



The Political-Economic Transformation in the Post-Pandemic Era

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Abstract

This study tries to examine how the COVID-19 pandemic might affect the nature of international politics as well as the structure of international relations in the years to come. The way the pandemic unfolds and the measures adopted to stem it will likely affect the future of globalization process and the nation-state, the allure of democratic and authoritarian regimes, the future of illiberal populist parties and movements, the attractiveness of alternative moral approaches, the future of European Union integration process and the future trajectory of the geopolitical competition between the United States of America and Peoples' Republic of China. The policies adopted by American and Chinese governments during this process will strongly affect their respective capabilities to play leadership roles in different aspects of global governance. Even though it is quite popular to argue that nothing will remain the same after the COVID-19 pandemic, this study recommends that analysts adopt a more modest and prudent approach in predicting the future course of international politics. It is still too early to offer ironclad statements regarding the future of international relations.

Keywords

COVID-19, globalization, nation-state, USA-China rivalry, European Union

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Introduction

There is an overwhelming consensus today that the main dynamics of international politics will change significantly after the COVID-19 outbreak. The number of people who claim that nothing will be the same after the pandemic is quite high. On the other hand, people who think that this situation should not be exaggerated are not few. It is necessary to be cautious about the views that this epidemic is closing an era and opening a new era, since there has not passed enough time to analyze the effects of the outbreak on international relations and the basic dynamics of international politics. Similar to the Spanish flu that happened towards the end of the First World War, the Great Depression in 1929, the bombing of the American naval forces in Pearl Harbor by Japan in 1941, the transnational terrorist attacks on American lands on September 11, 2001 and the global financial crisis in 2008, the current disease of COVID-19 will likely have important consequences in the flow of history.

Although not enough time has passed by now so as to offer iron-clad predictions about the possible consequences of the epidemic and the dynamics it might trigger in global politics, we will make some predictions on how the future might unfold based on the developments that have occurred since the beginning of the epidemic. In doing so, we will try to discuss what will change and what will remain unchanged.

The main issue that concerns us in this study will be the effects of the epidemic on international relations, globalization, competition between great powers and the future of the nation-state. The future of globalization and the nation state, the performances of liberal and authoritarian state models in this process, the future of illiberal populist politics, the morality of the measures taken to suppress the outbreak, the trajectory of the European Union integration process and the course of geopolitical competition between the United States

and China will be affected by the outbreak of the pandemic. The attitudes adopted by the American and Chinese governments in the context of combating the outbreak will also determine their leadership capacity in the context of global governance. Although it is equally important to make predictions about the forms of social life, business manners, family relationships, entertainment practices, production relations and the relationship between technology and human beings in the post-pandemic era, we exclude these issues from the analysis offered here.

Globalization and Nation-State

While discussing the possible consequences of the coronavirus outbreak on the nature of international relations, the first issue emphasized by many observers is that the globalization process will be negatively affected by these experiences. The phenomenon of globalization, which is based on the assumption that the cross-border traffic of people, capital, services, technology and products is accelerated and occur easier, seems to lose a serious ground in this process. Closing the borders is one of the most important measures taken to minimize the spread of the virus. In the past few months, the mobility of people and products has slowed down. Many circles have been saying for some time that globalization has progressed faster than expected, and developments occurring in far distant places have negatively affected our economic well-being, physical health and safety at home. We have now seen that serious slowdown that may occur in the economies of the countries that are at the center of global supply chains, especially in China, could negatively affect the economies of other countries. We witnessed that many products we consume at home were being produced outside our border alongside the outsourcing dynamics as part of the globalization process. Before the pandemic, trade within and among multinational corporations constituted more than half of global trade flows. Many products were being produced in countries where labor and other production costs were cheaper.

COVID-19 has showed us how risky it would be outsourcing the production of facial masks, oxygen machines, medicines and many medical supplies to outsiders in the name of economic efficiency. We have seen that a serious disruption in the global supply chains could bring the economy of many countries to a halt during the crisis. In addition, many measures taken to stop the spread of the outbreak have created a serious supply and demand contraction. In the years ahead, the urge to bring production closer to home as well as make it less dependent on others will continue. Global supply chains will now be established at more regional levels. Countries will either produce their own goods, especially strategically vital ones, or buy them from countries that are geographically close to them. States will intervene more in the economy in order to prevent economic vulnerabilities. If not communist or entirely socialist, center of left economy policies will be more popular. For example, President Trump has stepped up his effort to help minimize

economic interdependence between his country and China and, if possible, to completely separate the economies of the two countries. With the epidemic, it has once again become important to rely on domestic resources in producing vital goods as well as lessening the need to have access to others' markets for economic growth.

There were serious criticisms that the globalization process significantly increased domestic income inequalities and damaged the relationship between nation-state and democracy. We knew that the gulf between middle classes and high income groups grew in favor of the latter alongside the globalization process and the real income of people in the middle and lower income groups decreased decisively. While many measures taken to suppress the COVID-19 outbreak caused serious contractions in national economies all over the world, the people who have been affected by the epidemic the most negatively have proved to be low-skilled blue collar workers. This is not a coincidence.

While examining the outcomes of the epidemic globally, the protest movements first emerging in the United States and then spreading out to other countries as a result of the murder of an African-American citizen by a white policeman in the United States warrant closer attention. It is quite important to read the violent protests occurring in the world's richest and militarily most powerful country not only as a reaction against white racism but also as a manifestation of an accumulated anger against the neoliberal social and economic order. African Americans, which make up about 15 percent of the country's population, are around 40 million in number. It cannot be more natural than the fact that African Americans, - who have been experiencing the economic and social injustices of the neoliberal system, being exposed to systemic discriminations, receiving the least from the overall national income and constituting the bulk of the inmates in prisons- have taken to the streets to protest the murder of George Floyd. Of all segments of American society, it is African Americans who have lost their jobs the most and applying for unemployment benefits in highest number.

America is currently one of those countries that has experienced the coronavirus epidemic the most negatively. The overwhelming majority of those who died due to the epidemic are African Americans. American citizens of African-American origin are most exposed to the virus because of their labor-intensive work. Many of the measures taken to suppress the outbreak have affected the lives of African Americans primarily. Both surviving psychically and trying to get along economically have been very difficult for this group. This constitutes the background against which one can analyse the looting events following the murder of Floyd. If we put aside the vandalism shown in the protests and the far-right and far-left marginal groups taking the stage opportunistically, many people who participated in street demonstrations have actually protested the current economic system. The neoliberal economic order, which treats people as goods in the market, alienate people to themselves and widens the income gap between the rich class and middle- and lower-income groups, has

now reached a boiling point. As the center of political and economic power is rapidly shifting from the West to the East, which seems to be facilitated by the current epidemic, neoliberal policies will increasingly be put into question across the West.

For a long time, we have been witnessing that the production decisions of multinational companies affect the fate of people more than the decisions of elected governments. Reactions to this situation have increased in recent years and political movements and parties, which believe that sovereignty should be regained, have become more salient across the globe. In direct opposition to neoliberal globalization process, which treats people as “homo-economicus” and reduce them to mere producers and consumers, recent years have witnessed the spectacular rise of political movements that see people as “homo-sociologicus”. Illiberal populism has become more visible than ever across the globe. Political movements that view foreigners with suspicion, question the multicultural societal structure, react to the eroding of traditional values, and place the nationalist point of view at the center of politics have gained momentum recently. It would not be wrong to suggest that such trends will continue in the post COVID-19 world. The view that it would be better to provide health, security and economic welfare at local and national levels will likely gain strength in the years to come.

Since the outbreak of the pandemic, we have been witnessing that important decisions and measures are being taken at national and local levels. Coordination and cooperation at global level and multilateral platforms is something that has been missing. Neither the World Health Organization nor G-7 and G-20, the European Union nor other international organizations have fulfilled the global coordination and leadership task expected from them in this process. The COVID-19 has made it undoubtedly clear that people first look to their states and local authorities for economic well-being and physical security. We are now entering a period in which states will likely regain some of the ground that they lost in recent decades alongside the uncontrolled globalization process.

European Union and Illiberal Populism

We have witnessed the tension between globalization and nationalism to its greatest degree in the case of the European Union integration process. The COVID-19 outbreak seems to have accelerated the questioning of the values on which the EU integration process rests. Italy and Spain, the EU members which have been most affected by the epidemic, did not receive the support they expected from the richest members of the EU. Supporters of tight monetary and fiscal policies within the EU, especially Germany and the Netherlands, continue to oppose providing economic aid to their southern spendthrift partners. Despite the latest agreement between France and Germany that the European Central Bank would issue coronobonds, Germany and other wealthy EU member states do still object to bailing out southern EU members out of good will.

In addition, we have seen that EU member states have not provided each other with considerable medical aid and equipment in controlling the crisis. It was once again seen that the EU could not succeed in offering solutions to the pandemic through its common institutional platforms. Worse, ruling governments in such member states as Hungary and Poland have taken steps taking advantage of the extraordinary conditions that might potentially result in weakening of liberal democracy. For example, in Hungary, the decision of the parliament to approve the state of emergency issued by the government might give extraordinary power to the executive at the expense of other branches. The measures adopted in the name of defeating COVID-19 might erode liberal democracy and indirectly result in further centralization of decision-making process. Hungary has demonstrated that the balance between freedom and security can be easily redefined during times of emergencies favoring the latter at the expense of the former. There are serious concerns that such practices might be repeated in other member states, the least being Poland. Measures taken to defeat the disease can empower state authority at the expense of civil society as well as prioritizing security over freedom.

The anti-integration populist movements that begun afflicting European politics before the outbreak of the pandemic can emerge from the ongoing crisis much stronger. In order to prevent this from happening, central-mass parties in power across the continent should succeed in their efforts to defeat the crisis in the short term. For example, in order for the center-right and center-left ruling parties in Germany, namely the Christian Democratic Party and Social Democratic Party, not lose against the populist Alternative for Germany Party in the upcoming parliamentary elections, they need to succeed in defeating the Coronavirus sooner than later. For the mass political parties in the center to gain the high moral ground in this process, they should continue to build their policies on scientific expertise and rationality and get quick result results.

State Capacity

Another point that should be underlined in this context is that rather than how countries are ruled internally and which political values and norms they believe in, their state capacities have determined their ability to control and reduce the outbreak. States that have serious state capacity in the health sector and are able to take decisions fast and implement them centrally have been much more successful in this process. Whether such democracies as Germany, Japan, South Korea, Taiwan and Turkey or whether such authoritarian regimes as China and Singapore and Vietnam, countries with a strong state capacity have stepped forward in this process. In none of these countries, the operation of health sector has been predominantly left to the market forces reflecting the principles of neoliberal capitalism. This is just the opposite of what one could observe in such countries as the United States, the United Kingdom and Italy. In these countries, state spending in health sector has dropped significantly in recent years and market forces prevailed over social factors.

Another common feature of countries where such measures of preserving social distance, wearing masks and respecting hygiene rules have produced positive results is that strong communal values take priority over strict individualism. In Anglo-Saxon countries where extreme individualism is prevailing, people are less willing to sacrifice their personal freedom in favor of protecting public health. No matter how severe consequences such measures might have on economy, in countries where communal values are strong people tend to respect public health measures more voluntarily. Similarly, the employment of technological facilities in tracking physical movement of people is considered to be more legitimate in countries where strong communal values take precedence over individualism. Based on the measures adopted by diverse countries across the globe since the outbreak of the crisis, one can safely argue that people will put more emphasis than ever on strong state capacity, strong social ties and welfare state ideology in the post-pandemic world. The idea that the road to individual prosperity and security goes through the maintenance of social prosperity and security will likely strengthen in the years to come.

Moral Considerations

In the process of defeating COVID-19, peoples' moral values are also being contested. Secular morality presumes that people would treat others the way how they want to be treated by them. The principle of people putting themselves in the shoes of others before engaging them is strongly emphasized by secular morality. What we have seen so far is that people across the globe have largely respected this principle and agreed to strong limitations of their personal freedom in the name of protecting the larger society.

The most important exception to this practice has taken place in Anglo-Saxon countries, where traditions of individualism and utilitarianism are quite strong. The adherents of Social Darwinism believe that the weakest link of society should be sacrificed for the benefit of larger society. Many Social Darwinists living predominantly in Anglo-Saxon countries argue that measures adopted to defeat the epidemic will likely cause serious economic crises in the medium and long term. Therefore, they strongly oppose such measures of quarantine and lockdowns. Nevertheless, based on the evidence on the ground one can safely argue that the countries which have dealt with the crisis from the perspective of communal needs and secular moralism will likely prove to be more influential in global politics in the years to come.

US-China Competition and Sharp Power in Global Governance

As the coronavirus pandemic has made it clear we are now quickly moving toward a new international order in which neither the United States nor China appears to be eager to play the role of a responsible global leader. Reluctant to adopt credible initiatives to help coordinate responses globally to defeat COVID-19, both superpowers seem to have put their national interests first

and are engaged in sharp power competition with a view to gaining the moral high ground in the eyes of global audiences. This suggests that the ongoing American-Chinese geopolitical competition will increasingly take on more ideological or normative dimensions than ever before.

Even though some argue that we are still far from a situation in which the U.S. and the Soviet Union faced each other as existential enemies during the original Cold War years, we are quickly moving to that stage, with China and the U.S. increasing their efforts to inflict damage on their material and nonmaterial interests each passing day.

Yes, the degree of economic interdependence between the U.S. and China far outweighs the degree of economic interdependence that existed between the U.S. and the Soviet Union. Unlike the Soviet Union, China owes its spectacular economic growth to its institutional incorporation into the U.S.-led liberal international order. China's access to Western markets, Western foreign direct investment in its domestic economy, Western technological transfers to its firms, outsourcing of Western manufacturing jobs to the country and the huge dollar reserves at its disposal have long led many to argue that the probability of China overhauling the current order would remain much lower than the probability of China transforming into a responsible stakeholder. The high economic interdependence between the two countries appears to have produced the perception that the U.S. and China are on the same ship, and any shipwreck would make them both sink.

Yes, both superpowers appear to believe in the merits of economic capitalism to push further growth and development. Despite the fact that the U.S. has thrived on market capitalism while China on state capitalism, the degree of divergence between American and Chinese models of capitalism is much less than the degree of incompatibility between American capitalism and Soviet communism.

Yes, unlike the competing American and Soviet claims to global primacy during the Cold War years, what we observe today is one established hegemon abdicating the role of global leadership while a rising superpower still shirking global responsibilities before proving its claim to hegemony in its own neighborhood.

Yes, unlike the American-Soviet example, today's U.S. and China engage each other through various bilateral and multilateral platforms. Saving their togetherness within the United Nations Security Council, the then Soviet and American leaders preferred to deal with each other bilaterally. This is just the opposite of how U.S. and Chinese leaders have interacted with each other since the early years of China's opening to the global economy in the late 1970s. The multilateralist elements of American-Chinese relations have spectacularly increased following China's membership in the World Trade Organization in 2001.

Having said that, the post-COVID-19 era does not augur well for the future of U.S.-Chinese relations, and many pundits have already rushed to the conclusion that we are now watching a new Cold War unfold between two behemoths. Let alone their growing military expenditures, the U.S. has intensified its efforts to help contain China's rise through Quad-like initiatives, while China is doing its best to drive wedges between the U.S. and its traditional allies across Europe, East Asia and Southeast Asia.

Besides, China has in recent years improved its relations with Russia. Having felt excluded by the West, Russia and China have come much closer to each other than before. Though a traditional security alliance has not been in the making yet, each passing day witnesses more joint military exercises, energy cooperation and diplomatic coordination between the two nations.

The fabrication of the China threat in American society also seems irreversible now. Many opinion polls recently show that majorities of Republican and Democratic constituencies in the United States define China as the number one existential threat. A Joe Biden presidency would not change the anti-China hysteria in American society. China's performance during the coronavirus pandemic seems to have corroborated Americans' fear that the communist leadership in Beijing is doing everything to hollow out American primacy and dent American image across the globe. A similar psychology reins in Beijing with Chinese leaders accusing their American counterparts of not playing a responsible role during the pandemic and putting China in the crosshairs. There is now an undeclared war between the two nations. U.S. President Donald Trump's efforts to decouple the American economy from that of China and his contribution to the erosion of China's centrality in global supply chains are now viewed as hostile actions in the Chinese capital.

Both countries are now competing with each other to recruit as many followers as possible throughout the world. Europe, Central Asia, Africa, Latin America and Southeast Asia have increasingly transformed into playgrounds for the two countries. Both countries have now weaponized their military, economic and ideational power capabilities in order to score goals against each other.

The thing to worry about is that the COVID-19 pandemic has strengthened the Cold War dynamics in American-Chinese relations and added a more ideological and normative flavor to it. Their political values, economic policies, governance models and cultural traditions will increasingly become ammunition in this geopolitical competition. This is as much a hard power competition as it is a soft and sharp power one. Unlike the original Cold War between the U.S. and Soviet Union, the new Cold War between U.S. and China will have more catastrophic consequences because humanity is living in a more globalizing and shrinking world and technological developments will multiply its corrosive impact.

The concept of power is one of the most popular and elusive concepts in the academic discipline of international relations. To many, power is the ability of

one actor, in our case states, to influence the behavior, interests and identity of other actors in the image of its own priorities, preferences and values. Put differently, power is the ability of one actor to get what it wants from others. The crux of the issue here is to define from where this ability comes and whether one can measure it. This suggests that power has both residual and relational aspects. Power is residual because being powerful requires a particular actor to possess some capabilities, of both tangible and intangible sorts, and the will to use them in order to have an impact on others. If there is no will to use such capabilities, possessing them does not confer any advantage on the actor which holds them at its disposal.

Without those capabilities in the first instance and the will in the background, it is nearly impossible to influence others. Tangible sources are those that can be quantified, measured, observed and categorized. Such sources are military capability, economic might, geographical location, population number, human development, technological prowess, environmental factors, etc. Intangible sources of power are those that cannot be easily observed, tested or measured. Moral, values, norms, societal cohesion, culture, image and identity are typical examples of intangible power capabilities.

Power is also relational because for power to exist there needs to be at least two actors interacting with each other. For example, if State B does not meet the demands of State A or change its behaviors along the expectations of State A, then State A does not have power over State B. Possessing mere power capabilities and the will to use them does not automatically translate into being powerful. Being powerful requires the compliance of others with the demands of the state that tries to have an impact on their choices. Relationality suggests that power is also contextual. Possessing huge military capacity might not matter at all in the context of defeating global pandemics and environmental calamities.

Coercing hard powers are those that try to get what they want from others by coercing them to meet their choices. Others would either agree to the terms of the coercer or get punished severely for their non-compliance. Coercive powers would frighten their opponents and threaten them with the negative consequences of their non-cooperation. Coercive powers try to instill fear in their targets and wish for them to respond out of necessity. Coercive hard powers might employ both military and economic capabilities.

Inducing/enticing/coaxing hard powers are those that try to get what they want from others by pushing them to make materially construed cost-benefit calculations. Their hope is that others would be induced to cooperate if they saw that their cooperation with the inducer would yield them more benefits than costs. Rather than fear, interests based on rational cost-benefits calculations would drive compliance with the demands of the power holder.

As we are now fast moving to the post COVID-19 era, soft power will likely become as important as hard power. The risk here is that as soft power is seen

as something that needs to be manufactured in a strategic manner, it comes closer to sharp power. The years ahead might increasingly see soft power being mistakenly defined as sharp power and turn out to become a weapon at the hands of states, most notably great powers, to be employed in their geopolitical games.

Whereas soft power emanates from attraction and strongly hinges on credibility, sharp power stems from well-designed propaganda and public relations efforts aiming at cultivating a positive image about one's self as well as activities of manipulation and disinformation targeting external audiences. When it becomes a tool to be employed in interstate competition, soft power can no longer be considered as soft or innocent nation-branding efforts.

I argue that this is the scene we have been increasingly witnessing over the last decade, and we will see more of it in the years to come. To test how it feels, just take a brief look at how Russia has been waging political warfare against liberal democracies in the aftermath of the Crimean crisis in 2014. There is a war between Russia and Western powers, and this war is being fought more politically than militarily. Apart from the ongoing proxy wars in Syria, Libya and other conflict-riven failed states, the growing power competition between Russia and liberal democracies has been evolving more in political than military platforms. Lending support to pro-Russian political parties and movements across Europe and the United States, helping manufacture a positive image about Russia and its policies through the employment of all available media platforms and resorting to disinformation campaigns with a view to tarnishing the image of the West all over the world can all be considered as textbook examples of how sharp power has increasingly become a part of Russian statecraft.

Investing in creating alternative truths and contesting conventional understanding of social realities constitute other examples of how sharp power is exercised. As universalism has begun giving way to relativism and as various practices of the globalization process have been increasingly replaced by various practices of protective nationalism in recent years, sharp power wars have inevitably turned out to be propaganda wars. It is undoubtedly clear that the shift from a U.S.-led unipolarity toward a contested multipolarity has eased this process.

This process will likely accelerate in the post COVID-19 age. The competition between the United States and China will intensify, and what will shape the end result of this growing competition will increasingly revolve around the question of how many followers China and the United States will each have in the following years. The two powers have already engaged in a propaganda war concerning the success of the measures each adopted to defeat the coronavirus.

The sad truth is that none of us is in any position to verify the authenticity and legitimacy of the narratives that American and Chinese governments

radiate around the world. Should we name the coronavirus the Chinese virus as American President Donald Trump wants us to do? Is China helping others defeat the virus as a good international citizen, or is China's mask diplomacy and financial assistance to needy countries aimed at salvaging China's tarnished image in the early days of the pandemic? Is it the Chinese or American model of governance that performs better? What about the performance of the World Health Organization (WHO)? Has it actually transformed into the Chinese Health Organization as many China-bashers would have us believe, or are China's increasing contributions to global governance, most notably in the realm of efforts to defeat global pandemics, what we need as Trump's America is abdicating its global leadership and becoming more introverted each passing day?

It is now becoming more and more difficult each passing day to assess the truth claims of any actor in any power competition. Objectivity is becoming increasingly contested. Multipolarity is aggravating this problem too, because as material power is dispersed among many actors, the number of alternative truths also multiply. In such an environment, it is going to become more difficult than ever to separate soft power from sharp power.

Conclusion

We are rapidly moving away from the US-led unipolar world order to a multipolar one. The COVID-19 will accelerate this transition. In the emerging world order, soft and sharp power will be as important as hard power in states' international behaviors. Russia and China are definitely more successful than Western liberal democratic countries when it comes to the employment of sharp power tools. Having closed societies and strong state traditions is an important advantage in sharp power wars. Western states, which tend to have open societies, will likely be more exposed to external manipulations.

Middle powers will certainly loose as the tension between the US and China escalate. These powers are not as powerful as the global powers that have the ability to shape the course of international developments to their liking. Yet, these powers are also more powerful than small powers in terms of their ability to shield themselves against the external shocks. Most of today's middle powers appear to have workable relationships with the US and China. Many of them have the US as their number one external security provider whereas China as the number one economic/trade partner. Their nightmare would arise if they found themselves in a quandary having to choose between Americans and Chinese. They do not want to see themselves sandwiched between these two behemoths. China and US are bullies and think they are entitled to their own sphere of influence. They are carnivorous powers adept at playing the time-tested play of realpolitik. They have the ability to survive in the jungle of international relations.

On the other hand, many middle powers are herbivorous powers which could only survive in an international environment which comes closest to what many would define as a zoo. From the perspective of many middle powers, doing international politics within an environment of a zoo is less costly and more comfortable than doing this in an environment of jungle. A Kantian world would serve the national interests of many middle powers more than a Hobbesian world. Bandwagoning with any of these superpowers would either put their security at unnecessary risk by antagonizing the other or transform them into a puppet/satellite of the power with which they identify. I think they would do well if they combined their capabilities to form a league of multilateralists that would act in unison as an alternative third block or adopted strict neutrality. Their ability to resist against the realpolitik pressures coming from either the US or China would increase should they act together. Financial and trade globalization, multilateralism, international law and rules-based global governance should continue to define the main tenets of the international order if middle powers want to survive in the emerging cold war between the US and China. Germany, Japan, Canada, Australia, Turkey, India, South Korea, ASEAN members and other potential middle powers should take the lead in bringing into existence an alternative international order which would serve the interests of humanity much better than a new cold war.

It is now certain that the COVID-19 crisis will likely put a brake on globalization, empower those who argue for nationalism and state-directed economic development, push the European Union members to endow their union with strategic sovereignty and fuel the geopolitical competition between the United States and China. Unless many middle powers, which have been deriving concrete benefits from multilateral globalization process, join their forces and push the United States and China to contribute to global governance, the COVID-19 crisis and its aftershock might turn the world into a less stable and more conflict-prone place to live.