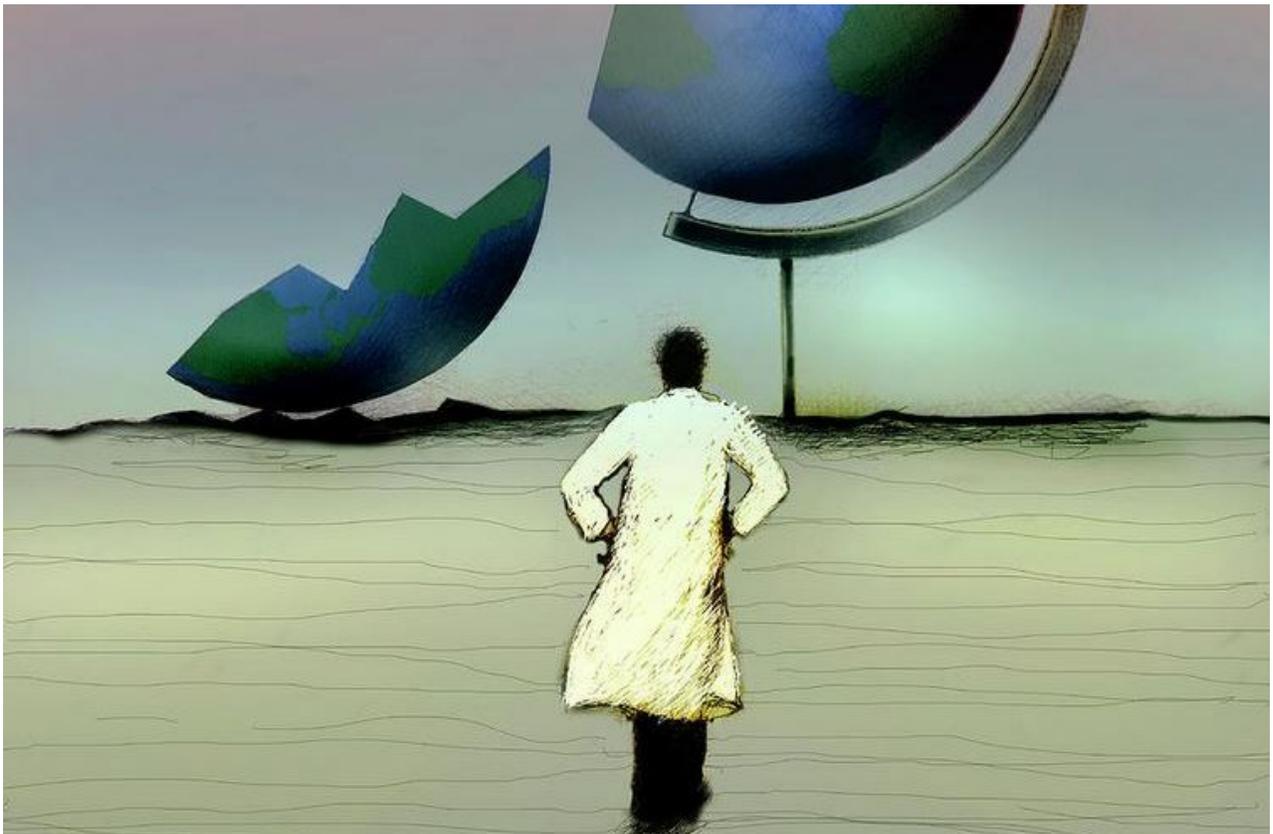




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Pandemics and global trends

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Pandemics are nothing new in human history and also in contemporary one. Since WHO does not have either a scientific or a quantifiable definition of pandemic (something that has raised some questions on the concrete logic and dynamics that lead to a pandemic declaration), one has to take into account past examples just as a rule of thumb:

- Spanish flu, 100 million dead (1918-1920);
- Asiatic flu, 1,1 million (1957-1958);
- Hong Kong flu, 1,1 million (1968);
- HIV/AIDS, 35 million (1981-2020, i.e. a yearly average of 897.000);
- H1N1 swine flu, between 151.000 and 575.000 dead.

The WHO situation report of the 4th of April tallies the following numbers: 1.009.625 confirmed cases, 50.489 deaths and 207 countries and territories affected. A pandemic undoubtedly with global diffusion, low number of deaths and a very uneven concentration: just 9 countries have 6 or 5 digit cases (USA, Italy, Spain, China, Germany, France, Iran, UK and Switzerland). It is evident that diffusion and mortality may have some relationship when talking about the difference between a risk and a threat in terms of security.

The nature of the pandemic

It is also clear that the measures undertaken by different countries have been initially influenced by the experiences of the past SARS, MERS epidemics and swine flu pandemic (declared by WHO and defined as such like the previous Asiatic and Hong Kong flus) that generated the wrong perception that the problem would remain geographically limited. Evidently, severe containment measures were taken in the case of China on the basis of political considerations (risk of loss of legitimacy of the PCC and loss of reputation at international level) and of economic calculus (avoiding further severe losses). In other countries the motivations were surely economic, but also socio-political ones, because the saturation of health systems by incurable cases is not a consensus driver for ruling classes. In the end the dilemma, faced by various governments across the span of the pandemic with different measures, was between saving lives and protecting the economy, preferably both.

The Foundation has published last year the volume “Shaping Security Horizons - Strategic Trends (2012-2019)” where a number of important trends were anticipated on a short term basis (1-2

years); the actual pandemic was not anticipated, but one should refrain from the easy “black swan” explanation: a presidential transition briefing of January 2017 anticipated the risk and US Department of Health and Human Services officials had actually war gamed a flu pandemic (Crimson Contagion 2019) in August 2019, proof that, like big financial crises, it is often a matter of detecting the signs and heeding the warnings.

Leaving aside sensationalist prophecies, one should coldly consider the COVID-19 pandemic for what it is: a **global stressor** (not just a stress test, but a real life stressing agent), putting increased pressure on already very visible and vulnerable fault lines.

Pandemic stress on major shaping flows

There are seven fundamental flows that shape the different world’s regions and balances where the pandemic has a visible impact: the *ecosystem* (especially the human/animal genetic border, as defined by Yuval Harari); the *flow of food/agrotech* commodities and techniques; the *migration flows* and the political consideration of national demographic balances; the *flows of financial capital and the one invested in fixed assets* and the orientation of crucial *research sectors, part of wider knowledge flows*. Drinkable water and energy flows are less affected in the first four months of the pandemic (November 2019 – March 2020), but will be involved the more the economic recession progresses.

All these flows have a direct impact on global, regional and national politics and particularly on two aspects that were considered in the Shaping Security Horizons book: the course of globalisation and the evolution and diffusion of democratic systems. A consensus is emerging about the possibility that this pandemic favours more fragmentation than coordination within and between countries. We beg to differ at least on one count.

Effects on democracy and globalisation

If the management of the pandemic is to be considered the touchstone by which the survival of political regimes has to be measured, the jury is not only still out (this crisis will last with its last health ramifications until the end of this year, because one has to assess the return of another wave by late Autumn), but is already divided. A very big mixed bag of authoritarian and democratic regimes has reacted in the same uncertain, haphazard way and for the moment only five countries

stand out rather positively for their results, some despite initial serious errors: China, Taiwan, Singapore, South Korea, and Japan. Leaving aside the civilizational nonsense, three are democracies, one is a partially free regime (according to the Freedom House Index) and one is a single-party regime. If one follows the substance of politics in Italy, a country that has anticipated many developments of western democracies, one can see that the government has not been swept by national-populist parties despite the serious emergency and was even able to nationalise its national private airline.

Rulers are facing a severe stress test, but at least in the North of the world and in presence of structured governmental machineries, a regime change has scarce probabilities to happen. This does not mean that the pandemic is erasing existing serious problems: the serious erosion of the quality of democracies, the dominance of monopolies or oligopolies to the detriment of free market, the social polarisation in each country; social tensions will be further intensified by increasing hardships on an impoverished middle class.

Different is the outlook for the multilateral framework that underpins a still existing globalisation, particularly because political elites are often out of sync with economic realities. The response of each major government, particularly in the European Union, has been rather uncoordinated while a concrete NATO demonstration of the US will to reinforce the European theatre vis-à-vis Russian intimidations from Ukraine (Europe Defender 2020 exercise) has been stymied by negative national responses to the pandemic.

The Gang of Four red herring

The basis of the erosion of globalisation, that is the US effort to roll back Beijing's global economic competitiveness and political influence together with a Chinese tough strategic assertiveness in the seas adjoining the country and in market penetration, remained undented by the actual emergency, despite the recent commercial truce. On the one hand this indicates that, at least until November 2020, the erosion of the multilateral framework will be pursued at political level, possibly conflating very distinct political and strategic challenges into a new Gang of Four (China, Russia, North Korea and Iran), the so-called four revisionist countries - considered de facto allies.

This political and strategic narrative does not quite fit with three facts:

- I. The will to diminish the export capacity of China runs aground the robustness of long logistic chains that continue still to make sense for global trade in terms of cost/effectiveness. The fact that most protective, life support and antibiotics will be procured from China also in the USA is an eloquent demonstration of how difficult is to dismantle economically viable realities, built in three decades of globalisation.
- II. The four countries considered by this discourse, have specific convergent interests, but cannot be concretely allies not only due to century-old reciprocal diffidence, but because they are strategically incapable to support each other. The RO-BER-TO Tripartite Pact (1940), was a political reality between Rome, Berlin and Tokyo, but was a strategic failure in warfare. Also considering asymmetric/hybrid warfare, it is clear that most members of this ill-assorted quartet have paradoxically one strong common interest: not to be reduced as Chinese satellites by the badly negotiated success of the Belt and Road Initiative.
- III. If it is, as we shall see, highly probable that the world economy will not exit from the recession caused by the 2006-2008 financial crisis, but will instead dive into a deeper recession if not into a depression, the two competing powers (China and USA) will have much more pressing needs than to continue a rather sterile geopolitical competition. This harsh recession may have all the elements to stun for at least a couple of years a negative political and military spiral between Washington and Beijing.

Double storm ahead

The Shaping Security Horizons volume highlighted two major threats at global level: another severe financial and economic crisis in 2020 and the possibility of a major war if the globalisation/de-globalisation was mismanaged at the highest political level. The elements for a very severe economic crisis (much more than the 2006-2008 one) were all in place during the previous years: mounting global debt, increased Chinese and US debt, worsening emerging markets debts, continued financial leveraging, dismantlement of many safeguards and intervention tools put in place immediately after 2008 and the continued laissez-faire attitude towards totally unregulated shadow finance. The pandemic was the first detonator coming up, but the powder keg would have exploded with any other concrete primer. As the economist Nouriel Roubini correctly points out, this new crisis

underway is much faster in its development by two orders of magnitude in terms of time (weeks instead of years) and because it represents **a double shock on demand and supply**.

The first effect on the global flows of energy is the steep decline in prices that represents not only a stability threat for OPEC+ countries (Venezuela shows graphically what happens if there is no sustainable break-even in energy production), but is also a stark warning to the new American way of life, symbolised by energy self-sufficiency. The rush to buy light arms is absolutely irrational, but not illogical for the psyche of many American people, already squeezed by social polarisation and an almost non-existent welfare: if also the gasoline price will be perceived in future as unreasonably high, the French yellow vests will seem like boy scouts on a picnic. Moreover, if long supply chains break down under the supply shock and the coming summer heat will tax already strained drinkable water resources, its flow to cities will become crucial.

One will be lucky if water rationing will run as smoothly as in Cape Town: the alternative will be serious civil disorders and possible international water wars.

If the virus diffusion is not energetically suppressed and financial assistance measures are not swift enough to bridge the gap for ordinary citizens who have lost income, the serious recession risks to become a global record economic depression, dwarfing the 1929 Great Depression.

Mismanaging this serious emergency at national and international level, means a dire repetition of the late Twenties situation where a fledgling multilateralism was snuffed, nationalism became rampant and war seemed the most interesting option for actors deeply dissatisfied with an unbalanced world order. At that time it was the trap of a bad peace treaty (Versailles) and of an economic depression suffocating democracy in critical countries (from Weimar to Hitler). This it time the call to arms could be attractive for democracies that eventually are neither opulent nor hegemonic.

Avoiding the call to arms

Hoping to repeat the Cold War balance with a G2 is outright illusory (history is a mutating virus), but working for a more multipolar multilateralism, where sensible compromises safeguard the essential interests of several actors. is the Realpolitik to avoid another world war.

In conclusion: the pandemic is a global stressor that for the time being has heavily affected political structures and dynamics that were already fragile. Among the structures at under serious pressure are the UN, the EU and the WTO; for IMF, WB and similar institutions the risks are high but depend very much from the choices member states do. Global shaping flow like the ecosystem, the agro-food chain, migrations, capital flows and research allocations are already under fire, but next are energy and drinkable water.

Concerning the evolution of democracies and the collapse of the actual dysfunctional multilateralism, it is still early to believe that the future is already scripted towards a geopolitical chaos (or recession, borrowing from Ian Bremmer), but there is no room for complacency. Democracies in the Far East have shown their mettle in managing the pandemic, but we have to see how they will weather the ongoing new severe financial crisis and its heavy socio-political blows.

This crisis was simply in the cards, but its facts were ignored exactly as in 2006; now the pandemic is bringing it to the fore and this will be the crucible for democracies and the evolution of some international order. The bad news is that many important actors behaved as if they were alone on the world stage, the good news is that they have facts that show that no one is safe alone and can solve the crisis by himself. We are on a tipping point and political wisdom, the same that keeps still the Alliance together for now, is the decisive factor to avoid a war still over the horizon.



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