

The Inequality Virus: How It May Reshape International Relations

by Dr. Ole Frahm

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COVID-19 has wrought a lot of things on the world within its short lifespan; much has been written about everything, from its effect on the rates of domestic violence to the trade-offs involved in governmental data mining and surveillance operations. However, the one overarching theme, the one core legacy that may emerge once a vaccine is found and the dust has settled is that COVID-19 has entrenched and worsened inequality across the board - inequalities between countries, inequalities within countries, even inequalities within the nuclear family. The virus has been deemed “the biggest disaster for developing nations in our lifetime,”¹ white-collar workers shifted to home office (except for medical personnel, of course) while the rest of the workforce either lost their jobs or had a much higher risk of exposure,² all the while women are pushed back into traditional roles as household managers and unpaid care workers.³

Lessons from Lehman

If there is any lesson to draw from the way the world has dealt with other global crises in recent memory – be it the global financial crisis of 2008/9, the migration waves of the mid-2010s or the ever-present menace of global warming – that lesson is that inaction is certain to deepen existing inequalities. But it's not just inaction; the wrong type of state intervention can have nefarious consequences for societies and their political systems. Most prominently, the decision to focus the response to the financial and economic crisis since 2008 on bailing out banks and boosting the finance sector through the policy of quantitative easing, had the effect of disenchanting citizens with their political systems and open the political marketplace to novel challengers. With very few exceptions (Syriza in Greece, Podemos in Spain), the populist backlash has catapulted *right-wing* populists into the spotlight that run on a combination of ethnonationalist, xenophobic, authoritarian, isolationist and racist platforms. Neither the Trump administration nor Brexit would have been possible without this example of bungled global crisis management. And right-wing populists shape political discourse even where they

¹ <https://www.theguardian.com/commentisfree/2020/apr/21/coronavirus-disaster-developing-nations-global-marshall-plan>

² <https://knowledge.insead.edu/blog/insead-blog/covid-19-a-turning-point-for-inequality-13811>

³ <https://www.nature.com/articles/d41586-020-01135-9>

are not (yet) in power. Hence, current plans for generous bailouts for airlines, automakers and Adidas make for nervous reading.⁴

Prospects for Populists

What I want to briefly dwell on in this opinion piece is the extent to which the pandemic may present a turning point for the way international relations are conducted and specifically what Covid-19 means for the fortunes of populist parties and leaders in the realm of foreign policy. I would argue that the virus presents the most serious real-life test to date for the strength and persuasiveness of populist foreign policies. At its core, populism is a rejection of the status quo which in the populists' own estimation is defined by elites who are out of touch with what the 'real people' want. While populists tend to be predominantly concerned with domestic politics, the nature of contemporary politics means that many issues dear to today's populists inevitably concern international affairs. Thus, well before a horseshoe bat met a pangolin on its way to Wuhan's wet market and in the course exposed the downside to global interconnectedness, right-wing populists all over the world had been warning against globalization and all it represents: multiculturalism, global work chains, outsourcing of blue-collar jobs, migration, a perceived loss of identity, you name it.

At first sight, the current situation might therefore appear as a fertile ground for populists to expand their reach. However, by and large, that does not seem to be the case. For one, coordinating the response to a pandemic is the time of the executive.⁵ Much like other opposition parties, populists that are not in government struggle to make their voices heard unless their ideas and proposals are so extreme as to only appeal to a fringe audience. Even in countries where the executive is blundering in its response to the public health crisis, the public discourse will for the time being concentrate on the executives' failings rather than on alternative approaches proposed by fledgling populist challengers, desperately seeking to gain attention. The other aspect is that right-wing populists' anti-elitist stance has often featured rhetorical broadsides against experts of all stripes. Alas, it is towards these very experts that the vast majority of people turn to and trust during such an unprecedented global emergency.⁶ The third and most salient factor for the relative weakness of populists in the current moment, though, is that mainstream governments across the world have effectively copied the populists' playbook and instituted policies aimed at the nation-state and the national community.⁷ Closing the borders to non-nationals while repatriating citizens at considerable cost from every corner of the globe⁸ may not make a lot of sense from an epidemiological point of view but certainly appeals to the chauvinist 'my country first' crowd. Thus, populists who rail against the disconnected political class presently find precious little traction in the realm of foreign policy.⁹

⁴ <https://fortune.com/2020/04/08/coronavirus-stimulus-workers-companies-corporations-bailout-us-government/>

⁵ <https://www.ft.com/content/961b33ae-7efc-11ea-8fdb-7ec06edeef84>

⁶ <https://www.washingtonpost.com/outlook/2020/04/06/one-upside-pandemic-americans-are-listening-experts-again/>

⁷ <https://newrepublic.com/article/157579/can-european-union-survive-coronavirus-pandemic>

⁸ <https://www.dw.com/en/coronavirus-german-government-to-fly-home-tens-of-thousands-of-tourists/a-52811964>

⁹ https://www.ecfr.eu/article/commentary_seven_early_lessons_from_the_coronavirus

Going it Alone or Going Global

So, what does the pandemic mean for the future of international relations? Are we likely to see a shift towards more isolationist policies, permanent restrictions on travel and migration, and a more closed economic system that averts the alleged dangers of globalization by creating national economic islands? Unlikely. You do not have to subscribe to the tenets of neoliberalism to accept that global trade has made the world *as a whole* richer and has made a large range of consumer goods available to average and low-income workers from Ohio to Uganda. As a rule, people don't like to get poorer and they also don't want to buy the shirt they get from Vietnam or Bangladesh from local producers if it means paying ten times the price. At the risk of sounding like the WTO, a reversal of the integrated global economic system would make everyone worse off. Some right-wing populists may say that if you have got nothing left, you still have the nation. But the reality is if all that you have got is the nation, then what you have is nothing.

Make Multilateralism Great Again

The more reasonable and consequential question to ask is whether we will see the demise of multilateral politics. From my perspective, it is quite clear that there will in fact be a concerted attempt to salvage what remains of the multilateral rules-based order that has existed in varying forms since the end of the Cold War. This is in part due to a genuine belief in the benefits and 'rightness' of acting together rather than going it alone. An even stronger motivating factor should be that countries fear the consequences for themselves if international affairs were conducted on purely realist terms of furthering each country's national self-interest in an unregulated arena devoid of the mitigating force of collective interests and collective action. Naturally, this applies with added force to smaller and medium-sized countries without large populations, economies and militaries to back their demands.

In a unilateral world, who is going to listen to, for example, Greece's concerns? Who is going to care what Hungary wants if Hungary is no longer part of the European Union or, worse, if the European Union ceased to exist? Once the transition period ends, the UK, where parts of the governing Tories still cling to a vision of a post- or neo-imperial role for the former Empire, is due for a rude awakening of what going it alone entails. The second reason for the continued attractiveness of multilateral forms of governance is that neither small insignificant countries nor superpowers like China or the U.S. can go it alone on global challenges. That sounds like a truism, but it bears repeating. Climate change, international migration, energy transition, security of water and food supplies, large-scale tax evasion, crime syndicates and international terrorism cannot be solved by a country on its own. Both alternatives of relying either solely on bilateral treaties or of cutting off contact and connections with the rest of the world altogether come at an unfathomable cost.

A Multilateral Marshall Plan

What is to be done? We need a new Marshall Plan, even if the architects of the original Marshall Plan are unlikely to join in given the Trump administration's persuasions. This not only concerns, for example, the divisions between Northern and Southern Europe that center on the question of whether issuing 'Corona bonds' which would create collective liability is a good

idea¹⁰. Much more crucial will be the financial aid and openness towards the developing world which, as mentioned in the beginning, is the hardest-hit region in terms of overall impact on the economies, societies, political systems etc.

As the U.S., the current epicenter of the pandemic, gazes at its navel, this task of caring for the rest of the world will fall to the rest of the West – the European Union, Canada, Japan, South Korea, Australia, New Zealand, the UK. This is not, to be clear, only a matter of altruism. The EU must support the developing world, above all the adjacent regions of the wider Middle East and Africa, if for no other reason than self-interest. Addressing the humanitarian disaster will cost a lot more and bring the millions of refugees that right-wing populists (and, admittedly, many on the left as well) dread even more than aid spending. And if, for example, Germany, only a few years ago the world's largest exporter, wants to continue to export, then it has a very strong incentive to ensure that the countries it exports to still have the means to buy goods made in Germany.

Finally, the West also should not allow China to jump in and assume the mantle of global benefactor. The EU, in particular, has to counter and, potentially, cooperate with Beijing in the area of development cooperation. China itself has a strong incentive to change the narrative of the Wuhan or China Virus and assist afflicted countries in the developing world.¹¹ China, too, cannot afford to lose its myriad customers and clients in the Global South – a region that Beijing traditionally self-identified with.¹² In spite of China's in many respects unpalatable domestic politics, which represent a real-world dystopia of an authoritarian regime empowered by cutting edge supervisory technology, in the international arena there is now a brief window of opportunity for global cooperation which includes and integrates China. This, indeed, would be a vital sign that multilateral global governance can and does occasionally work. Even or especially so during a pandemic.

¹⁰ <https://euobserver.com/coronavirus/147907>

¹¹ <https://foreignpolicy.com/2020/04/28/after-coronavirus-generosity-foreign-aid-easy-soft-power-win-china/>

¹² <https://www.theafricareport.com/26750/coronavirus-diplomacy-chinas-opportune-time-to-aid-africa/>