

THE IMPACT OF COVID-19 PANDEMIC ON THE INTERNATIONAL POLITICAL AND ECONOMIC ORDER

R.H.M. Imasha Lakshmiwewa & K.W.M.S.W. Wanigasooriya
Intake 37-BSc in Strategic Studies and International Relations

Abstract

The Covid-19 pandemic outbreak has negatively affected the growth of political and economic sectors of the globalized world, transcending beyond a health issue. In midst of the misfortune of millions around the globe, the virus is playing a role in shattering the economies, public policies, international politics, and world trade. Labelled as the most precarious disasters to humankind in the 21st century the depth of this calamity cannot be measured. As the world has now moved its attention to seeking a cure for this deadly disaster, the consequences of this current pandemic at the global level are also needed to be focused and the questions must be answered. Besides the disaster of the global health sector, as a response regarding the unanswered questions in the international political and economic arena, the study aims to investigate the impact of Covid-19 on the international economic and political sectors, and the process of reshaping the global order.

Keywords – Covid-19 Pandemic, Global order, Economic order, Political order

INTRODUCTION

The Covid-19 pandemic outbreak has negatively affected the growth of political and economic sectors of the globalized world, transcending beyond a health issue. The pandemic is contracting the economies of many countries including that of the G7 states (reference) and affecting public policies, global governance and food security to name a few. Thus far, the pandemic is causing substantial damage, which is unprecedented. As the world concentrates on finding a cure for this deadly disaster, the consequences of this current issue require examination. This paper analyses two main areas:

- ❖ Economic Impact
- ❖ Non- Economic Impact

Due to the pandemic, the debate between national interests and collective interests has arisen. Accordingly, the choices and decisions made under these circumstances could determine where they would stand in the global order. Covid-19 has created a platform for underlying tensions between democracies and autocracies, eastern bloc and western bloc, and the north and south to surface unlike any other time since the end of the Cold War. It is widely believed that the response to the pandemic will determine the future global order. The clear failures and successes of these global powers amidst this pandemic has already created an impression on the observers as to who may be the global leader going forward (Jayawardene, 2019) With many powers on the rise and keen on leading global politics, hinting at a multipolar system.

A period of coalitions of convenience, from economic to technological and geographical partnerships where the process of globalization will be playing backwards within the global arena. The question in terms of global polarity as to whether the US will continue its leadership in the post COVID-19 international system, or whether the world will see a new superpower - China to lead the global politics where the centre of gravity of power will be shifted towards China, will be based on two argumentative questions.

- ❖ Can the cruelty of this current pandemic foretell the future of global order?
- ❖ Is it far too soon to predict the post COVID-19 world order?

PRE-PANDEMIC STATUS QUO

The world prior to the devastating novel coronavirus was largely politically inclined to the USA and economically to China. The crisis based on the first wave - oscillated global economies, directly causing a shift in international politics and in terms of balance of power which could result in the establishment of a new global power or a revision of the existing system. Aside from the worldwide health crisis, the current pandemic has also generated a few concerns in the international economic arena, which goes hand in hand with the global health disaster. A combination of fear, uncertainty, and enigma. Looking at historical precedents, it's about three times as bad as the global financial crisis of 2008 in terms of GDP decline on the annual basis. The worst downturn the world has encountered since the 1930's. The virus also pointed out some fatal flaws of democracies which authoritarian regimes were able to overcome. The biggest flaw the writer identifies was how the freedom democratic nations offer its people inevitably created chaos within it. The riots on masks and lockdowns (BBC, 2020), and opposition to public health protection through weak leadership as seen in America highlighted this. China capitalized on this flaw to criticize USA and democracy as a whole (Fukuyama, 2020, p. 28) shedding light on this weakness of democracies from all over the world but most devastatingly, affecting America which went from being the defender of democracy to the leader of coronavirus reports and deaths. Authoritarian regimes on the other hand have been more efficient in their response to the virus although China at first hid the virus from the world and even conducted campaigns of disinformation and restrictions of media freedom (Wang, 2020), seen even within the American democracy by downplaying the pandemic in the eye of the public, however the difference is that in democracies you cannot get away with it (Hamid, 2020) unlike in authoritarian regimes, highlighting a flaw in authoritarian regimes. To elaborate on the efficiency, authoritarian rulers were more freely able to initiate lockdowns and curtail the spread of the virus and efficiently implement the mass use of masks and other protective measures. This showed the world the eye-opening pros and cons that these regimes may have over democracies in terms of control and efficiency.

IMPACT TOWARDS THE INTERNATIONAL ECONOMIC ORDER

The economic impact is two-fold; firstly, its impact on the supply chains of the international economy, due to the contagious feature of the virus it has resulted in the reduction of labour, supply and productivity, while lockdowns, business closures plus social distancing are in the action it causes supply disruptions. On the demand side, layoffs and the loss of income due to morbidity, quarantine and unemployment plus worsened economic prospects reduce household consumptions and firm's investment. The extreme uncertainty about the path, duration, magnitude, and impact of the pandemic could pose a vicious cycle of dampening business and consumer confidence and tightening financial conditions, which could lead to job losses and investment. There is no vaccine for fear and economic insecurity as the damage rises day by day. Observing from region to region and to each nation state, there is indication that the pandemic crisis is serious. In May 2020, the Asian Development Bank announced that COVID-19 could cost the global economy between \$5.8 and \$8.8 trillion. There have also been some issues of disinformation and resistance like in the USA toward testing and trust in its hospital systems, this in a global sense undermines the Chinese efforts of establishing the authoritarian regime as a viable alternative to democracy. Russia has taken severe steps in order to curtail the spread of the virus even to the extent of jail sentences bringing to light some of the cons of (Dixon, 2020). Brazil is undergoing a similar situation to that of Russia, resulting in the popularity of President Jair Bolsonaro. The phenomenon that took place in Brazil is unique. Brazilians did not follow what Bolsonaro said and in fact he was on the path to impeachment during the early stages of the pandemic (Casado, et al., 2020), yet his popularity increased, and the Brazilian economy too is at a far better place than the rest of South America (Rosati, 2020). The credit of Bolsonaro's popularity goes to his followers and not his policies, as the followers obeyed social distancing rules and wore masks although Bolsonaro was openly against this and had to be given a court order to wear a mask (Casado, et al., 2020). The phenomenon in Brazil is quite global in the sense the faster its economy can get back on its feet the better chances it has at securing a place in a multipolar world.

Economically Covid-19 had an adverse impact on globalization as a result of closing borders and trade wars leading up to it. The movement away from globalization has been seen through many facets such as the trade war between USA and China, and the America first attitude that shows a more nationalistic side of America. This phenomenon labelled 'slowbalization' is a pressing matter in the international economic order and with the impact of Covid-19 on global supply chains, travel, shipping and factories has contracted globalization and global economies (The Economist, 2020). The economic disruptions that Covid-19 created has affected the global supply chains negatively, therefore industries such as the garment industry focused on the Asian region to contract as they rely heavily on supply chains. The result of which is now adding to unemployment and closing down industries, but more importantly, globalization is what gave China the opportunity to rise as an economic power by joining the WTO and engaging in global trade (The Economist, 2020). Countries in the modern era are far too dependent on each other and require multilateral cooperation in order to prosper. This recession created by the pandemic

largely affected employment, with companies having to lay off employees creating a massive dent within economies leading to further political and social unrest (Fukuyama, 2020, pp. 26-28). Covid-19 seems to have boosted nationalism as countries are more aware about their borders and protecting themselves especially during a communicable virus as a result being more closed off which may have a negative impact on the future world order (Fukuyama, 2020, p. 28).

IMPACT TOWARDS THE INTERNATIONAL POLITICAL ARENA

First, the question mark is pointed towards the present global order where the USA plays a key role. Second, the neoliberal policy of many Western countries is under criticism due to the increases in inequalities across the world. The whole world has started the process of 'renationalization' thinking by giving up the neoliberal policies, states have provided aid for the business and workers, countries are implementing shut down and imposing sanction over free movement within or outside the country amid the spread of COVID-19 pandemic. In the case of a pandemic like this, where there are no enemies, leadership now depends on who responds better. One of the foundations of grasping the world by the USA for the last few decades is the quick global 'America First' response to any crisis across the world, either through donating wealth or exercising its military power. But as the COVID-19 shows a clear failure of such a quick response from the USA. Instead, China is following the same path of helping the coronavirus affected countries as a quick global response due to the absence of the USA or any other global power.

The argument in regard to Covid-19 vs. re-shaping the Global Order could be summarized through few arguments- The view of the international system in the current context is as below -

"Rise of China" - The pandemic has further helped China so far to accelerate its desire to create a Chinese influence on the horizon through the BRI with a new so-called 'health silk road' policy. China has started to offer medical supplies across the world to battle the pandemic collectively. China's sphere of influence has reached most of the countries ranging from Asia to Africa and from Europe to America. However, the quality of quick response which acts as a fundamental feature to lead the international politics of China throughout the globe to fight against the COVID- 19 pandemic has been immense.

"Inward policy of the United States and the decline of its supremacy" - The pandemic has also raised a firm challenge over the supremacy of the United States. Initially, the USA and other western countries did not pay any attentiveness to COVID-19. Such negligence to the COVID-19 became the biggest threat to all these Western countries. Among them, the most serious case is now in the USA. First, the pandemic shows the lack of healthcare resources in the USA that also points out the lack of coordination. The western alliance between Europe and the USA is questionable. As a result, the USA could and is facing immense economic damage. As Professor of John Hopkins University- Vali Nasr stated - "It's not the U.S. that will choose what it wants to focus on, in fact the Corona Virus is going to decide"

“The fumbling of European solidarity”- EU is considered as the most effective regional political and economic organization as it is well known for its dynamic solidarity as a fundamental value of the organization. The main basis of this solidarity, the state’s closeness and open border system, is now totally collapsed. The spread of COVID-19 pandemic shows the failure of the EU in terms of responding to the request for assistance to the member states while the EU is one of the epicentres of the current pandemic. For example, even Italy, an active member of the EU, was also refused assistance after asking the EU.

Cyber Dependency

In a very short period of time, the COVID-19 pandemic catastrophe has touched our lives and changed numerous daily activities. Due to increasingly widely accepted remote working and distance learning methods, the COVID-19 problem has increased and altered our society's reliance on ICT and the Internet. COVID-19 has presented a number of technological and organizational difficulties that necessitate a comprehensive study and re-evaluation in terms of cyberspace. Personal computing devices have been extensively utilized for work purposes. Video conferencing technologies have replaced traditional meeting rooms, dependence on distant connectivity services and corporate VPNs has increased, and cloud services have shown their worth.

CONCLUSION

The impact of Covid-19 has created shockwaves within the global economic order bringing to a halt the rapidity of economic development in the world. The countries more concerned with their economies have in turn risked the health of its people as seen in America, whereas in the case of some authoritarian regimes and within the European Union the lockdowns may have disrupted the economy whilst protecting its people. China, where the virus originated is now championing the post Covid world with the likes of the USA still battling the virus (Fukuyama, 2020, p. 28). This essentially changed their image, and the result has seemingly tilted the opinion of many countries in favour of China. USA, the country that everyone looked towards for leadership, began working more unilaterally in a time where it was needed to be multilateral (Mahbubani, 2018). The USA moving away from the WHO and other multilateral agreements which needed its leadership and aid created distrust toward America, a trust it may never recover (Haass, 2020).

Further, the failed efforts at controlling the virus when compared to its authoritarian counterparts and competitors such as the EU further dented its reputation in the world opinion giving those countries the opportunity to take over the mantle of leadership or even share power in a possible multipolar world. The rising tensions in the world are creating similar fault lines as the ones from the Cold War era. The increasing Chinese involvement in the South China Sea and the trade war between China and the USA as well as the China – Hong Kong issue are indications of such a fault line. The exploitation of these fault lines by major powers for their own benefit

may create a path to a new world order (Crawford, 2020). The locking horns of these powers who are playing the political and economic game over global power is expected as Mahbubani said in his quoting Graham Allison's book 'Destined for War' pointed out, that when two powers are rising there is bound to be a geopolitical contest between them and not a peaceful transition (Mahbubani, 2020). Applying this to the possibility of a multipolar system the contest will be greater. Though China and USA are competing over global leadership, one cannot overlook the resurgence of Russia, emergence of EU, Brazil and India as reckonable powers thus setting the stage for a multipolar world. The world moving forward requires cooperation and multilateralism which is certainly one thing the virus has taught. If countries fail to realize this the next outbreak will cripple the world further hence my argument of a multipolar system. The virus highlighted the weaknesses of democracy as well as other ideologies and over reliance of the free market, globalization, and weaknesses in the healthcare systems. Emphasizing the importance of cooperation and multilateralism and acceptance of emerging powers. The writer opines a multipolar political and economic order would emerge moving away from hitherto known unipolar and bipolar concepts shifting the sands of the global order in the post pandemic world.

REFERENCES

- BBC, 2020. BBC. [Online] Available at: <https://www.bbc.com/news/world-us-canada-52348288> [Accessed: 12th of March 2021].
- Casado, E., Andreoni, M. & Letícia, L., 2020. The New York Times. [Online] Available at: <https://www.nytimes.com/2020/11/16/world/americas/brazil-bolsonaro-covid.html> [Accessed: 12th of March 2021].
- Clark, D., 2020. Statista. [Online] Available at: <https://www.statista.com/statistics/1070317/eu-gdp-growth-rate/> [Accessed: 12th of March 2021].
- Crawford, A., 2020. The Economic Times. [Online] Available at: <https://economictimes.indiatimes.com/news/international/world-news/a-new-world-order-for-the-coronavirus-era-is-emerging/articleshow/76887802.cms?from=mdr> [Accessed: 12th of March 2021].
- Dixon, R., 2020. The Washington Post. [Online] Available at: https://www.washingtonpost.com/world/europe/coronavirus-russia-doctors-medical/2020/10/23/ab91c58e-fdc0-11ea-b0e4-350e4e60cc91_story.html [Accessed: 13th of March 2021].
- EurAsian Times Desk, 2020. The EurAsian Times. [Online] Available at: <https://eurasianimes.com/imf-admits-china-has-long-overtaken-the-us-as-the-worlds-largest-economy-but-why-is-the-media-silent/> [Accessed: 12th of March 2021].
- Frankel, J., 2020. The Guardian. [Online] Available at: <https://www.theguardian.com/business/2020/may/29/is-china-overtaking-the-us>

as-a- financial- and-economic-power [Accessed: 13th of March 2021].

Fukuyama, F., 2020. The Pandemic and Political Order: It Takes a State. *Foreign Affairs*, 99(4), pp. 26-32.

Haass, R., 2020. Present at the Disruption: How Trump Unmade U.S. Foreign Policy. *Foreign Affairs*, 99(5), pp. 24-34.

Hamid, S., 2020. Brookings. [Online] Available at: <https://www.brookings.edu/blog/order-from-chaos/2020/06/16/reopening-the-world-how-the-pandemic-is-reinforcing-authoritarianism/> [Accessed: 12th of March 2021].

Jayawardane, A. (2020) Lecture Notes. [The possible forms of world order that may emerge post Covid- 19]. *International Politics Since 1945*. IR1063. General Sir John Kotelawala Defence University. October.

Kharas, H. & Dooley, M., 2020. Brookings. [Online] Available at: <https://www.brookings.edu/research/chinas-influence-on-the-global-middle-class/> [Accessed: 12th of March 2021].

Mahbubani, K., 2018. YouTube. [Online] Available at: <https://www.youtube.com/watch?v=IXSZyxcrWas> [Accessed: 15th of March 2021].

Mahbubani, K., 2020. YouTube. [Online] Available at: <https://www.youtube.com/watch?v=li6xcTsVPB4> [Accessed: 15th of March 2021].

McGrath, M., 2020. BBC. [Online] Available at: <https://www.bbc.com/news/science-environment-54797743> [Accessed: 15th of March 2021].

n.a, 2019. Statistic Times. [Online] Available at: <http://statisticstimes.com/economy/united-states-vs-china-economy.php> [Accessed: 15th of March 2021].

Osterholm, M. T. & Olshaker, M., 2020. Chronicle of a Pandemic Foretold: Learning from the Covid-19 Failure - Before the Next Outbreak Arrives. *Foreign Affairs*, 99(4), pp. 10-24.

Rosati, A., 2020. Bloomberg. [Online] Available at: <https://www.bloomberg.com/news/articles/2020-08-13/brazil-latin-america-s-covid-hotbed-leads-its-economic-rebound> [Accessed: 15th of March 2021].

The Economist, 2020. YouTube. [Online] Available at: <https://www.youtube.com/watch?v=KJhlo6DtIk> [Accessed: 15th of March 2021].

Wang, A., 2020. Harvard International Review. [Online] Available at: <https://hir.harvard.edu/covid-authoritarianism/> [Accessed: 15th of March 2021].

Wintour, P., 2020. The Guardian. [Online] Available at: <https://www.theguardian.com/world/2020/apr/11/coronavirus-who-will-be-winners-and-losers-in-new-world-order> [Accessed: 15th of March 2021].

About the authors



Imasha Lakshmiwewa is currently a second year International Relations and Strategic Studies undergraduate at the General Sir John Kotelawala Defence University. She is a passionate rotaractor with the desire to serve the community through volunteering and an individual with a keen interest towards strategic and security studies.



Savindu Wanigasooriya is currently a second-year undergraduate, reading for the degree BSc in Strategic Studies and International Relations at the General Sir John Kotelawala Defence University, Rathmalana. He was previously enrolled at S.Thomas' College, Mount Lavinia where he completed his Primary and Secondary education and graduated following the G.C.E. A/Ls in the Arts stream. He was a School Prefect as well as a House Prefect at S.Thomas' and was the Vice-Captain of the College Hockey team, a Senior Cadet in the College Cadet Platoon and was a member of the Squash team.