

# International Life after the Pandemic

Economy, Ideology, and Politics

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The 2020 pandemic has marked a turning point in many processes: globalization, regionalization, and the struggle of nation-states for survival. Many had expected something like this, and the reaction of states and societies to the new virus was unexpectedly strong and profound. Under the slogan of combating the epidemic, many countries started doing openly what they had wanted to do for a long time: closing borders, strengthening sovereignty, bringing back production operations from abroad, and shifting relations with neighbors to a bilateral footing.

The coronavirus pandemic has coincided with a global economic crisis, but this time around it is not just a financial crunch, but a real economic

slump. Conditions have emerged for a perfect storm in international affairs: the epidemic is forcing countries to hold aloof and become self-sufficient as much as possible. The economic crisis will expose an urgent need for economic recovery, especially new jobs, but this will have to be done amid acute international competition rather than broad international cooperation. Let us not forget about the numerous sanctions currently in effect. In the absence of a universally recognized international hegemon (leader)—the U.S. is no longer at the helm, while China is not there yet—one can expect an end of cooperation in many areas, a global economic recession, and more conflicts. It seems that the starting point of many processes will be the contraction of world trade due to its securitization, that is, the growing understanding that it is not only an economic but also a political phenomenon that has a significant impact on national security and the internal stability of states.

### **TRADE**

If the governments of leading states draw the right conclusions, they will give priority to the self-reliance of their states in critical areas, paying less and less attention to foreign trade. This is not the last pandemic to come, and as experience has shown, it is impossible to rely entirely on the international division of labor, hence trade. What is the point of making the production of medical masks or drugs more cost-effective by moving it to other countries if, in the event of a crisis, supplies become blocked either because their production abroad has been halted or because trade routes have been closed? Naturally, global trade will not stop completely, but it will inevitably shrink. This includes not only trade in goods and services, but also international investment and technology transfer. The decline in trade will have serious ideological and political consequences.

### **INVESTMENTS**

Direct investment will fall for the same reasons that global trade will decline. Speculative capital will undoubtedly continue to move around the world, although some national restrictions are possible, similar to those imposed during the crisis of 2008. In recent decades, direct investment has largely served the purpose of international division of labor by using relative advantages of individual countries for global production, such as low labor

costs, availability of raw materials, or convenient geographical location. But the securitization of foreign trade due to the pandemic and the general rise of economic nationalism due to the crisis (reshoring, that is, return of production and creation of jobs at home) will force many global companies to revise their investment plans. Their governments will convincingly convey their views to them. Needless to say, direct investment in the production of goods for local markets will remain attractive.

### **INTERNATIONAL MONETARY SYSTEM**

As global trade declines, so will the demand for international currency, mostly the U.S. dollar which services this trade. If the volume of trade and investment transactions within the national economy exceeds the volume of foreign trade operations, the national currency will be in greater demand than the world currency. In addition, most growing economies, such as BRICS countries, are likely to focus on solving domestic problems and moderate their efforts to reform the world monetary system.

The dollar will not disappear and the world monetary system will not be overhauled, but international monetary cooperation will weaken.

The issue of trust will come to the fore. Everyone trusted the dollar in the era of cooperation, but will this trust hold in the new conditions?

### **INTELLECTUAL PROPERTY**

The policy of protecting intellectual property implemented worldwide since the 1990s by developed countries that produce it will be eroded. Countries that use intellectual property have never been interested in observing the global protection regime and will simply take advantage of the situation.

**Firstly**, their economies will focus more on the domestic market, and legitimate intellectual property owners will lose some leverage which they could use before to protect their markets from “counterfeit” products.

**Secondly**, the possession of critical technologies becomes a key national security factor: if a country needs a vaccine to protect its people and its cost is high, it will be stolen. The same applies to other high-tech products and processes.

**Thirdly**, the global intellectual property regime was based on the leading role of international institutions, such as the WTO, and on the unity of

producer countries. But now the WTO is likely to go into an even deeper crisis and producer countries will show less solidarity, with dissidence and opportunism blossoming among them, thus giving consuming countries an extra chance.

### **GLOBAL INSTITUTIONS**

Unlike during the 2008 financial crisis, global, regional, and international institutions such as the G20, the European Union, and OPEC have acted negatively, poorly, or not acted at all. They may become more active later when the world economy starts recovering from the crisis, but not yet. The role of such a specific institution as the global leadership (hegemony) of the United States, unquestionable until recently, is also unobservable. America is preoccupied with its own problems, and while in the recent past it formed international coalitions to fight Ebola, today it is trying to buy other countries' coronavirus vaccine projects for itself.

The weakening of world institutions and the multilateral regime, which can hardly pass unnoticed, is also pushing states towards a strategy of self-sufficiency, including in the economy.

### **MIGRATION**

The idea of an open world community free of national borders was badly shaken by the migration crisis of 2015. Faced with the pandemic, most nation-states have completely closed their borders to foreigners and will reopen them slowly and reluctantly. Most likely, many countries will introduce permanent medical control requirements for visitors, which will complicate travel and make it more costly.

Refugees and economic migrants can now be denied entry not because the local population is against them, but because migrants have no health certificates and therefore pose a potential epidemiological threat.

It is hard to tell yet how much the new situation will affect tourism, especially in countries where it is a core sector of the economy. But the cosmopolitan idea—a "citizen of the world" who stays where he wants or where he can earn his living—will no longer be relevant in the years to come. A whole social group and a way of life will disappear. For example, downshifting, when a person rents out his apartment in a big city of

a developed country or receives a pension which is quite modest for a developed country, but lives somewhere under palm trees and settles for less, will become impossible.

## **IDEOLOGY**

It will not be much of an exaggeration to say that liberalism, as an ideology of domestic and foreign policy, is based on the idea of specialization, and division of labor and trade. This idea was put forward and justified long ago by Adam Smith, David Ricardo, and John Mill. The same idea—the priority of international trade—underlies the neo-Marxist theories of dependency (Raul Prebisch, Hans Singer, Fernando Henrique Cardoso) and world-systems (Immanuel Wallerstein). As a matter of fact, the ideas of economic nationalism—mercantilism—(Alexander Hamilton, Friedrich List) are also based largely on the regulation of international trade by a nation-state. If the role of trade in the economy and world affairs is declining, any leading political philosophy (other than nationalism, perhaps) that exists today becomes flawed and loses appeal for society due to the inevitable negative economic effect and decline in consumption throughout the world. The end of history manifests itself not in the final victory of liberalism (Francis Fukuyama), but in the degradation of all ideologies.

For example, the idea of unconditional personal freedoms and rights, freedom of movement and choice of residence, mobility within one's country (U.S.) or the dream of moving to Europe (for people in North Africa) is in great doubt.

Coming to the fore are not the political system or how much it is democratic, but cultural and civilizational factors (Huntington).

## **CULTURES OF THE WORLD IN THE CURRENT SITUATION**

In such a situation, judging by the effectiveness of the efforts to combat the pandemic, the cultures representing Greater Eurasia (China, Russia, South Korea, and Japan) have a higher sustainability potential.

They happen to be stronger both in operational terms, that is, in how they respond to new challenges, and in moral and philosophical terms, because the weakening of liberal ideology and the democratic political system do not cut the ground from under their feet as much as it does in the Atlantic Community countries.

## **INTERNAL INTEGRITY OF COMMUNITIES AND THEIR MEMBER STATES**

The pandemic and the unfolding economic crisis have significantly weakened international communities of various types, from civilizational and cultural ones like the Atlantic Community to integrational ones like the European Union. The pandemic has created an atmosphere of mutual mistrust, and the economic crisis, which has hit not so much the financial sphere as the real economy, will exacerbate this mistrust and trigger economic and political conflicts between countries. The situation will be similar to the Great Depression of the 1930s, when each nation-state tried to solve its economic problems at the expense of others through the beggar-thy-neighbor policy.

At the same time, societies can be expected to become more united in the face of common troubles and problems, with more nationally oriented leaders who sincerely care for their countries coming to power rather than just right-wing populists. This does not bode well for the global world order, but the citizens of individual countries might feel more comfortable.

## **GEOPOLITICS**

Until today, the dominant and successful geopolitical strategy was not to control territory, but to control world trade through monetary and logistical systems, as well as through global military presence. This was the sole purpose why the Atlantic Community created international institutions and regimes, and built the global system of military bases and mobile naval task forces. The era of colonialism is long gone, but it has been replaced with the IMF, the WTO, and a global system of logistics and division of labor in which citizens of some countries perform white-collar and high-paying jobs while citizens of others have to do dirty and low-paid work. The system of intellectual property protection is also part of the world trading system built in recent decades.

In the absence of (or amid a significant decline in) global trade, these institutions and strategies become irrelevant. If the economic motivation of such institutions and policies decreases or disappears, they become no longer necessary. In the new situation, land-locked states gain nothing and even lose a lot, but maritime states lose even more. Historically,

maritime trade has not been a major economic factor in Eurasian countries and became prominent only in recent decades. But even then they tried to diversify their ways of delivery (China's "Belt and Road" and Russia's pipelines), partly in order to reduce their dependence on the maritime system of world trade which was controlled by the Atlantic Community. Now this system is set to weaken fundamentally, turning from a huge advantage and a source of influence and earnings into a serious burden for Atlanticists.

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Some sense of foreboding has been in the air for a long time. No coherent international order and no single cultural and ideological space have emerged after the breakup of the Soviet Union. The world economy assumed increasingly artificial and ugly forms, relying on endless money printing, loans that no one was going to pay back, and growing economic inequality both among countries and within national societies. Social and ideological development also came to a halt. The stock of ideas pursued by mankind remains the same as 150 years ago, and the "conservative masses" have never accepted the concepts of a new ideal world, especially since there are none.

The pandemic and the economic crisis served as a trigger for national elites—no one could or wanted to wait any longer. The processes that are currently underway may be described as a reaction of states and societies to rapid economic globalization at a time when the world still consists of nation-states, and no political integration is anywhere in sight, while societies, at least many of them, hold on to national identity. There can be other explanations as well. But one thing is clear—we are entering an era of greater disunity, while unifying bonds between nations remain quite weak.

Last time the world had a similar situation was during the interwar period. Analogies in such matters are usually inappropriate, but similarities between "then" and "now" are apparent: separation, the absence of a global leader, and the weakening of global institutions amid a deep economic crisis. We will try to get out of this mess with minimal losses, but remember at the same time that not so long ago a similar situation ended in a world war.