers itself a member of the world community of nations and wishes to collaborate within the UN framework. Trump's America wants to go it alone and other nations are expected dutifully to follow along. The US is only a member of the UN when the international body gives Trump what he wants.

For the purpose of ensuring his re-election, Trump is acting on the premise that he needs to make an adversary of China every which way possible.

Trump's anti-China team seems to believe in the economic law of comparative disadvantage – a novel idea that no matter how much hurt America suffers, China will hurt more.

So far, the “mutual hurt” idea, rather than being revolutionary, has turned out revoltingly for the American people.

Levying tariffs on imports from China has backfired. The trade imbalance with China has not changed but continues to favor China – not an unexpected outcome according to the law of comparative advantage – simply because the country that can make a product cheaper and better sells more.

[Bloomberg Businessweek](#) has already declared China the winner of the trade war.

American businesses cry uncle

As [Reuters](#) reported, 3,500 US companies have joined in a legal suit against the Trump administration for “unlawful escalation of the US trade war with China.” In other words, American businesses are saying the waterboarding they have endured from the trade war has gone on long enough.

China has effectively brought Covid-19 under control and is resuming its economic growth. The US, unsurprisingly given its failure to bring the pandemic under control, is experiencing drastic economic shrinkage; the backsliding of its economy is likely to persist for the rest of this year and beyond.

An important consequence is that foreign direct investments are [pouring into China](#) from all directions as investors make sure they do not miss out on the world’s most significant [booming consumer economy](#).

Former US vice-president Joe Biden appears to be winning the race to the White House. As I stated in my [last commentary](#), it will be in Biden’s interest to drop the zero-sum confrontation and find ways to collaborate with China, because America’s economic recovery will depend on a mutually beneficial relationship going forward.

But getting along with China will be only one of many challenges a Biden administration will face. The current secretary of state, Mike

Pompeo, has made a mess of America’s relations with the world community of nations, alienating friend and foe alike. The wreckage he is leaving behind will take a Herculean effort and reassurance to restore the US position as a trusted leader of the world.

For example, as [Asia Times](#) has noted, somehow Pompeo has pressured Australia into leading an attack on China repeating baseless accusations from Washington, despite China being Australia’s most important customer and most vital contributor to its economy. The author of that op-ed can’t understand why Australia is willingly digging its own grave, except possibly that their leaders are not too bright.

Canada is in a somewhat similar position as Australia, but its reluctant slitting of its own throat is more explicable. The United States is too big and powerful of a neighbor and has a stranglehold on Ottawa.

Arresting Meng Wanzhou, Huawei’s chief financial officer and daughter of founder Ren Zhengfei, with no legal justification in an act tantamount to kidnapping was apparently necessary to placate Trump at the expense of angering Beijing. Too bad Canadian Prime Minister Justin Trudeau has been too weak-kneed to stand up to Washington.

Huawei customers wait and see

Pompeo has apparently strong-armed many countries into rejecting Huawei’s 5G technology, the fifth-generation mobile telecommunication protocol, by alleging the Chinese company is a security threat.

In many cases, these countries have been using Huawei equipment for 3G and 4G without incident. To break away will mean having to rip out pre-existing Huawei installations and facing months of delay waiting for one of its competitors, Ericsson or Nokia, to catch up with its version of 5G.

In the case of [the UK](#), banning and removing all Huawei equipment would take until 2027, delay the rollout of 5G by three years, and

cost the economy an estimated £18.2 billion (US\$23.25 billion). Britain would also be giving up its competitive leadership in 5G and billions of pounds in associated opportunity costs.

It's most likely that 10 Downing Street will watch the outcome of the US election with keen interest to see if it really has to abandon Huawei.

Indeed, many countries in a similar pickle will be watching for a regime change in Washington that would allow them to proceed with business as usual and not cause such disruption in their telecommunication plans. The [carriers in Canada](#), for example, want C\$1 billion (US\$747,000) in compensation from Ottawa if they are forced to switch away from Huawei.

In his ham-fisted style, Pompeo has managed to charm no one and pissed off many, including heretofore allies such France, Germany and the European Union itself.

The latest example was Pompeo demanding the signatories of the Iran nuclear deal to reinstate sanctions as provided in the agreement, an agreement that Trump walked away from shortly after he became president. The EU countries, Russia and China merely laughed and told Pompeo that he has no say in the matter.

China, Russia are tight

Crucially by threatening Russia and China at different times by different means, Pompeo has managed to forge a tight alliance between Moscow and Beijing.

China will buy oil and gas from Russia in a long-term contract. The two countries will jointly develop agriculture and natural resources in the vast Siberia region and Russia has offered to install an anti-missile defense system for China. These are just for starters.

As [M K Bhadrakumar](#), a veteran diplomat and writer, has observed, "The US is increasingly resorting to unilateral sanctions against both Russia and China that are not supported by international legal foundations, and is stepping up pressure through the extraterritorial application of national legislation to compel other countries to fall in line with its sanctions regimes and domestic laws, often in contravention of international law and the UN Charter."

The shining citadel on top of the hill that was once America is no more. "America First via my way or the highway" has washed the citadel down into the gully. The challenge for Biden, should he win the election, is to figure out how to pick up the pieces and restore America to where it should be, namely by regaining the trust and respect of the world.

The world is keenly watching whether a change in the US administration will lead to the restoration of sanity and order.

If the American people allow Trump to keep his job in November, then the hope is that he, not having to run for another election, can do an about-face and start to get along with everybody, including China. But consistency has never been much of a deal for Trump, and so it would not be much of a surprise. The signal for an about-face would be a Pompeo replacement.

Dr George Koo recently retired from a global advisory services firm where he advised clients on their China strategies and business operations. Educated at MIT, Stevens Institute and Santa Clara University, he is the founder and former managing director of International Strategic Alliances. He is currently a board member of Freschfield's, a novel green building platform.

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