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COVID-19: Global Impacts

Economics, Geopolitics, Democracy, Global Health



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Winter of our Discontent

By Martin Bialecki, Editor-in-Chief

In these dull and exhausting months, many hopes rest on a vaccine for COVID-19. While this may be justified when it comes to the need to address the immediate health challenges, it is simply impossible to vaccinate democracies and economies around the world—or to contain the long-term geopolitical shock. Let us connect the dots of the articles presented in this IP SPECIAL: the picture that emerges is disconcerting. The IMF calls this a “crisis like no other.” The shrinking of Western economies in particular is enormous. Nevertheless, Europe might still be lulling itself into a false sense of security that in the end things will not be so bad. But what if the European rescue package does not materialize? The problems of the EU and the eurozone remain unsolved and serious.

The pandemic’s geopolitical implications are considerable: the shift of economic power to South Asia is accelerating further. The diversification of supply and value chains will intensify trade and investment in the Indo-Pacific region. The same applies to a “decoupling” from China, something that is being even

more strongly demanded in the wake of the pandemic. This means permanent excess pressure on the economic, and consequently also the social systems of the West.

For democracy, too, this crisis is possibly posing a much bigger problem than we would like to admit. Populists are by no means the “corona losers” everywhere. The hope of many that figures like Jair Bolsonaro, Narendra Modi, or Donald Trump would face fundamental rejection in the face of the immense number of victims in their countries has not been fulfilled. The pandemic was accompanied by an immediate

“infodemic.” How the mischievous conspiracy theories about alleged vaccination compulsion accelerate in an overexcited and insular information system—a deeply disturbing phenomenon.

But this IP SPECIAL, the first in English, also wants to see the silver lining. The crisis has given a real boost to thinking about global health. With the incoming Biden administration once again taking the US leadership in global health seriously, there is a chance to learn from the crisis in this regard. For the time being, perhaps the Dalai Lama’s laconic optimism might help: choose to be optimistic, it feels better.



A Deadly Disease

COVID-19 mortality per 100,000 population. The 15 countries with the highest rates, November 13, 2020. Source: Johns Hopkins University

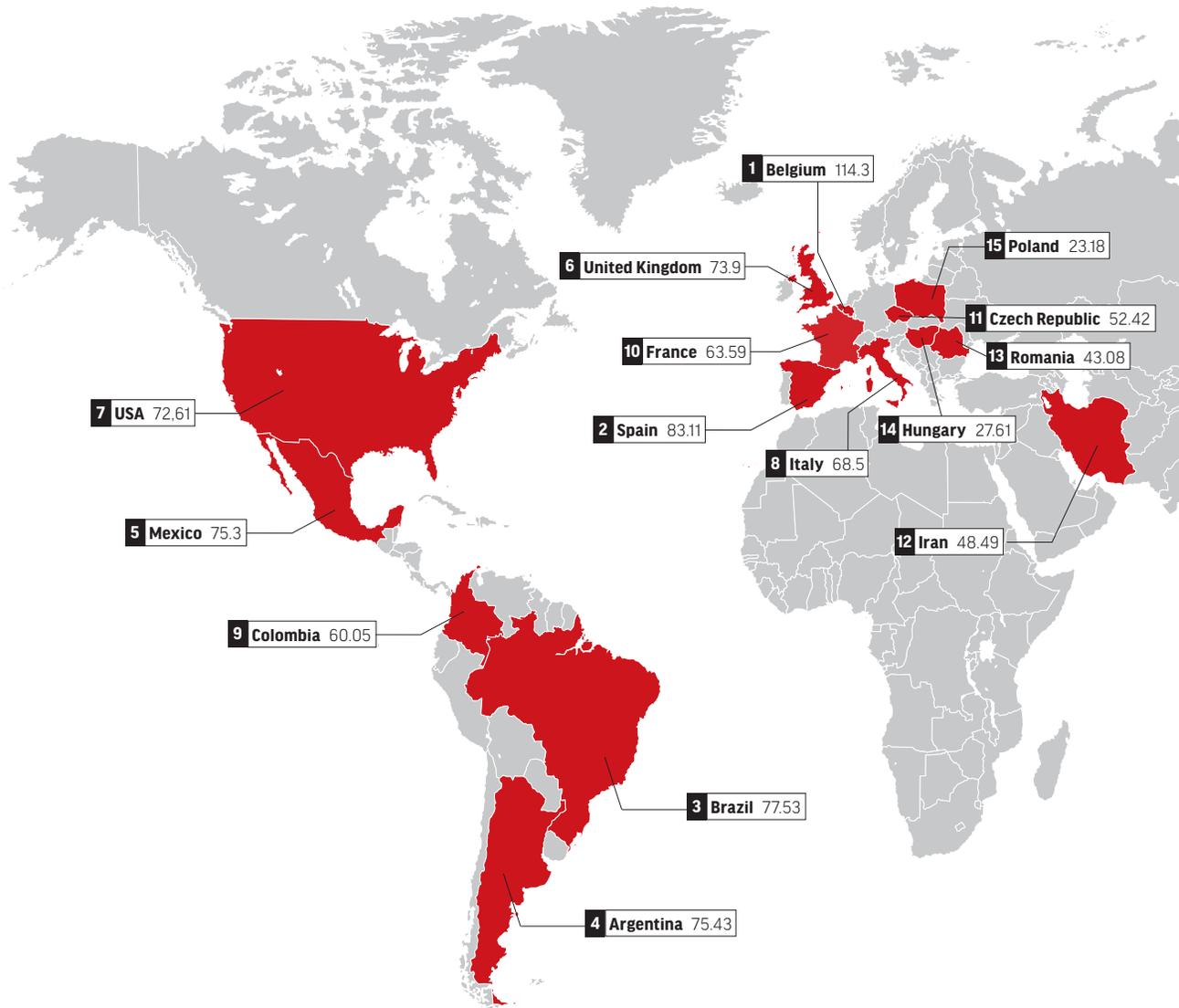




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A Shock to the Global System

The sharp economic downturn caused by the COVID-19 pandemic has created “a crisis like no other.” Advanced economies now need to overcome national reflexes and help developing countries.

By Thieß Petersen and Thomas Rausch

On New Year's Eve 2019, the World Health Organization's Beijing office stumbled across reports of several cases of viral pneumonia in the city of Wuhan. What seemed like a minor footnote at the end of the old year very soon developed into the overarching theme of the new one—and more than likely well beyond. After being largely confined to China during January and February, COVID-19 rapidly spread across the globe in March and April. On March 11, the WHO officially labelled it a pandemic. By mid-November, the Johns Hopkins Coronavirus Resource Center has counted more than 53 million cases and more than 1.3 million deaths globally.

A Different Kind of Beast

COVID-19 has been re-shaping politics, economics, and society around the world profoundly, with the most immediate effect on national economies and the global economic order. Compared to previous economic downturns, the coronavirus crisis stands out in three important ways:

First, its causes are rooted both in the supply and the demand side of the market. While the crisis of 2008/09 started as a financial crisis that swiftly triggered a slump in demand, the COVID-19 pandemic has hit supply and demand right from the start. Lockdowns to contain the spread of the virus and thus mitigate the public health hazards resulted in both a severe disruption of supply chains and fewer options and opportunities to consume. Production and shipping of new cell phones, television sets, and T-shirts came to a halt, but so did personal shopping; what's more, consumers grew reluctant to spend money, since they could not be certain about their future income. This time a financial crisis may not have prompted the downturn, but it remains open whether it could be one of its results.

Second, the service sector took a big hit. While services have seen only minor losses in previous economic crises, such as the dotcom bubble in the early 2000s, they have been front and center in this one. Many services are still non-digital and need to be performed in person—which runs counter to the very idea of social distancing. Instead of acting as

an important stabilizer of economic activity, services became a major reason for its steep decline. Unlike buying and running a car, which can easily be delayed, a cup of coffee, a haircut, or a visit to the cinema need to be consumed right away. In services, we are also unlikely to experience big catch-up effects that could make up for previous losses once the crisis eventually subsides.

Third, the resulting recession was a synchronized global shock. While the financial crisis of the late 1990s originated in Asia and took considerable time to create ripple effects through the global economy, the lockdown measures brought about by the pandemic created a global downturn within a few weeks. Since no region was spared, none could act as a counterweight to offset the negative effects of the crisis. Increasing global integration of supply chains and consumption patterns may have helped improve pre-crisis living standards but in 2020 the flipside of the ever-closer economic integration coin came out heads: international economic interdependences transmitted shockwaves from region to region.



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“A Crisis Like No Other”

The COVID-19 crisis has been dubbed “A Crisis Like No Other” by the International Monetary Fund in its June 2020 World Economic Outlook. A glance at some key macroeconomic figures for its short-term effects reveals why this assessment is as true as it is dire: In the first quarter of 2020, China, which has been used to growth rates between 6 and 10 percent for decades, saw its quarterly GDP decline by almost 7 percent compared to the same quarter of the previous year. For all other economies, the stock market crash foreshadowed the recession to come. Between March 9 and March 16, the Dow Jones In-

Only “Black Monday” in 1987 saw a higher loss on Wall Street than March 16, 2020

dustrial Index recorded three daily drops of more than 2000 points, the three highest point drops in its history. In terms of percentage change only October 19, 1987 (“Black Monday”) saw a higher daily loss than that of March 16. The most extraordinary testament to slowing economic activity came about one month later: After the oil price had taken a steep dive, April 20 became known as the first day in history when the price for one US oil futures contract (WTI) turned negative.

In the second quarter, all the other G20 economies reported major GDP downturns compared to the previous quarter. According to OECD data, they ranged from 3.2 percent in Russia and Korea to 19.8 and 25.2 percent in the United Kingdom and India respectively, with most of the G20 economies losing between 7 and 14 percent of GDP. Industrial production in the EU, for instance, fell by 10 percent in March compared to February, in April it fell another 17 percent compared to March—these were by far the steepest downturns in EU history. The financial crisis with 3 to 4 percent declines at the end of 2008 and beginning of 2009 pales in comparison. In April, the US recorded an unemployment rate of

14.7 percent—the highest figure since reporting began in 1948. World trade volume fell by a record 14.2 percent in April 2020 compared to the previous month.

A downturn on this scale leaves no actor or part of the economy unscathed. Private households suffer income losses due to unemployment or furloughs. At least for low-income and middle-income households, or those households with few savings or a lot of debt, this can only mean less consumption. Companies lose orders, contracts, and proceeds. They must take on new debt to cover their fixed costs. Small- and medium-sized enterprises are hit particularly hard as they are more labor-intensive, have smaller liquidity reserves, and few financial alternatives to borrowing from local banks. Governments suffer from massive losses in tax income. As low-income countries often rely heavily on tariff revenue, they also suffer from declining international trade—critically in commodities.

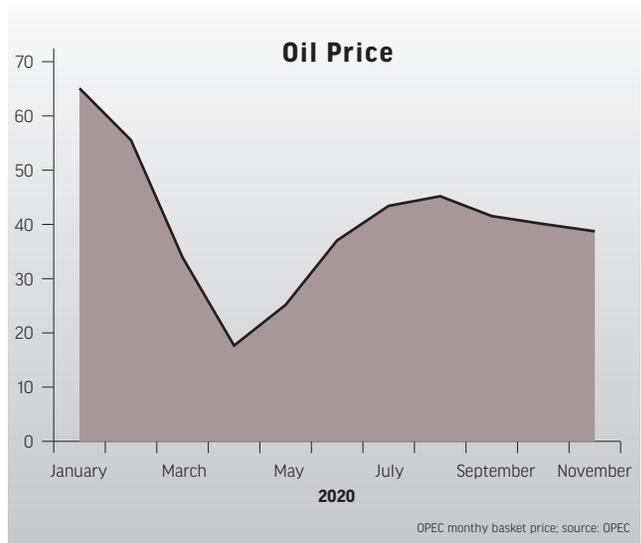
Governments to the Rescue

Still, governments were the only actors that could mitigate the economic fallout.

In doing so, they needed to adjust their crisis response playbooks to live up to the unique challenges of a recession caused by a pandemic. Having ordered widespread lockdowns to reduce infection rates to a manageable size, governments had to help ensure the supply of basic goods and income. They guaranteed purchases and imposed export quotas for basic goods or medical equipment, such as eye protection, face masks, and disinfectants. In addition, governments extended unemployment benefits or funded furlough schemes for employees; they made available credits and loan guarantees for companies.

It was only when infection rates had declined and restrictions on public life

could be (partially) lifted that governments could turn to their typical first move in any economic crisis: stimulate demand. But options for doing so via monetary tools were limited. As many central banks had already set interest rates at close to zero and engaged in large-scale quantitative easing after the financial crisis, they had



little room for maneuver left. In mid-March, the US Federal Reserve slashed the target range for the federal funds rate from 1.5 percent to between 0 and 0.25 percent. Only three days later, the European Central Bank announced its “Pandemic Emergency Purchase Program,” or PEPP. Under this mandate, the ECB can purchase assets totaling €750 billion (in June extended by another €600 billion) to reassure investors that there is a buyer-of-last-resort for their bonds.

In addition, governments resorted to expansionary fiscal policies. In order to increase trust among market participants many had already announced comprehensive measures during the lockdown period. They included a combination of tax relief,

investment programs, loan guarantees, direct income transfers to private households, extended unemployment benefits, emergency aid for the self-employed, and even (partly) taking over companies. With the exception of China, all major economies have passed bigger stimulus packages than during the Lehman Brothers crisis. Amounting to about 11 percent of national GDP, the US Coronavirus Aid, Relief and Economic Security (CARES) Act virtually doubles the amount of spending in the 2009 ARRA stimulus bill in relation to GDP.

A Recovery on Shaky Grounds

These measures were successful in stopping the steep downward momentum and initiating a tepid recovery.

Over the second and third quarter, several major economic indicators have started to point to a clear improvement compared to previous months. A key reason has been China's early and rapid bounce-back from the crisis with a GDP growth rate of 3.2 percent in the second quarter and 4.9 percent in the third quarter, compared to the same quarters of the previous year. Industrial production in the EU also started to recover rather quickly, moving up by 11.6 percent in May, 9.6 percent in June, and another 4.9 percent in July. While the US unemployment rate is still way above pre-crisis levels, it has embarked on a continual decline since its peak in April. In October, it stood at 6.9 percent.

The upward trajectory increased confidence among important market participants. Purchasing Manager Indices measure how managers in manufacturing expect the business climate to evolve over the coming months. While their outlook remained rather gloomy in individual economies, such as Mexico or Russia, thanks to clear improvements in the United States,

China, and Germany the overall global outlook turned positive over the months of August and September.

Looking ahead, the IMF's most recent World Economic Outlook, released in mid-October 2020, revised its projections upward for yearly GDP in 2020 and 2021. It estimates the global decline of 2020 GDP at about 4.4 percent compared to 2019. World trade volume is forecasted to decline by "only" about 10 percent. For 2021, the IMF predicts that the world economy will bounce back by 5.2 percent. These projections, however, come with a huge caveat: the forecasts do not include the economic fallout of the second wave of massive COVID-19 infections that has hit mostly Europe and the US since October.

As the policy evaluation of the pandemic is only in its infancy, we can only state that these measures have been successful in the short-term but not how they will compare in the long run and which measures were most successful.

If we had to offer educated guesses, however, we would settle for three candidates as critical so far and going forward. The first measures are furloughs and short-time working allowances (*Kurzarbeitergeld*). After being seen as a major reason why Germany managed to

The pandemic has exacerbated problems for developing countries

avoid high unemployment in the wake of the financial crisis, many other European countries adopted similar schemes. In the coronavirus crisis, short-time working allowances have been imperative in avoiding layoffs. The measure increases the confidence of consumers in a stable income trajectory, preventing further drops in demand. In addition, it allows companies to retain valuable expertise and know-how for a rapid restart.

The second measures are public investment in research, development, and education. Just as short-term working allowances help stabilize expectations among consumers, so does public spending for companies. It offsets at least some of the losses incurred by lower private demand. Given already high debt levels in most advanced economies, it is important to gear public spending toward the longer-term perspective. So, investment in digital skills and technologies, which increase the competitiveness of individuals and sectors, or in the green transition, which reduces the carbon footprint of economies, should have priority as they benefit both current and future generations.

The third measure is liquidity assistance for companies, most importantly SMEs and the self-employed. Many companies have suffered from steep declines in revenues as a result of lower demand. It is all but certain that we will see a significant rise in insolvencies and bankruptcies that will threaten the livelihoods of millions of people. Public assistance can help overcome short-term liquidity squeezes so that companies can stay afloat. However, targeted measures are critical here, too, in order to avoid the spread of “zombie firms.” Businesses pursuing economic models that are no longer viable and overburdened by debt should not be put on life support.

It may be tempting for advanced economies to solely focus on their own welfare, but this would be self-defeating.

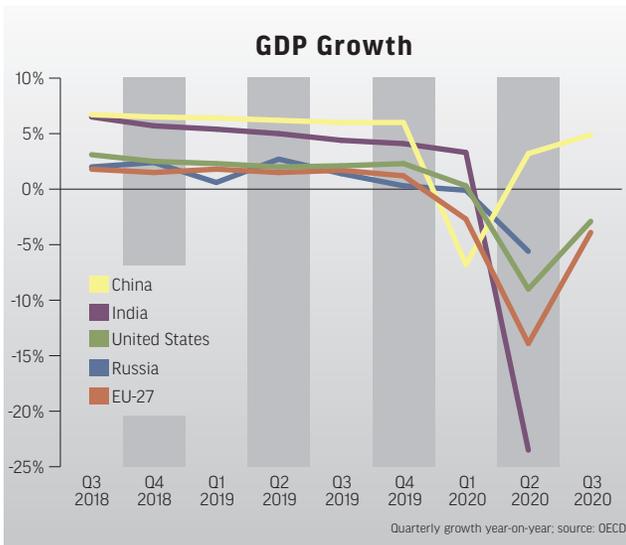
Help the Poor!

According to the IMF’s latest projections, advanced economies are expected to experience a decline of 5.8 percent in GDP in 2020. Emerging and developing economies will see losses of 3.3 percent on average. So, at first glance the former seem to be the bigger losers from the pandemic. These mere aggregate figures, however, suggest a less grim picture for emerging and developing countries than is the reality. Many developing countries had already been in a tight economic and fiscal spot before the outbreak of the pandemic. The COVID-19 crisis has exacerbated these problems via multiple channels, resulting in decreasing commodity prices, declining exports, higher external indebtedness, and a flight of foreign direct investment toward countries deemed less risky and more robust in handling shocks.

In addition to lacking fiscal options to mitigate the crisis, developing countries face at least two more important problems that impede their ability to battle a national health emergency. First, their medical infrastructures are often so rudimentary that they cannot handle even moderate infection rates, let alone major outbreaks. Second, they do not have social security systems that allow people to reduce economic activity or adhere to social distancing while they try to sit out an infection wave. Therefore, they rely more than ever on financial support, debt relief, and knowledge transfer from advanced economies.

The COVID-19 Vaccines Global Access (COVAX) initiative could be imperative in mitigating developing countries’ health plights. It brings together more than 170

countries to discuss an equitable distribution of effective and licensed vaccines. However, two important players, Russia and the US, have so far stayed at the sidelines.



While the World Bank has increased its financial assistance to developing countries, this will hardly suffice. The G20—a coordination group that showed great promise as a crisis management executive committee in 2008/09 but has failed to live up to expectations so far—should not only consider debt payment extensions and restructuring for developing countries, but also grant write-offs and cancellations for the most severe cases. Without assistance from advanced economies, many developing countries, particularly those in Africa, could face a humanitarian disaster that may well lead to another wave of northward migration.

A Crisis to Reinforce All Other Crises?

While the short-term consequences would make the crisis stand out in its own right, it is the long-term repercussions

that could truly turn it into a “crisis like no other.”

One reason for the muted response from the G20 and other international institutions so far is the underlying current of increasing great power rivalry between China and the United States. Given China’s swift economic ascent and its more authoritarian course under President Xi Jinping as well as the Trump administration’s openly zero-sum approach to the world economy, it is no surprise that trust between the two countries has eroded.

China’s opaque handling of the outbreak and the Trump administration’s aggressive buck-passing have only intensified this trend. As an economic crisis of massive proportions could re-calibrate the relative power balance between both countries, they will each be keenly watching who loses or wins (or rather: loses less) from the fallout of the pandemic—that is also true for a Biden administration. That is certainly not a boon to international collaboration. It only adds to the ongoing erosion of multilateral rules for the global economy.

One of the clearest manifestations of the intensifying Sino-American rivalry had been their on-and-off trade war in the months preceding the crisis. Both the resulting tariff and counter-tariff hikes—and even more so the uncertainty surrounding them—have caused losses to the world economy in the hundreds of billions of dollars. Protectionism is therefore on the rise again across the globe—another worrying trend the coronavirus crisis could easily reinforce.

So far, its impact has been mixed: on the one hand, countries have implemented measures to facilitate trade; on the other, they have also initiated new ones to restrict it. The second wave of coronavirus infections might tilt the balance in favor of greater protectionism as more

countries race to keep their personal protective equipment only for themselves or scramble to protect important but tattered industries from foreign competition.

Finally, when it comes to climate change, there appears to be a silver lining to the coronavirus crisis. Global CO₂ emissions have decreased noticeably since the start of the pandemic. During the first half of 2020, lower economic output resulted in 8.8 percent fewer emissions compared to the same period in 2019, with lower use of ground transpor-

The G20 should consider debt payment extensions and grant write-offs

tation during lockdowns being the most important contributing factor. However, there were also strong rebound effects. Once countries began to open up their economies again, emission levels quickly came close to their pre-crisis levels. So, while the pandemic may have slowed down the process of global warming a tiny bit, it has not altered its fundamental trajectory. It might even lead to an “eco-

nomics first, climate second” approach where policymakers soften climate goals in order to speed up the recovery.

A Global Challenge

Rather than acting as the final wake-up call to set aside national posturing in the face of multiple global economic and governance challenges, the pandemic has brought about more concerns, at least so far. But it does not have to be this way. Policymakers in Brussels could take talk of a “geopolitical EU” seriously and try to strive for a bigger role in international affairs, not least to help balance out the rivalry between the US and China. Europeans could refrain from more protectionist measures, in particular for agricultural goods, to set an example for international commerce and show that globalization can be a solution rather than a problem. And certainly, the EU stimulus package could include higher public investment in technologies that boost European competitiveness and speed up the ecological transition to a zero-carbon economy.

Finally, for the next steps in fighting the pandemic, it is fundamentally important to avoid a discussion stuck in the trade-off between public health and economic recovery—because there is no such thing. Quite the opposite: both can and should go together. Bringing down infection rates is a necessary precondition for sustainable economic growth and beating a pandemic, in turn, which is only possible with an adequate supply of basic goods and services. This is not just a national but a global challenge—one in which advanced economies bear a responsibility to look beyond their narrow national interests and support developing countries. **IP**

The views expressed in this article are those of the authors and do not necessarily reflect those of the Bertelsmann Stiftung.



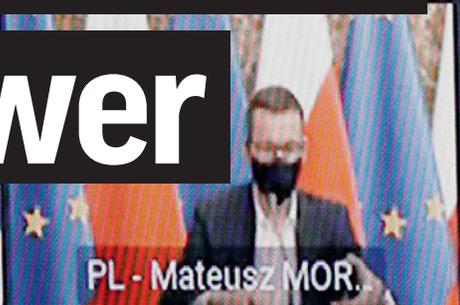
Questions of Power



MERK...



ES - Pedro SÁNCHEZ...



PL - Mateusz MORAWIEC...



IT - Giuse...



LÖFVEN



CY - Nicos ANASTASIADIS...



CZ - Andrej BABIŠ



LV - Krišjānis KARIŅŠ



S STÖSSBERG



EL - Kyriakos MITSO...



LU - Xavier BETTEL



EU - ...

“Europe’s Response Was a Total Disaster”

The economic historian and commentator talks with IP SPECIAL about what went wrong in China, the EU, and the United States during the first phase of the COVID-19 pandemic and who (so far) has won the fight against the virus.

An Interview with Adam Tooze

The COVID-19 pandemic originated in China, in the city of Wuhan. How well, in your view, did China manage the crisis? Well, I think it was a pretty ordinary mess early on. From the 1980s onwards, health scientists around the world, most of them based in Hong Kong, have focused their attention on China—as an incubator of these types of virus mutations and certainly as the originator of the SARS shock of 2003, which was formative for the current group of leaders in the Chinese Communist Party, or CCP.

Beijing has owned the problem and the SARS outbreak was humiliating for them. It was a blow to the narrative of prosperity brought by the CCP, though it has been willing in a ruthless way until today to sacrifice the lives of millions of Chinese people to its projects. After all, in the 1980s they were still running the most spectacular biopolitical project in history, which was the “one child” policy.

The CCP leadership has a fetish for control and the Chinese population, as we know, has a profound interest in medicine and the body, so delivering health to the Chinese people is an absolute key priority to this regime. But there’s no contradiction with their interest in control: for them, being able to demonstrate control is crucial. After the humiliation of 2003 they built what they thought was a robust apparatus to prevent a repetition. They welcomed American public health officials connected to the US Centers for Disease Control and Prevention—in fact there was a huge conveyor belt for American officials inside the Chinese CDC until last summer. The idea was that you could build a reporting system that was robust, despite the obvious temptations of a huge country with relatively few checks and balances at key points in the command chain and an overwhelming desire to report success up the command chain. They are fully aware of all of these

problems. I mean, they may be authoritarian, but they are anything other than dumb.

They thought they had built a very fast, depoliticized reporting chain—and it failed. In a country of 1.4 billion is it surprising that it failed, given the failures everywhere else in the world in the weeks that followed? I find it completely unsurprising that it happened—in Hubei province, which is the size of a large European nation, the size of a Spain or Poland, with a city larger than any city in Europe, a thousand kilometers away from Beijing in the middle of the Christmas holidays and national elections.

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students who travelled
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Of course, we don't take Chinese elections seriously, but the CCP officials do. And the CCP was not anxious to rapidly report the fact that they had come across a very embarrassing problem that they didn't want anyone to know about. They thought they could get away with it and

they sabotaged the report chain. And then there is this critical period of about ten days or so. The command in Beijing was likely informed on January 6, but they didn't send their "hit team" into Hubei until January 18. For that they mobilized all the "heroes of SARS," the party loyalists who had been handling SARS. Within 24 hours they reported it back and then everything was going very quickly and very decisively indeed.

Their position—that I find completely reasonable—was that the West would have to think of its exposure to Wuhan exactly in the same way as they think of Shanghai's and Beijing's exposure to Wuhan, except Shanghai's and Beijing's exposure to Wuhan was infinitely greater, because half the population of Wuhan, which is a rich city, had left for holidays, about 5 million people. They went and spread the virus all across China. So, the reaction was a blanket response and it worked.

And the fundamental disconnect is that we in the West simply didn't understand that in a world in which there were several flights a week between Wuhan and every major airport in the world, either directly or indirectly, a problem in Wuhan is immediately everyone's problem—not weeks later when the WHO finally decides to call it a pandemic. It is as immediately a problem for us as it is for Beijing or Shanghai. And that is just really difficult to get across. Maybe 40,000 people travelled between Wuhan and Japan in that period, just Japan, which is closer to China, of course, than Europe or the US, but nevertheless it gives you an idea. We know how quickly it spread from there to Bavaria through an employee of an autoparts supplier.

So you'd say it was an "ordinary failure"? Followed by a rather extraordinary saving reaction, yes. And it's important not



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to understand that simply as a “top-down” mechanism. China is too big a country to be ruled simply from the top. They shifted a series of gears and the gears worked, television in particular. At the village level, the small community level, they know they're so vulnerable because they don't have adequate health services; they have to pay for hospital visits individually. Chinese people are obsessed with their health, their culture ventures on the hypochondriac; they just shut their villages down by digging roads up. By the middle of February you had Beijing ordering local communities to stop digging holes in main roads because the villages were just cordoning themselves off. So, you have a kind of a problem for Beijing by the middle of February—this massive overreaction of a society that is dynamized around the project of not being “another Wuhan.”

So, yes, an ordinary failure followed by a considerable success which exposed a lot of wishful thinking on the part of the West—not just about how closely we're really connected in a truly globalized world, but also the “Chernobyl moment” fanta-

sies, that this was going to be the failure that shook the position of President Xi Jinping. The shred of truth in that is that by February 7, after the whistleblower doctor died very publicly, they did have an Internet problem on their hands, with 130 million people on Weibo potentially watching—a huge issue of legitimacy—and they crushed it. And then they delivered, so it's not simply an act of repression, it's also their ability to actually end the disease. The combination of the two is very potent because by now all of the narratives completely changed. I have former students who travelled from Europe to Shanghai and say it's like a “liberation,” literally their words, because in Shanghai you can live an ordinary life.

Meanwhile, Beijing's economic response has been much more limited than, say, during the global financial crisis a decade or so earlier. It isn't the “all hands on deck” response they did in 2008-09, no. Then they issued a party directive, and within a matter of weeks everyone rolled out their infrastructure program; they went crazy on infrastructure. No, that isn't the situation this time around. Bit by bit, it's more like 2009 in Germany: the Germans talked a small game and did quite a lot in 2009. This time around it's the Chinese who are talking quite a small game while actually doing more than it looks like. They are using the policy banks, as they always tend to do. If you look at the credit creation volumes, they're huge, but they're relative to a much bigger economy. So, I'm not convinced that we really have a clear idea of the scale of the overall response. The most fundamental thing to say is that their economy is not broken. All of the indicators suggest that they're going to achieve growth relative to last year. At this point, certainly in the

heavy industrial sector, they will make it well above where they were last year.

Then again, we are clearly not out of the woods yet. There are some indicators which suggest that the much-feared debt crisis in China has begun, but at the danger of sounding like a Beijing apologist—and there are real hazards given the escalating abuse of human rights and violence in Xinjiang province, in Hong Kong—from the point of good governance it’s absolutely remarkable what they’ve done, even in managing their debt problems so unlike us in the West. We just barged into 2007, 2008, 2009; they appear to be in the process of very actively managing a de-escalation of the debt level, which is also why they haven’t gone this time round for another massive stimulus because they are actually concerned to avoid creating further risks. If you look back at the speeches coming out of Xi’s entourage in 2018 and 2019 there is an obsessive focus on risk management. They have this extraordinarily elaborate understanding of the way in which shocks can converge. I really think Western analysts would do well to study this more closely, because some of these speeches seem like boilerplate, they seem completely routine communist pronouncements, but actually they’re quite interesting in the way in which they’re thinking. Former European Commission President Jean-Claude Juncker talked about a “polycrisis” in Europe in 2015. The Chinese have a much more sophisticated way of talking about polycrises and the security people in particular, the folks who are involved in the security apparatus in the Chinese regime, are quite sophisticated social scientists.

Moving on to Europe, how would you summarize the European reaction?

I think it’s a story in three parts. The third part we’re living through right now, and

it’s becoming increasingly a question mark again, with various European countries going back into lockdowns of some sorts.

The first phase—and it’s crucial to insist on this in light of the self-congratulation which became so common over the summer—was a total disaster, with everyone

[In May] something really dramatic happened, another one of those “Merkel moments.”

only looking across to the United States. Liberals everywhere spend so much time hammering on the Trump administration that we lost sight of the fact that the United States is a huge country. Most parts of the US have not experienced an epidemic remotely comparable to what has happened in Europe, even in Germany, let alone in the hotspots. The disasters unfolded in Italy, in France, in Spain, in the United Kingdom, and in Belgium during that spring phase. The only place in the US you could compare it to was New York, which was similarly at a level of total global catastrophe: total failure to control mass transmission; far too slow to move on all of the crucial lockdown mechanisms. And then of course the total failure to coordi-

nate policies, with France and Germany playing a very negative role early on, followed by Germany appearing to replay the blocking role that it played for so much of the lifetime of the eurozone as a kind of unconstructed veto player, knocking down the early Corona eurobonds proposals, apparently with no regard whatsoever for the politics of the people proposing them in France, Italy, and Spain—that is a key part of any reasonable construction body the EU is going to be.

And then something really dramatic happened, another one of those “Merkel moments” where we’re going to spend a lot of time as historians retrospectively trying to reconstruct what the hell went on in Angela Merkel’s chancellery, because she moves from a position of really pretty hardcore obstruction—which is after all the position that she had adopted toward Macron since 2017—all of a sudden in early May pivots toward a much more construc-

tive position of reinterpreting the crisis not as an extension of the old problems of the eurozone but as a new crisis that requires new solutions. And then you can bootstrap it with all sorts of thing ...

... though the European Parliament took a long while giving its approval. Nonetheless, in July it looked like a masterstroke, as a political solution. As an economist you have to say, “It’s not big enough, it leaves all the debts on the books of the national governments, and the ECB is still crucial.” But that wasn’t the point. The point was to turn the narrative in political circles and they did that.

But now in the third phase, Europe has not conclusively controlled the epidemic, social cohesion around lockdown measures is breaking down in many parts of the EU, and the economic and social consequences of the lockdowns will make themselves felt in the fall and winter.



Among the Chinese president’s entourage there is “an obsessive focus on risk management”: Xi Jinping at a meeting to commend role models in Beijing’s fight against COVID-19 at the Great Hall of the People

There is this sort of narcissism of small differences when the Europeans are comparing themselves to the Americans, and one has to keep in mind the very effective guise of *Kurzarbeit*, short-time working mechanisms or furlough schemes which the Europeans have made work and the Americans don't have. But it's already clear that the problems for Europe are going to be immense. The hits the Spanish and the Italian economies have suffered have been very big by global standards, and even the German economy has suffered a hit as large as the American economy's, which is saying something. So, I think it could have been, as Macron said, a real existential crisis for the EU in the way that the eurozone crisis was, and they avoided that.

In September, German Economy Minister Peter Altmaier still believed in a V-shaped recovery. Well, it's his job, "*gute Stimmung verbreiten*," lifting the mood. But no one seriously believes at this point in a V-shaped recovery, except in China. It's just not in the data. So that's gone as an option. We're talking about some kind of swoosh. "Back to normal" by early next year—that's totally unrealistic. If it's not as bad as we think it might be, that's largely the result of policy action. In geopolitical terms, you have to say it seals a huge divide between Europe and the US. This summer also marked the nadir of the Trump period, when Merkel refused to go to the US for the G7 meeting. This is really the bottom of the barrel.

You've already indicated that in your view the US government has handled the pandemic better than many, at least in Europe, have perceived it, largely viewed through the prism of Trump acting as this shockingly irresponsible president.

Is the actual result more mixed? Yes, I think so. The crucial thing is to get your scale comparisons right. Or let's put it this way: the most insulting thing about the Trump administration when it came in, in early 2017, was it wasn't obvious to anyone in the White House that the EU existed. I remember talking to EU diplomats and they were stunned that nobody in the White House understood that Germany doesn't have a trade policy. If you wish to talk about trade policy, you've got to talk to Brussels—I'm not kidding. Conversely, from an American point of view, there is this European blindness in thinking that America is a state like Germany. Which is just silly. It's 330 million people, the size of a continent with cultural and economic and social differences every bit as wide, if not wider, than between the Eastern and Western parts of Germany.

In the US we have what's called the "patchwork epidemic," and part of the reason why the White House has had a hard time formulating coherent policies is that it's trying to do what Brussels hasn't even attempted to do: try to formulate a coherent policy for a place where you had one of the world's worst epidemics—in New York, Connecticut, and New Jersey—and huge parts of the country with no epidemic at all. So, the failure of the Trump administration has been to articulate different state responses. If you look at macro policies through the spring, at economic policy, you would have said they're acting much more concertedly than the Europeans and that's because they can. They have a tightly connected Treasury and Federal Reserve, and they can act to macroscopic scale—trillions are not a problem, and so they did a trillion-dollar stimulus; they actually rolled out a welfare state the type America has never seen before. The CARES act is the most dramatic act of active welfare policy US politics has

ever produced, it made tens of millions of poor Americans actually better off, even as they lost their jobs. It was remarkable. Republicans and Democrats have coordinated on that, and Trump did not harass the Fed throughout that period.

So, you can construct a counternarrative—which isn’t meant to expurgate Trump. I am taking as a fact that the man is a barbarian, an egomaniacal narcissist, and he has people in his entourage who are very serious about transforming America in an authoritarian direction and about renewing a Cold War with China.

*China has won.
But have they
made the most of
that? No.*

So, who had the “best” pandemic so far?
The simple, one-word answer is: China. But have they made the most of that? No.

European publics, for instance, have quite decidedly turned against China.
Yes, but we shouldn’t be too parochial about this. If you look at places like Latin America, the story is quite different. Face mask diplomacy worked much better there. And

remember, in April, everyone was afraid that the virus was going to spread to Africa. Other than South Africa, of course, it has not turned out to be a medical hotspot, but Latin America absolutely has been and America is absent there right now. The US doesn’t really have a Latin American policy to speak of. But China does.

The Chinese are actually testing their COVID-19 vaccine in Brazil. Yes, because Brazil has an epidemic and China doesn’t. In vaccine trials you need to have lots of people in the control group to run around and get sick because that’s how you run the vaccine test—it’s when 150+ people get sick in your control group that you can actually start testing whether the people with the vaccine are safe. And, you know, you could walk around as long as you like in Shanghai and you won’t get sick. So, the Chinese have to run them in Brazil, which has a very powerful public health infrastructure, including something akin to the Robert Koch Institute. Public health has a great tradition in Brazil, even though we often have a patronizing attitude toward Latin American states like that. President Jair Bolsonaro and his crew are like Trump, of course: they’re thugs, they’re racist, they speak in fake Chinese accents—I mean they’re disgusting. But broadly speaking, looking at the future of the Brazilian economy as a quality exporter to China—it’s pretty clear where this is going.

For Europeans, meanwhile, it seems pretty hard to take that China is not just doing better than they are, but doing 150 times better, which is, if you ratio the casualties to population and believe the Chinese numbers, 150 times more French people died. That’s just pretty difficult for Europeans to stomach.

The interview was conducted by Henning Hoff.

Pandemic Borrowing

With the EU member states agreeing to borrow together to combat the impact of the COVID-19 pandemic, the issue of sovereign debt has reared its ugly head once again—and with it the unresolved tensions between the eurozone and the EU.

By Helen Thompson

The coronavirus pandemic has forced the European Union to confront again the long troublesome issue of sovereign debt in the eurozone, as governments borrow to fund stimulus programs needed to stave off the worst economic effects of the pandemic. While the agreement on a Recovery Fund in July 2020 seems to have shown a move toward more European solidarity, navigating a way through the difficulties national debt causes in a transnational monetary union continues to create existential questions for the EU.

In immediate terms, the situation is not nearly as bad as it was a decade ago, during the global financial crisis of 2009-12, because for now no eurozone state faces being shut out of international capital markets. Even when European Central Bank president Christine Lagarde told a press conference on March 12 that it was not the job of the ECB to reduce the spreads, the spike on Italian bonds was extremely modest compared to the borrowing rates confronting Italy during former Prime Minister Sil-

vio Berlusconi's last weeks in office in the autumn of 2011. Now, Italy's 10-year bonds have fallen to all-time lows.

But Lagarde's slip and the fury in Rome at her remark did draw attention to the crucial importance of both what the ECB does and how the ECB is perceived in making a number of eurozone members' debt serviceable, starting with Italy's. The eurozone crisis ended in 2012 because the then ECB president, Mario Draghi, found a way of establishing an asset purchase program in Outright Monetary Transactions (OMT) acceptable to the German government that investors believed could be used, even if in fact it never has been. In January 2015, when the far-left Syriza party won the Greek general election and there appeared a serious risk of a second all-encompassing eurozone crisis, Draghi took the opportunity of a setback for those challenging OMT in the German Constitutional Court, the Bundesverfassungsgericht, to announce the ECB's first Quantitative Easing (QE) program. Without question, this

move prevented “contagion” from Greece to the rest of southern Europe before the third Greek bailout. As his term of office came to an end last year, Draghi also gave the Italian government a parting gift by resuming that QE program. Any suggestion that the ECB doubts the wisdom of buying Italian debt still risks disaster, a reality effectively acknowledged when, a few weeks after Lagarde’s statement, the ECB announced its pandemic QE program, with fewer rules constraining bond purchase from individual member states.

It was in this context that the Bundesverfassungsgericht’s ruling in May that the ECB had acted outside its competences by failing to conduct an adequate proportionality assessment took on the significance it did. If the court had ruled between December 2018 and October 2019 when QE appeared to have come to a definitive end, then its decision would have mattered rather less. But coming as it did with one QE program in operation and another more ambitious one—to deal with the COVID-19 pandemic—having just begun, the court’s decision threatened the ECB’s ability to act as a lender of last resort to Italy.

In any normal circumstances, this would have constituted a trial for the eurozone. But again, the pandemic magnified the problem several times over. Until March 2020 Italy’s new borrowing had been to service old debt. But Italy has since then also needed to borrow to finance its stimulus program. Moreover, once the German government quickly moved to scrap the debt brake prescribing a balanced budget in order to pursue its own fiscal stimulus to combat the effects of the pandemic, Italy faced being left behind in the recovery stakes because its space for new borrowing was much smaller than that enjoyed by many other eurozone states. The part of the German recovery plan that

relied on taking advantage of the European Commission suspending the EU’s state aid legal regime to provide support for corporations like Lufthansa also opened the prospect of borrowing inequalities making themselves manifest in the Single Market.

Even before the decision from Karlsruhe, French President Emmanuel Macron had seen the pandemic as an opportunity to revisit the issue of joint eurozone debt. But without a real risk that the ECB would be stopped in its tracks tempting investors to push Italian yields back toward crisis levels, he could not shift German Chancellor Angela Merkel’s position. Only when the German Constitutional Court pushed back did the calculus confronting the chancellor change. If the original QE program fell short of the ECB’s legal authority, then pandemic QE would have no chance of satisfying the court. The existing alternatives to the ECB commitment were unpropitious. Although the European Stability Mechanism (ESM) provided an institutional mechanism for a bailout, it was abundantly clear in the spring of 2020 that any Italian government would regard the prospect of utilizing the ESM as unacceptable.

No Hamiltonian Moment

But in moving toward Macron’s starting position that there must be some common eurozone debt, if only to strengthen national fiscal capacity, Merkel only exposed the predicaments that the EU as a political and legal entity now creates for the eurozone and, in turn, the eurozone as a subset of EU member states poses for the EU. These problems begin with the relationship between debt and tax in the Recovery Fund first proposed by the German and French leaders and then agreed to in slightly different form by the EU heads of government in July.



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Since the Recovery Fund will allow the European Commission to borrow in the EU's name and since some of the funds raised will then be distributed as grants, some EU observers heralded the move as a transformative moment for the eurozone, comparable to Alexander Hamilton's first efforts to make the debts of the 13 original American states the debt of the federal American union. But Hamilton's move to create the federal assumption of individual state debt in 1790 required the prior ratification of the American federal constitution in 1788, giving the American

Merkel gave the non-eurozone member states an effective veto

federal government the authority to impose taxes. Nothing proposed by Merkel and Macron or agreed at the EU summit in July approaches such a political change. In the short term the EU is looking no further than to place a new common tax on plastic bags.

Without much in the way of revenue constituting the EU's own resources, the common debt must rely on taxes coming from the member states. Rather than

representing the Hamiltonian moment, relying on member states pledging taxes from their national tax-raising authority to service shared debt risks running into the exact same problem that in its disastrous consequences finally led to the Hamilton moment in the United States. It was because investors lost confidence in the debt issued by the US Continental Congress—when the individual states were reluctant to make the requisite fiscal transfers to the treasury—that the American federal government acquired tax-raising powers. It was because state governments' struggles to service state debt undermined federal creditworthiness that Hamilton proposed the federal government take responsibility for all state debts.

However, the eurozone's difficulties here go well beyond those that afflicted the American republic. The early American republic was not a monetary union and, consequently, did not have issues around a single currency. That the EU is a multi-currency union in which a majority of states nonetheless share a currency has long been a particular burden for the EU. But the EU Recovery Fund turns it into a direct problem for the eurozone, too.

In insisting that grants and loans from the Recovery Fund be funnelled through the Multiannual Financial Framework, Merkel gave the non-eurozone member states an effective veto over what is now the means by which Italy's fiscal latitude can be enhanced. Moreover, the very fact that the allocation structure decidedly benefits two non-euro members, Hungary and Poland, under Article 7 proceedings, gives the governments keenest to discipline these two eastern European states (among them the non-euro members Sweden and Denmark) an opportunity to demand more on rule of law compliance. This then increases the incentive for the



Angela Merkel's rejection of new eurozone institutions of the kind Emmanuel Macron has advocated arises from an ingrained political realism: the French president and the German chancellor face-to-face at the EU summit in Brussels in July 2020

Hungarian and Polish governments to use their effective veto power. These dynamics caused the drawn-out tangle between the European Council and European Parliament and veto threats by Budapest and Warsaw that risk delaying the Fund's planned start in January 2021.

Recontesting the Agreement

This difficult process underlined the fact that political consent to the Recovery Fund from the governments of some eurozone members has been weak from the start. To reach any agreement at all in July, the southern Europeans had to concede that individual eurozone member states could increase surveillance powers over their budgets on top of those already formally given to the European Commission and

in practice required to maintain access to the ECB's asset purchase programs. Now demanding strong provisions on rule of law conditionality that cannot be accepted by Hungary and Poland is an opportunity to recontest the July agreement, especially when there are genuine difficulties ahead for some in procuring parliamentary ratification for whatever Council-Parliament compromise eventually emerges.

Yet Merkel's rejection of new eurozone institutions of the kind Macron has advocated arises from an ingrained political realism. The Commission will acquire the right under existing legal authority to borrow in the EU's name to deal with the COVID-19 pandemic and the recovery from that emergency. Any eurozone fiscal authority or a eurozone parliament would,

by contrast, require a new treaty. Treaty change is a long and arduous process, and there are no guarantees that all member states would agree to a ratification.

The fact that utilizing the Multiannual Financial Framework can be accommodated within existing treaties does not, however, ensure that national democratic politics can be kept at bay. The very fact that governments with a working parliamentary majority should be able to push through an EU agreement that in net terms will use future taxes from some member states to repay debt acquired to finance expenditure in other member states is prompting some opposition parties to make an issue of democratic consent to the agreement. This impulse appears to be most consequential in Finland, where activists from the Finns Party have secured enough signatures in a citizens' initiative to demand a referendum, so that the process by which ratification should proceed must now be debated in the Finnish Parliament.

The cumulative political difficulties generated by the moves to strengthen the emergency fiscal capacity of the weaker eurozone states strike at the heart of the very issues that complicate the EU-eurozone relationship. After 2010 the United Kingdom's position inside the EU was structurally weakened because the eurozone crisis politicized London's position as the eurozone's offshore financial center, and then, when the British economy began to recover as southern Europe remained mired in recession, the Single Market turned the United Kingdom into an employer of last resort for a monetary union to which it did not belong.

Once these dynamics were in play there was little former Prime Minister David Cameron could do to minimize them. On the one hand, eurozone matters had to have priority for eurozone member states

and no other non-eurozone member state was experiencing the same problem. On the other hand, any significant change to freedom of movement that could have been contemplated would have required revisions to the EU treaties. That the EU-27 could not move after Cameron formally asked that they did, served to demonstrate to British voters that the Single Market is a protected constitutional order, unresponsive to national democratic politics.

Demarcations Breaking Down

Now similar dynamics generated around the EU's internal politics as a multi-currency bloc with a single currency center are in play. But this time the difficulties concern more than one non-euro member. As after 2010, demarcations that kept issues from spilling between the eurozone and the EU's legal order are breaking down, and this is happening just as the demands—tax-wise—that EU governments must ask of electorates as citizens of national states, and not as citizens of the EU, is growing.

There have always been paths down which the EU can muddle through its apparently centrifugal contradictions. The great advantage of confederations—if, with some crucial caveats, that is what the EU is—is the issues they can leave unresolved because there is no sovereign that can impose supposed remedies. But one of those caveats is the ECB's authority, and the ECB cannot leave individual member states to their own devices where debt is concerned at the same time that its pandemic purchasing program is subject to a constitutional challenge in Germany. In Berlin, the point of the Recovery Fund was to take the pressure off the ECB. But thus far it has only ended up demonstrating just why the ECB is the only part of the EU equipped to deal with the predicaments sovereign debt creates for the eurozone. **IP**

On the Way to the (East) Asian Century

The pandemic has given rise to even louder calls demanding a “decoupling” from China. The diversification of global value chains, however, will likely lead to intensified trade in the Asia-Pacific.

By **Bertram Lang**

When the Chinese government abruptly imposed lockdown measures to contain the further spread of the novel coronavirus in late January, China’s critical position in the integrated global economy was dramatically highlighted by major disruptions to global value chains, which are the lifeline of many industries. The Chinese lockdown came as a shock to many multinational corporations, exposing their over-reliance on the industrial supplies and manufacturing capacity of one single country.

As a consequence, pre-existing debates in the United States and Europe over the desirability and feasibility of “decoupling” from China in a new era of geopolitical rivalry have been exacerbated. In this context, much more attention should be paid to the ramifications of the pandemic and its economic aftermath in the region most directly impacted by China’s trajectory: East and Southeast Asia.

As Europe and the United States are being submerged by the second wave of the virus and a pro-

liferation of new lockdowns, the first thing worth stressing is how well most East Asian countries have navigated the COVID-19 pandemic in comparative terms. Having drawn their lessons from the first SARS outbreak in 2003, most governments were much more alert to and better prepared and consequently performed much better at controlling the virus. Precisely because of their strong economic interdependency with and geographic proximity to China, Taiwan and South Korea, which have become global models in COVID-19 prevention and containment, were rightly concerned about the Chinese Communist Party (CCP) leadership’s honesty and the World Health Organization’s independence from Beijing at a time when US President Donald Trump was still cozying up to Chinese President Xi Jinping; he also might not have ever heard of the acronym “WHO” at that point.

Conversely, Taiwan, which remains excluded from the WHO, started systematically monitoring incoming passengers from Wuhan in December

2019 and activated its Central Epidemic Command Center well before Beijing started to warn the world about a dangerously infectious novel coronavirus. As a result, Taiwan recorded a total of only seven COVID-19-related deaths by October 2020.

ASEAN's Hour

Regional cooperation played an important yet much overlooked role in East Asia's relatively successful pandemic management. While often derided as a toothless tiger in international politics, the Association of South-East Asian Nations (ASEAN)—consisting of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam—demonstrated much better crisis preparedness than all other regional organizations worldwide, including the EU. In early January, the ASEAN Emergency Operations Center Network for Public Health Emergencies (ASEAN EOC Network) was activated and used to share information about a potential health threat and coordinate prevention strategies among ASEAN members. In the following months, while EU member states had no better strategy than to sew chaos by indiscriminately closing down national borders, the EOC Network and the ASEAN Plus Three Field Epidemiology Training Network (ASEAN+3 FETN)—another regional governance mechanism set up in response to the lessons from the SARS and H1N1 epidemics—served as important channels for pragmatically coordinating policy responses, sharing medical and epidemiological information, and coordinating humanitarian assistance among ASEAN, South Korea, Japan, and China.

Nonetheless, the economic fallout in the first half of 2020 has been dramatic, especially in developing and emerging ASEAN economies where growth is heavily reliant

Beijing's reactions to the stepped-up US trade war have been ambiguous

on foreign direct investment flows. According to the UNCTAD's World Investment Report 2020, published in June, FDI inflows to Southeast Asia are projected to shrink by a stunning 45 percent this year, more than the worldwide average of 40 percent. Countries like Malaysia, Indonesia, and the Philippines are even harder hit by the sudden absence of overseas remittances from migrant workers to their families at home, since precarious migrant workers have been the first to be laid off and sent home as the region's richest economies encountered economic turbulence.

Looking beyond the current economic shock, the crucial question in East Asia as elsewhere is what will happen to trade and international cooperation networks once the immediate health crisis has somewhat abated. From a purely logistic point of view, many global value chains could be reinstated relatively quickly once the coronavirus is under control in the world's major economies. So, the question regarding the pandemic's longer-term implications will be determined primarily by its geopolitical ramifications.

Against the background of an emerging new US foreign policy consensus which claims that engagement with China has



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failed and that the era of systemic competition has arrived, there's been much talk in Europe and America about the "end of globalization." Since the third wave of globalization was characterized by radical offshoring, often at the expense of working classes in industrialized countries, "reshoring" of value chains has been alternately observed as the new trend or even proposed as the solution in the era of "de-globalization."

The escalation of the US-China trade conflict has been the most visible political consequence of the COVID-19 pandemic. US sanctions on Chinese multinational companies have the potential to disrupt global value chains far beyond the bilateral relationship, and far beyond the Internet and communications technology (ICT) and the defense sectors that are currently on the frontline of the Trump administration's boycott measures.

Reactions from Beijing have been ambiguous. As a result of the intensified trade conflict with the US, China is accelerating its self-sufficiency policy, which is geared toward onshoring full supply chains in critical industries. The "Made in China 2025" master plan, aimed at import substitution and technological leapfrogging in strategic industries, had already been quietly shelved by Beijing after creating big waves of anxiety and pushback in Europe and the US. Now it is experiencing something of a renaissance. Visa policies have been further restricted and digital party-state surveillance, including of foreign citizens and organizations, has been massively stepped up. (As for other new restrictive political measures in China, no one knows how many will be overturned or eased after the pandemic.)

At the same time, the Chinese government has zealously continued its overtures to "Belt and Road" partner countries de-

spite many projects running into financial distress against the backdrop of a global recession and lingering public debt crises in the Global South. The announcement of a detailed "master plan" for a new Free Trade Port in Hainan, including a relaxation of import duties, tax rate caps, and relaxed visa requirements, also signals Beijing's continued efforts to attract new foreign investment and talent in a tense international environment. Besides, China's policy agenda remains primarily focused on supporting its domestic economy in times of a severe (albeit mostly hidden) job crisis and on propping up local governments with new finance instruments.

Near-Shoring, Not Reshoring

While everybody concerned with European China policy is fixated on Washington's next move, it has been barely noted that Japan, South Korea, and Taiwan all had some sort of "reshoring policy" away from China in place well before the COVID-19 pandemic hit. But the US-China trade war and the immediate disruptions caused by China's manufacturing shutdown in early 2020 have increased the sense of urgency in East Asia's advanced economies, albeit with different degrees of public emphasis.

South Korea's Moon Jae-In sailed to a landslide election victory in April mainly on a convincing pandemic containment platform, without even trying to play an anti-China card. Meanwhile, Japan's departing prime minister, Shinzo Abe, was the only one to put economic decoupling from China center stage in early 2020. With much international fanfare, Tokyo in April announced a \$2.2 billion government fund explicitly designed to subsidize Japanese manufacturers' reshoring or relocating production away from China. The government in Seoul also presented its own "Reshoring Initiative" when the



China's manufacturing shutdown has increased the sense of urgency in East Asia's economies: the Kwai Tsing Container Terminal in Hong Kong

South Korean economy's over-reliance on a booming Chinese market and manufacturing sector was painfully highlighted in February: A preferential lending program worth €3.3 billion is meant to focus on Korean small and medium enterprises and help them diversify their supply chains. But even as Samsung has become a major beneficiary of Washington's global crusade against Huawei, the South Korean government has strongly rejected US pressure to follow suit and ban Huawei from its own networks, repeatedly emphasizing the wisdom of "strategic openness."

The Taiwanese government, meanwhile, had already established an ambitious reshoring plan for the period 2018-20 to avoid the repercussions of the US-China trade war and position itself as a viable alternative for high-end production. Domestic political incentives include privileged land use offers and loans. But throughout 2019, US punitive tariffs and threats of sanctions against China had a much stronger push effect on many Taiwanese manufacturers (especially of IT hardware) producing there to devise plans for reshoring parts of their supply chains and invest domestically. UNCTAD even declared Taiwan the main beneficiary of "China diversion effects" in 2019.

The coronavirus crisis has only reinforced this trend, with many Taiwanese companies now investing onshore rather than in China, which apart from Taipei's impressive virus containment is another reason why Taiwan's economy has navigated the crisis so well. But whereas Taiwan is also most critically at risk from the growing geopolitical tensions between China and the US, Southeast Asia stands out as the region that is poised to reap the most benefits from industrial countries' China containment and diversification strategies.

It is indeed remarkable how leaders from China as well as the whole industrialized world are now courting ASEAN countries, angling for the conclusion of preferential trade agreements (the EU just concluded such an agreement with Vietnam) or investment accords. In the longer run, ASEAN middle-income countries may become double beneficiaries of the current crisis, as they remain in a good position to attract FDI from both China and Western countries. Economically, Southeast Asian countries are among the most attractive target countries for relocating manufacturing supply chains away from China. Several ASEAN countries including Vietnam, Malaysia, and Singapore have stepped up policies to attract foreign investors seeking to leave China due to rising labor costs or because of supply chain risk management. In a perfect example of how economic cooperation offers are blended with geostrategic motives from all sides, Japan's new Prime Minister Yoshihide Suga in October reinforced Japan's diplomatic overtures to Southeast Asian countries in an explicit push to counter Beijing's geo-economic advances

Simultaneously, trade ties between China and ASEAN are becoming closer:

ASEAN middle-income countries may become double beneficiaries

In the first quarter of 2020, ASEAN surpassed the EU to become China's biggest trading partner. And Beijing also invests a lot in cultivating diplomatic relations, reaching out to Southeast Asian countries with new investment promises, supplies of COVID-19 testing capacity, and health governance support. As opposed to the short-sighted US leadership, Chinese policymakers and business managers are keenly aware of this opportunity to gain both market shares and a reputation as reliable investors at a time when other foreign investors are withdrawing or withholding their money.

Resilient Trade in East Asia

Trade patterns have also shown more resilience in East and Southeast Asia, especially when compared to Europe and the Americas. UNCTAD calculations suggest that East Asia and Southeast Asia taken together was the only world region where intra-regional trade had already recovered by July, contrasting with dramatic two-digit declines everywhere else. What's more, a number of regional trade and investment agreements are awaiting conclusion or ratification in the Asia-Pacific. While the pandemic has slowed down negotiations, most agreements appear on track.

Despite the pandemic-related logistical difficulties, China, Japan, South Korea, New Zealand, Australia and the ten ASEAN governments signed the region's largest free-trade agreement, the Regional Comprehensive Economic Partnership (RCEP), on November 15. RCEP is not only a stark repudiation of protectionist tendencies but also significantly increases pressure on the next US administration to back down from Trump's harmful unilateralism. (Even India's nationalist government, which withdrew from the RCEP negotiations last autumn, is considering a

return to the table in an effort to promote post-crisis supply chain integration with Southeast Asia.)

Then there is the CPTPP, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, formerly known as the Trans-Pacific Partnership (TPP). It was negotiated by the Obama administration but immediately dumped by Donald Trump; the 11 remaining members went ahead without the US, and the renamed CPTPP entered into force in December 2018. This summer, Chinese Premier Li Keqiang made a surprise overture for his country to join. For sure, the hurdles for such a move appear insurmountable given the geopolitical situation and the CPTPP's higher standards in terms of labor and competition law or intellectual property rights compared to the RCEP. But Li's statement follows and reflects domestic warnings, most markedly by China's former chief WTO accession negotiator Long Yongtu, that China risks being left out of a reconfigured regional trade order. It thus confirms a widely perceived trend toward more, rather than less, regional trade integration in Asia.

"China + 1 Strategies"

"Decoupling" from China and reshoring supply chains is easier said than done. So far, US policymakers have understandably focused their sharpest measures on sectors where geopolitical and security interests trump their own national economic considerations and where key Chinese players can be sanctioned in a highly visible way. But in the US as well as in Western Europe, Japan, or South Korea, many industries are simply too reliant on China-originated parts and raw materials to follow through with major systematic relocations. Companies and whole industries which rely on China as a prime con-

sumer market will avoid and even actively oppose an "out-of-China" strategy as the potential economic costs of disintegration would be far too high. Thus, for most industries, what can be expected rather than a major disruption is an accelerated trend towards gradual diversification of manufacturing chains by companies with heavy supply-side reliance on China, often referred to as a "China + 1 strategy."

But even selective and gradual American "decoupling"—invariably followed by diplomatic pressure on Washington's allies to do the same—will fundamentally transform economic networks across East

*Even a gradual
"decoupling" by
the US will trans-
form networks*

and Southeast Asia. This is most obvious in the ICT sector, which so far has been a huge crisis beneficiary due to the sudden forced large-scale digitalization of business operations as well as administrative activities across the globe. Here again, the crisis has laid bare a significant strategic advantage of East Asian economies that are years if not decades ahead of major European countries (notably Germany)

in terms of e-government and digital infrastructure.

At the same time, the ICT sector is also rapidly emerging as the focal point of a veritable “technology war” between Washington and Beijing. China has been the only country in the world to successfully develop an entire parallel digital ecosystem rivalling that of the US technology giants Google, Apple, Microsoft, and Amazon. With the advent of 5G networks, the control over digital ecosystems is emerging as the core question not only of global economic power but also with significant security, intelligence, and cultural soft power ramifications. How many businesses and ordinary people in third countries will buy goods on Taobao, Jingdong, or Amazon, search the web with Google or Baidu, communicate via Whatsapp or WeChat, and pay their bills with Paypal or Alipay is a decisive question for the 21st-century international order.

Europe and Southeast Asia are the most interesting “playing fields” (rather than players) in this new era of great power competition. Whereas Europe for now remains firmly in the grip of Google & Co., Southeast Asia’s booming e-commerce and e-government markets are being rapidly populated by the globalizing Chinese tech giants. And while European and “Five Eyes” allies have mostly surrendered to the Trump administration’s “America First” agenda, which only enforces decoupling from China where it benefits US corporate interests, governments in Southeast Asia are wisely hedging their bets and remain unwilling to pick sides.

Re-Globalization Underway

Rather than foreshadowing an end of globalization and a return of nationalism, the external COVID-19 shock will likely strengthen regional integration within

Asia in the longer run. The pandemic has accelerated existing trends toward reshoring and supply chain diversification, but the current economic crisis has also reined in some nationalist tendencies and could eventually benefit regional trade negotiations.

Politically, the coronavirus pandemic has vividly demonstrated the benefits of closer regional coordination, including on a technical level within the ASEAN+3 format despite high-level geopolitical tensions. Economically, the disruption of global value chains and the perspective of continuing in-and-out-of-lockdown phases in other parts of the world are accelerating the trend toward “Asia-for-Asia” supply chains. Rapidly rising consumption levels and improved domestic as well as regional supply chains make Southeast Asian countries interesting as consumer markets for their neighbors. Much points to an accentuated (sub-)regionalization of value chains, rather than what some have started to term “de-globalization.”

Thus, despite the severe current economic repercussions, odds are that in retrospect, 2020 will be remembered as a watershed year for the dawn of an (East) Asian century. Democratic as well as authoritarian East Asian governments’ effective management of this major public health crisis compares dramatically to the epic failures of liberal democracies from the US to Brazil and from the United Kingdom to Spain. And unless the two great powers that are mainly responsible for the growing geopolitical disorder and insecurity in the region actually approach the abyss of a military confrontation, East and Southeast Asia’s middle powers and emerging economies stand to gain economically and politically from the geostrategic convolutions induced by the COVID-19 pandemic. IP



**The Future
of Democracy**

The Populists and the Pandemic

At first glance, it may seem that the coronavirus has dealt populist governments a blow. Yet a closer look reveals how many have managed to capitalize on the pandemic. And the causes of populism will if anything be further exacerbated by the crisis.

By Aline Burni

Many of the countries led by populist governments have been among the hardest hit by the COVID-19 pandemic. By October 2020, the United States, Brazil, Russia, and India ranked as the top four countries in terms of the total number of infections. Joined by the United Kingdom and Mexico, these populist-led nations were all among the current ten most affected by the coronavirus outbreak, according to the list compiled by the Johns Hopkins University in mid-October.

In spite of variations in their responses, there are plausible reasons to associate the reactions of populists with a particularly rapid and harmful spread of the coronavirus among their countries' population. Although more systematic studies still need to be conducted, populist governments are generally considered to have performed worst in terms of their ability to limit the spread of the virus. Attitudes of populist leaders seem to have played a role. For instance, US President Donald Trump and his Brazilian counterpart, Jair Bolsonaro, have

consistently played down the seriousness of the disease. Their approach fostered a politicization of the crisis, an increase in social polarization, and encouraged supporters to disrespect social distancing, the use of facemasks, and compliance with other preventive measures.

Against this background, some observers have argued that the pandemic exposed the limits of populists in government. Their anti-elite style and hostility toward science prevented effective policy responses and, therefore, populists would be expected to drastically lose credibility in the aftermath of the crisis.

However, does that necessarily mean that the COVID-19 pandemic is triggering an end to populism around the globe? On the contrary, in spite of their failures in managing the crisis, it remains unlikely that populists will vanish because of the outbreak, as their support is driven by forces that are structural and long-term. Those drivers will likely be aggravated by the pandemic, creating

favorable conditions for an upsurge of populist support.

It is important when talking about populism to agree on what we mean by the term. According to a widely accepted definition, the populist worldview separates society on moral grounds into two homogeneous and antagonistic groups: “the pure people” versus “the corrupt elite.” Populists argue that politics should be the expression of the “general will” of the people, and portray themselves as the only alternative to represent such a will. Populists are the anti-elite, they frame the elite as a self-interested group that takes decisions which adversely affect the people and their sovereignty. Populism is often combined with other host ideologies, such as socialism, neoliberalism, or nativism. As such, populist politicians and movements can be located across the political-ideological spectrum, mostly either on the extreme left or extreme right.

Here, I will focus on radical right populists. Two additional features characterize this variety: nativism and authoritarianism. Nativism attributes an exclusionary nature to the populist appeal and can be understood as the search for a homogeneous community, either in cultural, ethnical, linguistic, or religious terms. In the nativist view, what is “non-native” is perceived as a threat. Authoritarianism refers to the belief in a strictly ordered society, which values hierarchy and severe punishment of violations against social conventions and the law.

Effective crisis management entails a forward-looking assessment of the seriousness of the situation, transparent communication, trust building, and unity, as well as the ability to make difficult policy choices and learn with constantly updating information. In this process, relying on scientific evidence is crucial, especially in

the case of a medical emergency. Populists have failed in most of these tasks. There is some evidence that populist-led governments took relatively longer to react and prepare for the outbreak, although in the single aspect of closing the borders, they have been, unsurprisingly, faster. Some populists neglected the seriousness of COVID-19, others treated the crisis as a security issue, adopting draconian measures. Some disregarded the recommendations of health authorities and experts, and have personally endorsed drugs and treatments in the absence of scientific evidence about their efficacy.

Denial, Law and Order, Power Grabs

The coronavirus pandemic is an unfolding crisis. Systematic analyses still have to be developed in order to establish a clear correlation between the type of regime and the effectiveness of crisis response. Hence, it is not fully determined to what extent populist leadership has caused particularly negative outcomes related to COVID-19. Other factors beyond regime type or leadership style can also play a significant role, such as pre-existing health infrastructure, wealth, safety nets, demographic density, or even aspects of the civic culture. A study by the Kiel Institute for the World Economy, for example, indicates that, in general, populist and non-populist governments have implemented similar containment policy measures. Among populist governments, not all have responded in the same way. According to an analysis by the Tony Blair Institute for Global Change, 12 out of 17 populist governments currently in power have taken the COVID-19 crisis seriously. As a whole, it appears that three main types of responses have characterized populist regimes during the coronavirus outbreak: denial, focussing on law and order, and power grabbing.



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Brazil and the United States typify a denial response. Both Trump and Bolsonaro played down the lethality of the coronavirus and discouraged citizens from complying with social distancing rules. Moreover, they disrespected health measures imposed by their own governments, supported popular protests, and lacked the transparency to release official information. Ironically, despite being infected by COVID-19 themselves, neither Trump nor Bolsonaro changed their approach to it. Both leaders have engaged in conflicts with former health ministers and advisors, encouraged the use of unproven substances as cures, and blamed regional authorities for the economic impact following the lockdown measures, which they actively opposed. As a result, the US and Brazil experienced the longest plateaus of COVID-19.

Illustrative of the law-and-order response are countries like India and the Philippines. In the latter, President Rodrigo Duterte imposed one of the longest and severest lockdowns in the world. This stark response has been coupled with a largely punitive and militaristic implementation of COVID-19 measures. Duterte ordered quarantine violators to be shot and in-

creased the level of repression toward the population, leading to the arrest of protesters, journalists, and human rights activists. The Filipino government ordered the police to accompany medics and transfer infected patients to isolation facilities, while citizens have been encouraged to report infected neighbors in hiding. Duterte recently extended the nationwide “state of calamity” by a year, claiming it would allow the government to draw emergency funds faster. As public criticism toward the government increased, Duterte sharpened his tone. He censured health workers for publicly criticizing the administration and warned that a revolution would be “more dangerous than COVID-19.”

India also experienced one of the strictest lockdowns. Prime Minister Narendra Modi took the drastic move of declaring a national lockdown for 21 days with only four hours’ notice. The lockdown was imposed without warning, planning, or transparency about the deliberations and scientific advice behind it. Such draconian measures hugely affected internal migrant workers, who became trapped. The lockdown further worsened the problem of vigilantism and violence against Muslims accused of spreading the virus with religious gatherings. Shutting down the country also opened the way to sending activists and journalists to jail.

Finally, Hungary and Poland are examples of attempts to grab power. Both governments have regarded the pandemic as an opportunity to expand their executive powers and undermine democratic institutions, although in different ways. In Hungary, Prime Minister Viktor Orbán implemented a state of emergency and passed legislation allowing tighter control of information as well as the imprisonment of journalists publishing allegedly false or distorted facts about COVID-19. Addi-

India imposed a draconian lockdown with four hours’ notice

tionally, the central government took away financial resources from local administrations and placed important state companies under partial military supervision.

To a lesser extent, in Poland there were also attempts by the ruling Law and Justice (PiS) party to expand powers and improve its political advantage. Presidential elections had been scheduled to take place on May 10, in the middle of the pandemic. However, it became clear that campaigning in the normal way would put peoples' health and lives at risk. Despite the lockdown and the suspension of campaigning

Most populist-led countries are not among the safer democracies

by candidates, PiS leaders initially refused to support the state of emergency and the postponing of the vote, before it was eventually delayed until June 28. Then, the government adopted a rapid change of the electoral voting system, replacing in-person voting with a postal ballot. In the second round of voting on July 12, Andrzej Duda was re-elected with a narrow margin. The Polish Supreme Court consid-

ered the election legitimate, but the election observing office of the Organization for Security and Cooperation in Europe (OSCE) judged the election not fair due to the unequal access of candidates to the media during the campaign.

A distinctive feature of populist regimes at this stage of the pandemic is the higher risk they pose to the quality of democracy, either by eroding institutions, centralizing executive powers, shrinking the space left to opposition, manipulating the media, or fostering social polarization. An analysis from the V-Dem Institute shows that government responses to COVID-19 may accelerate anti-democratic trends. Indeed, from the cases mentioned, most have experienced major violations of democratic principles and are at high risk of backsliding (Brazil, the US, Hungary, the Philippines, and India), while others suffered some violations and are under medium risk (Poland and Russia). Hence, most populist-led countries are not among the world's safer democracies.

Pandemic Popularity

The pandemic is posing huge challenges to all types of governments around the world. Despite the particular struggle of populist leaders to manage it appropriately, COVID-19 does not mean a defeat for them. It is not certain that populists in power will lose their support, and in many of those countries, public opinion data shows that the population has mostly supported their governments' actions against the spread of the coronavirus, at least during the first wave of infections. In fact, in some cases, their approval ratings have even increased during the pandemic, as happened with President Bolsonaro in Brazil, President Recep Tayyip Erdogan in Turkey and Prime Minister Modi in India. There are at least



The Indian lockdown worsened the problem of vigilantism and violence against Muslims, who were accused of spreading the virus with religious gatherings. The government of Prime Minister Narendra Modi also used it as an opportunity to silence critics

three reasons why the phenomenon of populism itself is unlikely to end with the coronavirus.

First, the rise of populism has structural and long-term drivers. Several academic studies demonstrate that economic and/or cultural factors explain the populist surge, occasionally in combination. Among the causes, there is a longstanding transformation of the main dimensions of political conflict, which increasingly focuses on cultural cleavages and allows emphasis on identity politics. In many countries, social divisions and polarization have deepened. Support for right-wing populists often reflects a cultural backlash against the growth of post-materialist and liberal values among younger generations.

This means that support for populist parties cannot be simply explained as a protest vote, but rather is a result of adhesion to specific ideas and programs. Economic insecurity and injustices caused by globalization, which generates “winners” and “losers,” and perceptions of relative deprivation (not only in terms of income and economic status but also socially and politically) play a major role. Furthermore, populism is intrinsically linked to the perception that democratic regimes have failed and that political elites are untrustworthy. For years, there has been declining trust in political elites and public institutions, even in consolidated democracies.

Second, some of the drivers of populism are likely to be aggravated by the pandemic. Most nations will fall into economic recession. The downturn is projected to be significantly deeper than the latest global financial crisis. Economic growth will contract in every world region. Unemployment will drastically rise in most countries, and inequality is expected to increase.

The economic shock will reverse many years of progress in the direction of global development goals and tens of millions of people will return to extreme poverty. This means that socio-economic grievances will persist or be aggravated in a post-COVID-19 world. Vulnerable populations and constituencies that feel unrepresented by the major parties are likely to perceive they have been left behind. As political dissatisfaction increases, chances are that those “left behind” will opt for radical changes and support (supposedly) anti-establishment politicians.

An Opportunity to Amplify

Third, populists have made instrumental use of the pandemic to centralize powers and try to mobilize by fomenting discontent and insecurity, denouncing the crisis as the failure of globalization, “open borders,” international organizations, and liberalism. The coronavirus pandemic offers them an opportunity to amplify the use of communication and mobilization strategies that have proven beneficial to the diffusion of their ideas. This includes the dissemination of fake news, conspiracy theories, and fact-free “information.”

For example, Bolsonaro has appeared in weekly livestreaming videos on social media as a direct communication channel with his followers. His message has, at least in part, proven effective in framing the coronavirus pandemic. A significant number of Brazilians (47 percent) do not

hold the president responsible for the hundreds of thousands of deaths caused by COVID-19.

In general, social media has given populists the freedom to articulate and spread their ideology. Studies have shown that the emergence of fake news is among the explanatory factors for the growing success of populists. As expected, COVID-19 has been linked to the emergence of a series of new conspiracy theories and, in many cases, these are directly related to populist movements and leaders around the world.

Populist regimes have not all responded in the same way to the COVID-19 pandemic and they will possibly suffer different impacts in the course of the outbreak. The populist surge around the globe of recent years cannot be explained by one single cause. Context-specific aspects must be taken into account. In fact, the rise of populism is often explained by a convergence of factors, including socio-economic transformations, the strategies and organizational abilities of leaders and movements, as well as changing political preferences and attitudes of individuals, mainly toward democracy and traditional political elites.

One of the reasons why populism cannot be considered overcome at this point is that most populists in power have taken the opportunity to accelerate authoritarian measures. Still, this is not the only reason for their expected resilience. The root causes of populism remain in place and are likely to be aggravated in the aftermath of the pandemic. The crisis of liberal democracy, social and economic grievances, as well as the political use of mechanisms of radicalization and the spread of false information are factors that allowed populism to flourish in the first place. They need to be addressed if populism is to be contained in the years to come. **IP**

A Delicate Balance

An effective government policy countering the COVID-19 pandemic relies on scientific advice. Still, there is a fine line to be tread to make the relationship between politics and science work well. Transparency is one key factor.

By Christian Schwägerl

In recent years, a phrase became popular among top American scientists: “When the going gets tough, go get Fauci.” The 79-year-old immunologist was a kind of secret scientific weapon when it came to dealing with politicians, and indeed the public. Anthony Fauci is head of the NIAID, the National Institute of Allergy and Infectious Diseases. Famous for his research but with no star persona, he can clearly explain complex scientific subjects, sketch out their practical implications, and explain the consequences for politics and everyday life.

This is how, early in 2020, Dr. Fauci became the public face of American science. With the coronavirus spreading across the United States, President Donald Trump eventually recognized the illness as a huge and present danger, no mere Democratic hoax. Fauci stepped into the limelight, in person at the president’s briefings, which were broadcast worldwide.

But cracks soon appeared in the relations between the president and his top scientist. Trump’s

pathological narcissism led him to envy Fauci’s popularity among an anxious population, who admired their new “explainer-in-chief.” Some people even took to wearing t-shirts with Fauci’s face on them. It also became clear that Fauci wanted to prioritize public health over short-term economic considerations, a policy Trump regarded as very dangerous...to his re-election prospects.

Dr. Fauci began to publicly express frustration with a president who seemed quite unwilling to learn, and who paid no heed to scientific facts, publicly recommending the drinking of bleach and expressing faith in non-existent light therapies. “I can’t jump in front of the microphone and push him down!” Fauci told *Science* magazine in March 2020.

By early summer, relations had badly broken down. Fauci appeared in public far less often, as the White House vetoed his media appearances. With the presidential election approaching, Trump disparaged his top scientist, calling him a “disaster,” and dismissing his own advisors as “idiots.” Fauci

was even assigned a team of bodyguards. By now, the rest is history.

Germany's experience in 2020 has been quite different, above all because Chancellor Angela Merkel is a trained scientist, with a PhD in physics. For Merkel, science is not meant to be a political performance. She declined to push Fauci's German counterpart—Christian Drosten, the head of the National Coronavirus Laboratory and Director of the Institute for Virology at Berlin's Charité hospital—into the spotlight to boost her political standing, although he would have been an appropriate figure to play the role.

Merkel has rarely appeared with scientists in public during the COVID-19 pandemic. Behind the scenes, however, the chancellor has regularly brought scientists into discussions, as at the key meeting in October 2020 between Merkel and the leaders of Germany's 16 federal states.

On the whole, the German chancellor prefers to present the science herself. In late September, she impressed the public with a live “back of the envelope” scientific calculation, used to show that, if nothing was done, a few hundred cases in August could mean 19,200 by Christmas. But outside the public eye, she has sought out contacts with scientists. From the Robert Koch Institute to the Leopoldina (German National Academy of Sciences) and the Helmholtz Association of German Research Centers, scientific institutions have contributed knowledge to the political understanding of Germany's public health situation.

A Split in the Western World

These contrasting attitudes to science could hardly be more striking. They represent a deep split in the Western world, one which goes back long before Trump's 2016 victory. In 2004, Karl Rove, a close

advisor to then-President George W. Bush, reportedly dismissed those who believed politics was about the close study of reality. “We create our own reality,” he said. Not so far from the “alternative facts” cited by Trump's advisor Kellyanne Conway when discussing inauguration crowd numbers in 2017.

This kind of thinking spread in Europe too, above all in the United Kingdom. Under Tony Blair's Labour government, “spin doctors” ruled the roost, not people with actual doctorates. In 2016, Conservative politician Michael Gove took a directly anti-science stance: during a debate on

German Chancellor Angela Merkel prefers to present the science herself

Brexit, he famously said, “People in this country have had enough of experts.” Similar trends have occurred in Hungary, where the government has the scientific community on a tight leash, and in Brazil, where President Jair Bolsonaro has tried to stop the publication of data on coronavirus and on Amazon deforestation.

The governments of New Zealand, Canada, and Germany stand as counter-



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examples, having at least tried to orient policy—on climate change, the pandemic, and other issues, including dangerous declines in biodiversity—according to scientific research.

To understand these conflicts around science and politics, we need to look back at the history of science. This does not make for comfortable reading on any side of the debate. The historical record disproves simplistic models in which “good politics” always listens to “good science,” while bad politics does not.

Complicated Relations

Science has profoundly enriched the relationship between politics and society. Deploying evidence, arguing for proof, and refuting error, science has contributed to a massive growth in material and physical wellbeing, not least with breakthroughs in medicine, agriculture, and communications. Beyond even that, science has also been central to the emergence of open, democratic societies.

The early Enlightenment held to the utopian idea of a Republic of Scholars, in which rationality would be the only principle and guide. As science flourished, it developed methods against superstition, but these also worked against aristocratic desires for total power. The scientific method generated a growing body of knowledge. More importantly, however, it encouraged a subversive process of evidence gathering, which could render powerless even a supposedly omnipotent pope or king.

But an idyllic or idealistic story of science’s influence on politics would not tell the whole truth. Over the last century, politics and science have often made highly problematic alliances.

Scientists were enablers and accomplices in colonialism and played a key role in the horrific escalation of war in the first

half of the 20th century. Scientists have all too willingly supported political ideologies, like the Social Darwinism preached by Herbert Spencer. Nazi Germany’s genocidal plans and human experiments were crimes substantially driven by scientists. The scientific community has subjected its role in Nazi crimes to serious critical scrutiny—although the process is hardly complete—and drawn broad conclusions. But there has not yet been intense debate around science’s role in the imperialist and colonial genocides of the West.

Since World War II, science has been more obliged than ever to uphold its own basic values. It has not shied away from presenting politicians with uncomfortable truths. In free Western countries, impressive networks of scientific advisors on political issues have been created.

In Germany, this network has several layers. In terms of government, the most closely-integrated science is the “departmental research” carried out within federal and state governments. These days, the most prominent of these institutions is the Robert Koch Institute, headquartered in Berlin. Coronavirus research has thrust this institution into the spotlight, and it continues to provide the government with daily information and advice. The large research institutions of the Helmholtz Association are also working closely with the Federal Ministry of Research, although they remain organizationally separate from government. The Helmholtz Association’s research aims are adjusted regularly, but the basic idea remains that of free scientific inquiry. Since the outbreak of the COVID-19 pandemic, the Helmholtz Center for Infection Research in Braunschweig has played a key role in creating models of the pandemic’s spread.

The Leopoldina is the third type of institution offering public policy advice.



The “public face of American science” began to express frustration with a president who paid no heed to facts: Dr. Anthony Fauci testifies during a hearing on the coronavirus crisis at the US Congress, July 2020



The head virologist at the Charité hospital has emphatically denied he was a sort of “replacement chancellor” for the time of the pandemic: Christian Drosten at his laboratory in Berlin

US President Donald Trump came to denigrate his own experts

Founded in 1652, it is Germany's oldest scientific organization, and strongly emphasizes its autonomy and independence. In 2008, it relaunched as the "National Academy of Sciences," a role in which the Leopoldina regularly publishes recommendations on issues from COVID-19 to biodiversity. For its part, the German parliament (the Bundestag) has its own institutions for research and consultation, including its Research Services and the Office for Technology Impact Assessment. Additionally, parliamentary "Enquête Commissions" offer a unique format for producing science-based advice.

Across federal and state levels, there are numerous scientific advice committees in all areas of politics, employing university academics and expert from other institutes. Most Western countries have similarly broad networks. However, in the United States the leadership of the White House Office of Science and Technology Policy (OSTP) remained vacant for 18 months after Trump's 2016 victory.

Getting It Wrong, Sometimes

In general, scientific advice is not lacking, and has very often formed the basis for good and feasible political decisions. But not everything runs perfectly: disciplinary

closed-mindedness is one key problem, as is the very narrow thematic composition of committees. For example, most academic economists offering policy advice still wrongly regard environmental and climate protection as "externalities," as if life's natural basis could be something merely extra, an add-on to what is supposed to be reality.

Major errors have also occurred: in Germany, demographers long predicted rapid and unavoidable population decline, and were widely listened to in the political world. However, population decline will probably not now occur until at least 2030. This means all planning—whether urban development, energy reform, or public debt policy—has been based on false premises. Fortunately, there are many examples of scientists supplying timely, well-founded, thorough advice on problems going beyond the usual political time horizon (i.e. the next election). Above all, this has been true for climate change. Between 1987 and 1990 (!), the parliamentary Enquête Commission on "Provisions to Protect the Earth's Atmosphere" was already offering decisive warnings for humanity, helping climate politics to emerge as a field in its own right.

Thus, when the coronavirus first began to circulate early in 2020, both Germany and the United States were well prepared for scientists to advise political leadership. What happened next will probably dominate debate on science-politics relations for many years to come. An entire generation of historians of science will study how President Trump denigrated his own experts, including Fauci and the entire Centers for Disease Control, both in media comments and in practical contexts.

But even Germany has seen differences in opinion on how politicians should best respond to advice. Good scientific advice

should always rely on the most up-to-date research, and should be open about any gaps in its knowledge. It needs to acknowledge errors, and respect the time pressure that politicians are under. Ideally, advice should offer several possible actions, not just one. Above all, scientists should be clear on their own role, and refrain from playing politics.

Behind the Scenes

During the pandemic, scientific advice in Germany has largely taken place behind the scenes. There is no central national scientific committee, and Merkel has decided not to have scientists stand at her side. Even so, several individuals have come to dominant media coverage.

Scientific figures who seem to embody scientific ideals include Christian Drosten, head virologist at Berlin's Charité hospital, and Sandra Ciesek, head of Frankfurt University's Institute for Virology. Early in the debate, Drosten emphatically denied he was a sort of "replacement chancellor" for the pandemic. In many interviews, he has openly acknowledged his own errors, for example his misunderstanding of the

effectiveness of masks. He has helped a wide audience understand that research on COVID-19 in children and the young is unsettled and incomplete. Drosten's "one man show" has presented politicians with options, while his ongoing dialogue with the general public has emphasized collective learning processes in the pandemic.

As a public figure, Hendrik Streeck, head of virology at Bonn University, presents a stark contrast with Drosten. Ever since the earliest reports on the new virus, Streeck has continually minimized its dangers. In April, he inflated his own fieldwork, making claims for national transmission based on his narrow study of contagion in Gangelt, a village in the federal state of North Rhine-Westphalia. His claims were presented at a joint press conference with Armin Laschet, prime minister of North Rhine-Westphalia. Streeck's intervention helped bolster Laschet's demands for a rapid end to the first lockdown, proposals which succeeded some days later. The Bonn virologist has used his position to popularize ideas discredited in scientific literature, in particular "herd immunity" theories. These claim that widespread infection among the young, even in the absence of a vaccine, could offer collective defense to society.

As the year has gone on, Streeck's messaging has come disquietingly close to that emerging from Trump's White House. At times, his ideas have been based on false assumptions, for example about how long and how well antibodies can protect those recovering from COVID-19, and about dangers to young people, even outside supposed high-risk groups. There has been much speculation about possible motivations for Streeck's interventions. What is clear is that his pronouncements have brought him substantial media attention, and won him the support of the powerful

Good scientific advice needs to be open about gaps in its present knowledge

media group Axel Springer and its owner, the US investment company KKR. One KKR subsidiary, Deutsche Glasfaser, has helped to co-finance Streeck's "Heinsburg" study in North Rhine-Westphalia.

A Communication Gap

In one way, the contrast between Drossten and Ciesek and scientists like Streeck revealed a healthy pluralism of opinion in Germany, although for politicians it presents a problem of whom to trust. But what became clear, above all, was that the German science establishment as a whole was unprepared to communicate with the public in an emergency. In particular, it did not know how to deal with problematic figures. In February 2020 a huge communication gap opened up, into which poured conspiracy theorists, ideologists, and quack doctors.

Accustomed to announcing breakthroughs, science communication professionals in Europe and the US have struggled to counteract conspiracy theorists on social media. Effective political advice has been hampered by a failure to weigh statements of different value, and to act against problematic assertions by some researchers. This has prompted a wave of critical interventions, like that of the "Siggen Circle," an important forum for science communication professionals. A statement from October 2020 contained down-to-earth advice: "If in doubt, keep your mouth shut!"

In a pandemic, people want rapid certainties and guarantees, for example on the availability of a vaccine. During the coronavirus outbreak, science has successfully delivered gains in record time: for example, establishing the molecular structure of SARS-CoV-2, and identifying its differences from other pathogens. Other issues, like COVID-19's long-term con-

sequences, have seen slower resolution. Some questions—where the virus originated, for example—could take years to answer. Many much-heralded announcements, for example on the effectiveness of medicines like Remdesivir, have ultimately turned out to be false. Both politicians and the population at large are now seeing "science in the making," as the whole

*In a pandemic,
people want rapid
certainties and
guarantees, also
on a vaccine*

world has turned into a real-life laboratory, where the health and survival of millions depend on the smooth functioning of science and its processes of knowledge production.

Every day we are reminded of Karl Popper, the philosopher who described science as the "present state of error." Today, both politicians and the general public have a unique opportunity to understand the great strength of the scientific method—to provide knowledge to act on, as is the case in both the climate and the COVID-19 crises—and precisely its extraordinary openness and capacity for learning, which helps politicians to keep an open mind. **IP**

The COVID-19 “Infodemic”

The pandemic has been accompanied by an “infodemic” of misinformation and propaganda, undermining public health responses around the world. Building resilience will require a joint effort from social media platforms, governments, and civil society.

By Marcel Schliebs

As the coronavirus started to spread around the globe in early 2020, so did a wave of misinformation and propaganda that has jeopardized public health, helped to undermine trust in government responses, and shifted blame onto imaginary scapegoats. The sources of misinformation were diverse, including authoritarian governments, anti-vaccination activists, and the US president, but also ordinary citizens, who unwittingly shared misleading content with their friends and families. In some cases, the sharing of misinformation was reported to have had an immediate impact on public health, either directly through the intake of toxic substances falsely claimed to cure the disease, or indirectly by contradicting public health advice about mask-wearing and social distancing.

The fact that a global health crisis would also be exploited by actors engaging in disinformation—the deliberate spreading of falsehoods with political motives—was no surprise: in almost every pandemic from the Black Death to Ebola, the spread

of infectious diseases has been accompanied by the diffusion of false information, with deadly consequences for the infected and collateral victims alike.

In the 14th century, the blame for unexplainable outbreaks of the plague was attributed to Jews, thousands of whom were burned amid local outbreaks, leading to the destruction of hundreds of Jewish communities across Europe. When the Spanish flu erupted in 1918, wartime censorship from various governments left their respective populations uninformed about the scale and severity of the outbreak. Potentially inspired by the KGB’s Cold War operation to attribute the spread of AIDS to a US bioweapon, the more recent outbreaks of the swine flu in 2009 and Ebola in 2014 saw the Kremlin-controlled broadcaster RT (formerly Russia Today) featuring conspiracy theories that the diseases had been created in US military labs.

In the case of COVID-19, what has been surprising to many observers is the speed and scale with which falsehoods and propaganda spread across

platforms and societies, with one study estimating that content published by accounts spreading health misinformation obtained more than one billion views. The ubiquity of misleading health information led the World Health Organization (WHO) to raise the alarm and label the situation as an “infodemic,” even before invoking the status of a “pandemic” on the epidemiological side.

Key Actors and Strategies

The sources of misinformation and propaganda around COVID-19 are so diverse that this article can only provide a selective overview. To begin with, authoritarian governments have used the pandemic to promote their geopolitical interests and discredit their rivals. In a study conducted at the University of Oxford, my colleagues and I found that Russia was leveraging its state-backed media outlets and their respective distribution networks to promote the Russian response to the virus, criticize the capability of democratic societies to effectively manage the health crisis, and, similar to Chinese and Iranian outlets, provide a platform for conspiracy theories, such as the claim that the virus may have been bio-engineered in a US military lab.

In multiple cases, Russian outlets and the commentators they featured further questioned the effectiveness of masks, in some instances actively encouraging their audience “[not to] wear a face mask—not in shops, not on public transport, not anywhere. Say you have asthma or offer no explanation.”

Following this call for resistance by RT, some social media users in Germany and the United Kingdom alike called their governments’ mandatory mask policies “despotic” and compared the respective legislation reminiscent of “Germany in the 1930s.” Chinese outlets such as CGTN

or Xinhua further promoted various alternative theories that claimed the virus may have originated from places other than Wuhan. They also aired a fabricated video claiming that Italians had played the Chinese anthem in gratitude for support received from China. Both Russia and China deployed propaganda accompanying the orchestrated deliveries of medical aid to Europe, Africa, and South America.

Adding to these state-backed efforts, numerous conspiracy theorists have exploited the COVID-19 pandemic by spreading false or speculative information about the origins of the virus, the effectiveness of public health measures, or pseudo-medical cures. Some of these narratives have portrayed the virus and public health responses as clandestine operations for population control or mass sterilization, and have also linked the outbreak to a variety of causes including 5G or polio vaccines. One example was the *Plandemic* movie, which promoted numerous pieces of false health information, including that the virus was the result of laboratory manipulation, that flu vaccines increase the chance of contracting COVID-19, or that masks cause infections. The documentary-style video quickly went viral, amassing more than eight million views and hundreds of thousands of shares on social media. In addition, thousands of similar examples have spread across the Internet, including on emerging platforms such as TikTok, Telegram, or Parler.

In addition, certain celebrities and politicians, including US President Donald Trump, have been another key source of misinformation, sharing misleading or false information and medical advice with their followers on social media. A final group of less “malignant” spreaders of misinformation has been ordinary citizens, who have shared false information



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Individuals holding conspiracy beliefs about COVID-19 are less compliant with social distancing rules or responsible health behavior such as staying at home: an anti-quarantine demonstrator in Buenos Aires

either because of a lack of trustworthy information during the dynamically evolving pandemic, or due to psychological biases such as cognitive dissonance or confirmation bias.

Bad for Public Health and Democracy

One of the central and most complex questions regarding misinformation is its impact. In other words, while it is interesting to measure the amount of attention a misleading claim or false piece of advice receives, what really matters is whether the consumption of such information leads to individuals making poor health choices or losing trust in democratic institutions, both of which directly undermine public health responses.

Unfortunately, there is reason to believe that misinformation may have the capacity to seriously impact public health. For example, one study linked multiple deaths in Iran to the drinking of alcohol-based cleaning liquids shortly after false advice praising methanol as a cure for COVID-19 had circulated on social media. In India, three Muslim men were violently attacked, likely because of rumors that Muslims were spreading the virus. And after Donald Trump encouraged the preventive intake of hydroxychloroquine, hospitals from Nigeria to Vietnam recorded spikes in poisoning admissions, with one man in Arizona dying after ingesting a chloroquine-based fish tank cleaner.

While directly attributable lethal incidents remain the exception, there is evidence that coronavirus-related misinformation may have impacts on many areas of public life and health. For instance, a study from King’s College London found that individuals holding conspiracy beliefs about COVID-19 are less compliant with social distancing rules or responsible health behavior such as regular handwashing or staying home if they have symptoms. Furthermore, in the UK alone more than 70 telephone masts were vandalized or

Telephone masts were vandalized after conspiracy theories linked the pandemic with 5G

burned following the spread of conspiracy theories linking the outbreak with 5G technology. And as countries across Europe went into lockdowns, the stockpiling of goods was accompanied by viral videos of long lines in front of supermarkets, in many cases using fabricated footage and images taken out of context.

Combatting a global wave of misinformation is a complex challenge that requires an overarching and coordinated approach involving tech platforms, gov-

ernment officials, and scientists, but also other members of society such as journalists, or in the long run, teachers and parents. Many large social media platforms, some of which previously favored a hands-off approach when it comes to content moderation, have increasingly recognized their role in facilitating the spread of dangerous falsehoods and have become significantly more interventionist as the pandemic unfold. For example, Facebook has not only introduced fact-checking labels under posts about COVID-19, but also introduced a policy that bans potentially harmful content. Twitter and TikTok similarly introduced warning labels, while YouTube announced that it would remove misleading health advice.

Building Information Resilience

Despite these measures, many platforms were caught off guard in the early stages of the pandemic, and their largely reactive policies were unsuccessful in preventing the spread of millions of examples of misinformation through Facebook groups, Twitter feeds, or embedded in videos uploaded to YouTube and TikTok. This lack of success in rapid content removal was further exacerbated by the opaque implementation of content moderation policies—a weakness that has been frequently exploited by conspiracy theorists, who complain about censorship and successfully circumvented platform policies through coordinated re-uploading.

Furthermore, researchers have accused platforms of prioritizing Western audiences in content moderation resource allocation, leaving less industrialized countries in the Global South without adequate support for responding to COVID-19 health misinformation. Another such blind spot are non-public messaging apps such as WhatsApp and Telegram, which play a

key role in the peer-to-peer transmission of false information within networks of friends and families.

Journalists and fact-checking organizations have also made an enormous effort to help people find reliable information and identify falsehoods. However, fact-checking is a scarce resource and can only superficially solve the problem of contaminated health information during a dynamically evolving pandemic. And in the absence of reliable automation, content moderation will remain an expensive undertaking. Even steep progress in artificial intelligence and machine learning is unlikely to solve the problem, as fact-checking often requires nuanced interpretation rather than simple binary classifications. Furthermore, disseminators of disinformation are highly adaptive to platform responses, circumventing alleged censorship through coordinated re-uploading, dog-whistling, or sharing links to external sources in comment sections.

Governments and health authorities also have an important role within the fight against misinformation. As a large share of conspiracy theories and health misinformation includes criticism of government responses and public health measures, it is essential that such policies

are communicated in a transparent way. This includes admitting and explaining mistakes. One example is provided by the initial advice around mask-wearing, which was first discouraged by the WHO and national governments, only for them to later change course based on updated scientific evidence.

The lack of clear communication about such policy reversals is frequently exploited by skeptics advocating against mask mandates. Furthermore, governments should pro-actively discuss regulatory countermeasures to prevent harmful health advice from proliferating through the public sphere, while balancing out individual liberties and freedom of speech. For example, legislators could require social media platforms to implement more pro-active and resource-intensive moderation policies, or provide substantive funding for independent fact-checking organizations.

Only the Prologue?

Despite the ubiquity of misinformation during the past few months, there is reason to fear that the worst is yet to come. As scientists around the world race to produce a COVID-19 vaccine, a well-connected network of anti-vaccination activists is preparing to undermine public trust and sow doubt about the purpose and safety of a potential vaccine at all costs.

Anti-vaccine activism is by no means a new phenomenon. Instead, anti-vaccination movements have worked for years to demonize vaccines—falsely claiming that they are unsafe, harmful, or, even worse, part of a clandestine effort by governments to control populations. Uniting millions of supporters worldwide, they form a network of densely connected and tech-savvy individuals, including liberal yoga moms and ultra-conservative skeptics of govern-

*Disseminators
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ment alike. After years of experience, the online anti-vaccination community is extremely organized and strategic, exploiting the features of social media where possible and creating an outcry about alleged censorship when being restrained. In a sense, the movement has been preparing for this moment for years, and COVID-19 is the natural climax to deploy all of their resources into combat.

These activists are not alone in their efforts to undermine global vaccine development. Instead, domestic vaccine critics are being opportunistically joined by malign state actors seeking to undermine trust in vaccines, and in the democratic governments funding their development. With a previous track record of amplifying divisive vaccine debates in Western societies, including through the use of inauthentic “troll” accounts, Russia has recently intensified its vaccine propaganda—simultaneously promoting its own “Sputnik V” vaccine candidate and sowing doubt about the safety of Western competitors. In a recent investigation, *The Times of London* revealed an alleged Russian disinformation operation targeting the COVID-19 vaccine developed at the University of Oxford. The core narrative of this campaign was the claim that taking the vaccine would turn humans into monkeys.

Countering Anti-Vaccinators

These trends are particularly worrisome because high vaccination rates are essential for establishing herd immunity. Although it is difficult to measure how much anti-vaccination content is responsible for a recent decline in trust in a COVID-19 vaccine, a survey by the University of Hamburg indicated that by September 2020 only 57 percent of Germans said they were willing to get vaccinated once a vaccine becomes available, down

from 70 percent in April. Similar figures can be found across the globe, with only 48 percent of French people and 51 percent of Americans signaling an intention to get vaccinated. At the same time, 44

Russia’s government has recently intensified its vaccine propaganda, sowing doubt

percent of US Republican voters recently said they believed that “Bill Gates wants to use a mass vaccination campaign against COVID-19 to implant microchips in people that would be used to track people with a digital ID.”

Against this backdrop, making the development of a coronavirus vaccine a success will require a multidisciplinary and pro-active effort by social media platforms, governments, the scientific community, and civil society alike. This effort should include rigorous transparency about vaccine trials and potential complications, the provision of sufficient resources for strategic communication, as well as a vigilant and pre-emptive approach to detecting and countering domestic and foreign attempts to undermine trust in COVID-19 vaccines expected for early 2021. **IP**



A
Healthier
World

How We Learned To End Pandemics

The world in 2036: There was an outbreak of a new, deadly type of virus. But after a few months it was contained globally. This was only possible because the lessons of 2020 had been heeded.

By Daniela Braun

It began with a patient in Jakarta. In April 2035 the man was admitted to hospital in the Indonesian capital with flu symptoms. Within a few weeks, the novel pathogen, which the World Health Organization named Flu-35, spread first to other parts of Asia and then to Europe, Africa, and North and South America.

Led by the WHO, the international community responded quickly with a number of countermeasures. The disease brought back memories of the COVID-19 pandemic of 2020-21. After successively controlling that virus with a vaccine after the fall of 2021, extensive reforms were introduced and massive investments were made in prevention, early detection, and crisis response. At the heart of the reforms was the transformation of the WHO into a more powerful and independent global public health organization.

The international community had been able to benefit from the lessons of the COVID-19 pandemic and was thus able to rapidly contain Flu-35—with-

out the outbreak developing into a global crisis. The fact that the end of the crisis was declared after only ten months showed what great progress had been made since 2020 in combating pandemics.

Containment Thanks to Early Detection

So, how exactly was it contained? After a series of clusters of the novel flu epidemic occurred in Jakarta in April 2035, the local health authorities quickly reported the incidents to the WHO. Within days, it sent a team of virologists, doctors, and epidemiologists to Indonesia to work with the local authorities to gather and evaluate initial data about the novel influenza virus and recommend action for all WHO member states.

In the past, there had often been attempts by local authorities or national governments to cover up disease outbreaks, partly because the affected countries feared the economic damage that travel and trade restrictions would impose. However, the earlier outbreaks are detected and reported,

the greater the chance of avoiding serious health crises. This is why the international community worked hard to improve early warning systems.

After the COVID-19 pandemic incentives for the rapid notification of outbreaks and improved cooperation with the WHO were created. For example, a massive fund became available from which affected countries could quickly and easily obtain funding to combat the disease if they reported outbreaks. The WHO also increased the number of emergency teams available to help countries cope with the disease.

In addition to these incentives for the early notification of outbreaks, the international community created mechanisms to reveal cover-up attempts and demand accountability from governments. Fears of massive reputational damage drove up the cost of cover-up attempts.

Existing early warning systems were significantly improved, too. Firstly, by stepping up the monitoring of pathogens in animals in “disease hotspots.” Virologists and experts could therefore learn more about which pathogens were spreading in the animal kingdom and could possibly jump to humans and trigger the next epidemic.

Secondly, after the COVID-19 crisis considerable resources were invested in risk assessment and epidemiology in general. The WHO expanded the Epidemic Intelligence from Open Sources (EIOS) initiative and optimized the methods of collecting information on outbreaks and the risk assessment of disease incidents. Here, data from informal sources—such as social networks and media—were evaluated and assessed, too. This also increased the willingness to report outbreaks quickly, as countries feared that outbreaks would be discovered and made public by other means.



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An effective and strong WHO was at the heart of the successful response to Flu-35. Its recommendations were quickly implemented by its members and not—as in previous cases—ridiculed and disregarded.

The coronavirus crisis had shown that the world needed a stronger WHO to better

An effective and strong WHO was at the heart of the response

face pandemics. Although many experts believed that the organization had done a good job in 2020-21, its capacity as a secretariat of 194 member states without any authority to issue directives and with an insufficient budget was severely limited.

Independent and Effective WHO

As was the case after the SARS epidemic in 2002/03, a reform of the International Health Regulations—the central, legally binding instrument of the WHO in outbreak control—was initiated in 2022. This was completed in 2025 and significantly strengthened the WHO’s mandate. The WHO was now able to publicly demand accountability from member states for non-compliance with its recommendations and refusal to cooperate, rather



In April 2025, a new pandemic—Flu-35—broke out in Indonesia. Since the world had learned the lessons of COVID-19, it was contained quickly: a healthcare worker at a textile market in Jakarta, July 2020

than, as in the past, only standing idly by when countries ignored the organization. It could also impose sanctions, such as fines or a temporary loss of voting rights in UN institutions.

The WHO was also able to act effectively because its dramatic underfunding came to an end after the COVID-19 pandemic. It was indeed a severe blow when the largest donor, the United States, left the organization in 2020. However, a broad coalition of mid-sized powers and private donors led by the EU was able to make up for the resulting financing gap.

In addition, the member states agreed to significantly increase the compulsory contributions. This made it possible to build up and expand operational forces and improve early warning and prevention. As a result, the WHO was in a posi-

tion to act much more independently of the individual interests of its members or private actors.

Pandemic Playbook

When the WHO Director-General warned about the new influenza virus in the spring of 2025, governments around the world were able to make use of their national Pandemic Playbooks.

Under the guidance of the WHO, the Pandemic Playbook initiative was launched in 2022, with all member states evaluating and revising their national pandemic plans, some of which had become very outdated. A regular amendment of these plans was scheduled for every three years, and pandemic management exercises were also held regularly at both national and international levels.

Pandemic Playbooks covered the health sector, civil protection, and large parts of the private sector—especially the companies involved in maintaining supplies. In addition to setting up structures and measures to prevent diseases, the plans contained extensive instructions for concrete pandemic management, which were tailored to the respective conditions in the individual countries.

During the Flu-35 pandemic, countries around the world quickly began to ramp up their testing capacities, monitor airport arrivals and departures more closely, and track passengers—as envisaged in the pandemic plans. Since past health crises had taught us that travel and trade restrictions were not very effective in containing the pandemic, there was an increased focus on tracing infected people and their contacts, and on quarantine measures. The time advantage allowed the health sectors to increase their capacity to cope with a possible influx of infected persons.

The stockpiling of large quantities of personal protective equipment (PPE) and antiviral drugs, which was regularly checked by the WHO, effectively protected hospital and medical practice staff from Flu-35 and ensured better treatment for the sick. The Playbooks also provided guidance to decision-makers in prescribing quarantine and protective measures such as closing kindergartens and schools and shutting down economic activity.

The Pandemic Playbook initiative was supported by substantial funding from the WHO, private foundations and donors, and individual member states. After COVID-19 there was a recognition that investment in prevention and pandemic management is more cost-effective than repairing the enormous damage caused by a pandemic. In particular, poorer, unstable, or war- and conflict-ridden regions, which are not in a

Investment in prevention and management is cost-effective

position to prepare for disease outbreaks, were thus supported in building structures and capacities.

This is one of the reasons why Flu-35 could not develop into a serious global crisis; even regions of the world that had been virtually defenseless during previous outbreaks were able to take action.

“The international response to Flu-35 has shown that pandemics can be successfully controlled,” said the WHO Director-General in her statement at the end of the crisis in February 2036. Since 2020, enormous progress had been made in outbreak control, including the expansion of early detection, the strengthening of the WHO, and the improvement of national pandemic plans. Flu-35 did not plunge the world into a severe crisis with long-term and severe socio-economic consequences. The long-term goal must be to detect and control pathogens early enough to prevent major outbreaks from occurring in the first place.

But in a hyper-networked world with a growing world population, an increasing number of megacities, and advancing environmental destruction, epidemics remain a realistic threat that must be prepared for. In 2036 and beyond. **IP**

A New Approach to Global Health

The COVID-19 pandemic has demonstrated the need to revisit the holistic global health concept. This process should be inspired by a new conceptualization of global health, methodically combining strands that so far have been looked at in isolation.

By Mathias Bonk and Ole Döring

The current COVID-19 pandemic shows in a drastic way the interconnectedness and the interdependencies that now exist on our planet, between and within populations, between health and wealth, social and economic determinants, development and foreign policy, preparedness and response, the human rights of an individual and the protection of entire populations. These interconnections have long been perceived as opportunities, while negative aspects have tended to be overlooked.

We have all learned a lot about viruses, at the microscopic or genetic levels, about the ways they spread and how they infect our bodies. This knowledge includes the dramatic consequences that pathogens can have at a global level, as well as the policies enacted in response to them—not only in terms of the burden of diseases and number of deaths they can cause but also the socio-economic consequences and even the impact on mental and social health conditions.

We have also seen the geopolitical power struggles and the consequences of populism that have influenced the spread of the virus and the responses to the pandemic. In addition, the delicate balance between scientific advice and policymaking and the importance of health literacy has become clearer. All these issues are obviously not new, and the concept of global health, which has evolved alongside the UN Millennium Development Agenda, has been addressing them for some time. The COVID-19 pandemic has now further underlined the need to strengthen global health as a methodology.

The Conceptual Framework

The term “global health” is used to describe transnational health problems, determinants, and solutions at the interfaces between politics, science, and society, and to promote interdisciplinary cooperation. This approach to global health complements and reinforces activities that are intended to implement the 2030 Agenda and the UN Sustainable De-

velopment Goals (SDGs). Global health is an open learning process, to enable health action and connect the relevant capacities. It is designed to address the interfaces of health activities in their technical, scientific, economic, cultural, and value dimensions. In particular, the concept of global health develops a comprehensive, human rights-based, multidisciplinary, and holistic approach. The focus is on health for all people worldwide and on global justice: how to align where we stand now and what must be done to achieve this goal.

These multi-dimensional topics, when unpacked and structured methodically, can be presented as integrated scientific-political-social practice fields with connecting options. The result is a holistic open system of elements and issues that can be dealt with under the innovative global health approach.

The global health architecture is constantly changing and is becoming increasingly complex, leading to the growing need for overarching and adaptive governance skills. There are regular proposals for the future division of tasks and prioritization, e.g. through a Framework Convention on Global Health. However, various political, historical, and economic factors make it more difficult to achieve progress. There is a disturbing lack of an adequate conceptual framework, one that would place the work of global health in a cross-cultural, value-driven, and comprehensively scientific-practical coherent perspective and present it as an ethical-pragmatic governance project.

Until the 1980s, medicine as a comprehensive interdisciplinary science for health to guide the art of healing, gradually became a science-based technology and economy to manage disease or health outcomes. This development affected different countries at various levels of speed

and impact. With the technological revolutions and their immediate impact on industries, political and economic interest grew in the sciences, including health, to become competitive science/tech enterprises. For some, there had been only one feasible conceptual continuum—of liberal market models—to relate to when building or transforming their health systems, one that offered either state welfare or private business options.

Innovations in Science and Policy

The collapse of the Soviet Eastern Bloc in 1989 and the subsequent need for many countries to build a new health system during the period resulted in the ensuing entrepreneurial zeal and the export of this increasingly standardized health-economic monoculture, either in terms of participation according to the general rules (such as in the World Trade Organization, WTO) or in terms of learning from successful health business models.

This is just one aspect of the historical developments leading to the current innovations underway in both science and policy. They enable the comprehensive integration of physical knowledge and practical guidance, in order to develop global health as a trans-disciplinary, inter-cultural tool for advanced knowledge. To be better prepared to deal with pandemics in the future, information must not become an “infodemic.” Processes in health should enable resilience and cooperation, health maturity should be extended to all citizens and professionals, health economics should encourage the value of health knowledge, and health policies should become more sustainably reliable. Global health offers a powerful methodology for injecting ethics into the system and engendering trust so that proportional measures prevail.



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Development expenditure in health increased fivefold between 1990 and 2019

Since the 1990s, there have been parallel advances in health research, technology development, and new global connectivity. Technologically and economically-driven globalization was instrumental in the development of the global policy field of health. This also applies to the Millennium Development Goals (MDGs) adopted by the United Nations, with their emphasis on improving health. They have led to major investments by public and private donors in global health projects and initiatives. In the field of development cooperation, health expenditure increased from approximately \$7.7 billion in 1990 to approximately \$40 billion by 2019. This has been made possible by philanthropic foundations such as the Bill and Melinda Gates Foundation and Rotary International, given the limited resources of transnational funds such as those of the WHO. While providing indispensable funds for immediate health and research needs, and emphasizing the crucial role of the health system and health economy development, this engagement made the need for sustainable health measures on “glocal” scales even more apparent.

At the beginning of the 21st century, many new organizations, programs, ini-

tiatives, and partnerships were initiated to achieve the MDGs. During the same period, WHO member states agreed on two globally legally-binding health agreements: the Framework Convention on Tobacco Control (FCTC) was adopted in 2003.

In the wake of the Severe Acute Respiratory Syndrome (SARS) epidemic, the International Health Regulations (IHR) were revised by WHO member states in 2005. The latter now forms the international legal basis for the global fight against infectious diseases and are regarded as a milestone among international agreements for the benefit of public health.

“The Most Important Task”

In order to embrace the rapid growth in the field, some countries, including Switzerland, the United Kingdom, and Germany, published special national strategies on global health. The growing importance of health for global policy was also demonstrated by the 2007 Oslo Ministerial Declaration, in which the foreign ministers of seven countries (Brazil, France, Indonesia, Norway, Thailand, Senegal, and South Africa) described health as “the most important, largely neglected long-term task of foreign policy of our time.”

Global health was also increasingly addressed at the G7/G8 and G20 meetings. In May 2017 the German government hosted a first meeting of G20 health ministers in Berlin, focusing on combating global health hazards. This included a health emergency simulation exercise. Looking back on this meeting from today’s perspective, the description of this exercise and the questions that were raised and discussed sound predictive in some way.

Interestingly, the present COVID-19 pandemic has not much affected low-income countries so far, as most people would have expected then, but mainly

the G20 countries themselves, who were all part of this exercise.

This fact was also reflected in an earlier warning by Anthony Fauci, director of the US National Institute of Allergy and Infectious Diseases, in a speech he made in January 2017 shortly before the inauguration of President Donald Trump. Fauci highlighted a list of items needed to prepare for the next outbreak, such as strengthening global health surveillance, increasing investments in research, and setting aside emergency funds. Clearly, preparedness was not a task for “notional low-income countries” but a deliverable from global leaders.

The German government adopted a new strategy for global health in October 2020, following a two-year deliberative process that involved a wide range of stakeholders from politics, academia, think tanks, non-governmental and youth organizations, as well as the private and philanthropy sectors. The aim of the new strategy was to harness Germany’s political engagement and expertise across a number of areas—including health promotion and disease prevention, the environment, climate change, and health—holistically, strengthening health systems, tackling cross-border health hazards, and promoting research and innovation. The strategy is closely linked to the UN 2030 Agenda for Sustainable Development and, therefore, covers the period from 2020 to 2030. One major objective is to reform and strengthen the WHO as the leading and coordinating authority in the area of health on the global level.

Even before COVID-19 hit the world, the importance of creating credible moral foundations for global health was obvious. However, beyond historical lessons, what are the implications of ethical reflections on the advanced global health model?

Generating trust and sharing experiences are now key

Global health connects the abstract virtue of credibility with the effectivity and efficiency of the relevant economic and political measures. It stimulates practical learning from what we know must be done concretely, in order to share responsibilities along the entire network of values, measures, and practices.

A New Global Health Diplomacy

Global health provides a powerful narrative for global collaboration. It has begun to define the range of realistic future scenarios for individual and concerted action. These scenarios simultaneously account for both universalizing and particularizing factors that shape a global health perspective for social, scientific, and economic systems. Such a “glocalizing” approach cannot limit itself to a theoretical analysis and objective description of health situations. It depends on the successful real collaboration of cultural diversity, especially within health diplomacy.

There is an intimate connection between human rights and global health that also requires a reform of global governance structures to better reflect global realities. Beyond the scope of realpolitik, it is important to identify the systemic blind

spots that have allowed global health injustices to flourish, or even facilitated poor developments, and to connect the dots that have been left out of the current governance frameworks. This includes the rules of implementation of health standards. It commands attention to dynamics of meaning in different languages and translation across borders and boundaries. In this context, it is important to note that many of the desired cultural encounters in the area of global health diplomacy and politics are either often still loaded with bias or they lack shared experiences to generate trust.

In the face of the COVID-19 crisis, the need for advanced health diplomacy may point us toward ways to refine and transform not only the means to organize health beyond nations and strata, but inspire deliberation about health requirements in terms of global interconnectivity. This includes sustainable collaboration on logistics, infrastructures, translational standards, governance, research funding, education, and health science in the media, on top of the desirable outcomes in the context of public health. This is the call for an innovative turn to responsible citizenship within a specific global health portfolio. Again, the concept highlights the health responsibility of all actors, to inspire individuals and nations to reflect upon the health impact of their actions, so that the related deliberations on balanced and appropriate health-enabling practice can be interlinked with their supporting socio-economic conditions.

A major challenge for health diplomacy that depends on the currency of trust is to avoid the politicization of global health while preserving the respect for the international diversity of political cultures under the UN framework and looking for options to advance successful collaboration. Global health acknowledges the in-



The concept of global health is an attempt to integrate diversity with a trans-disciplinary framework: WHO director-general Tedros Adhanom Ghebreyesus

dispensable need to strengthen connecting nodes and can thereby contribute to chartering and negotiating the margins of health diplomacy. Thus, it can inspire pragmatic collaborations toward shared goals. How broadly diversity can stretch and to what extent health policy differences that challenge the common value base can be tolerated should be made the subject of continued joint inquiry, not prognostic judgements or biased assertions.

Here is an example from the early COVID-19 experiences. WHO on-site inspections were permitted by Chinese authorities to investigate outbreak areas in early 2020 only after delays and political quarrels. Health science researchers at the University of Bielefeld, Oliver Razum and Kayvan Bozorgmehr, pointed out in an article that “drastic quarantine measures at the population level were implemented without much societal debate in Wuhan/China. They were broadly accepted by the population and successful in reducing local transmission to a few instances. When these measures were strongly recommended by the WHO-China Joint Mission, it quickly became clear that they were not acceptable to all societies in the same way.” The most imminent problem was: how and what should other countries learn from the Chinese case? How could trust be built under conditions of uncertain information, suspicion, and the urgent need for cooperation?

China deserves credit for assuming responsibility and signaling openness to pragmatic cooperation across political and cultural borders. Then again, the Chinese government should be able to perceive opening to international interactions as something other than as a threat. This requires a proactive engagement on the part of the “old” governance actors, a willingness to learn mutually, and a readiness

to invest trust as a preparatory step to fair criticism.

The emergence of new global health actors that are culturally different, such as China, must be seen as an opportunity for global health, conceptually. Cultural health knowledge and social experience with health organization models can benefit learning for better systems. This is an opportunity to redefine global health as an integrated trans-disciplinary methodology, and to reconfirm the semantic and ethical purpose of global health. Limiting ourselves to traditional frameworks, such as aid, capacity building, and diplomacy is redundant. It can even be self-defeating. The prevailing portfolio of organized approaches to global issues of health evidently has not been successful in delivering a robust universal best practice framework.

Seen as a programmatic methodology for global strategies, global health carries a substantial advantage: we do not depend on vested corporate interests, state pragmatism, or time restrictions for the agenda. We remain free to exercise responsibility in consideration of the blind spots and structural weaknesses that inhibit the full development of social economic value for sustainable global health. This implies adding what is missing where it makes sense and aligning everything under a clearly defined priority scheme. It guides us to do what is needed and to be honest about it.

The Way Forward

Today, the COVID-19 crisis is providing a lesson about the global connectivity of holistic health issues. It demonstrates how a new global health conceptual approach should be designed that can help align all social resources for health beyond medicine. This approach will mobilize the

existing health knowledge and connect it conceptually so that processes of inquiry, research, and socio-political interaction can support global collaboration in terms of a coordinated division of labor for sustainable and resilient health measures. It will embed the building of timely health delivery infrastructures within a culture of health in all policies.

A values-based and trans-disciplinary global health approach focuses on learning from the crisis. It connects general health objectives shared by all humankind and the ecosphere with the means and the hard and soft skills to achieve them. The

The emergence of new global health actors must be seen as an opportunity

concept of global health is an attempt to integrate global health diversity within a comprehensive, trans-disciplinary framework that can facilitate the holistic aspirations of the WHO definition of health and the intrinsic purpose of the SDGs.

The German government is now increasingly shaping the field of global health and has initiated two interesting initiatives in recent years. The Federal Min-

istry of Health initiated the Global Health Hub Germany (GHHG) in 2019 as a platform to integrate actors from all relevant sectors in global health, one that chooses a semi-open format for the inclusion of informal actors. The GHHG provides the grassroots connection for effectivity and legitimacy gains in society. Its counterpart, the German Alliance for Global Health Research, sponsored by the Federal Ministry of Education and Research, organizes the established institutional players in health research with international perspectives.

In summary, the pursuit of global health includes three inter-connected goals:

First, cross-disciplinary cooperation should make all relevant knowledge accessible and practical in order to enable comprehensive and effective trans-disciplinary science collaboration for health. In particular, the value of the humanities should be developed accordingly, starting with the curricula. Thereby, health-related sciences can evolve as health-enabling sciences.

Second, the coherence of comprehensive and sustainable trans-sectoral policies should be achieved, for efficient and adaptable health policy making. Knowledge from research on healthy system collaboration should be used to overcome compartmental barriers.

Third, effectivity and efficiency should be combined through a conceptually advanced methodology. The values proclaimed for global health can be aligned with general acceptance and support adherence on all levels. Global health can be used to mobilize health interface networks, such as health systems and social health infrastructures, accordingly.

The COVID-19 crisis makes it abundantly clear that these actions are not only desirable, but urgently needed, both on the national and the global level. **IP**

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