Reports

The Shifting Geopolitics of Coronavirus and the Demise of Neoliberalism – (Part 2)

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European economic historians fear some déjà vu memories of the Black Death, which spread in the continent in the mid-14th century and led to the death of one third of the population. This reduction of demography caused scarcity of labor, increase in wages, decrease in inequality, and contested the then-feudal system in Europe. It also paved the way for the Industrial Revolution which Industrial Britain was hit by ‘King Cholera’ in 1831-32, 1848-49, 1854 and 1867. Tuberculosis also was responsible for the death of one-third of the casualties in Britain between 1800 and 1850. This nightmarish refrain comes back now stronger as epidemics have been ‘great equalizers’, and may initiate long-term implications not only for European economic growth, but also for the world economy. After the US Federal Reserve decided to slash the benchmark interest rate to between zero and 0.25 percent (down from a range of 1 to 1.25 percent) and to buy $700 billion in Treasury bonds and mortgage-backed securities in a Sunday emergency meeting, the Dow Jones industrial average plunged 2,250 points at the open and trading suspended almost immediately the following day Monday, March 16.

President Trump has framed the pandemic in xenophobic terms and made the wildly-irresponsible claim that “it will go away. Just stay calm. It will go away”. However, the new pandemic has revealed the most cynical aspects of neoliberalism. In a ‘Capitalism versus Coronavirus’ debate, the focus was on whether the American neoliberal model of capitalism makes the United States and its economy particularly ill-suited and ill-equipped to deal with a health crisis of the size of Coronavirus. Jeffery Sachs, Director of the Center for Sustainable Development at Columbia University, asserts, “We don’t have a public health system. We have
a for-profit, private system. We have tens of millions of people that have no health coverage. We have no systematic testing. We are scrambling, and it has been weeks with this virus multiplying, with the pandemic spreading in the United States.”(1)

2020 will go into history books as a year that has exposed not only a public health failure, but has also indicated an era of geopolitical recession and a fall-from-grace moment of the neoliberal system in the new century. The unanticipated public health risk now can be reduced “neither to ethical virtues nor to a need for investments”; and “the crisis puts the flaws of our short-sighted, exploitative, hyper-individualistic times in glaring focus.”(2)

This two-part paper examines what I term a 3-C complexity: a) contextualization of the pandemic spread in 2020; b) correlation with the world finance markets instability and sudden drop in oil prices in mid-March, as Brent crude fell 12.2 percent, or $4.15, to trade at $29.68, its lowest level since January 2016; and c) concern about the future of neorealist capitalism. Part 1 published a few days ago probed into several dualities circulating now in the public sphere worldwide: is Coronavirus a ‘nature-made’ or ‘man-made’ pandemic? How scientific research can sort out the truth from various conspiratorial assumptions about a ‘deliberate’ causality and possible ‘manipulation’ of the virus in international politics? One fundamental question remains open about whether the international community and the whole United Nations system have balanced the highly-sought nuclear deterrence with some virus deterrence or minimum strategy of biosecurity.

Part 2 of the paper proposes how Coronavirus has imposed a de facto trickle-across economics on the famous Reaganite trickle-down economics, or trickle-down theory, has shifted into negative economic entanglements. In New York the hot touristic hub of the world, Mayor Bill de Blasio ordered local bars and restaurants to close their doors in an effort to halt the spread of Coronavirus. He wrote in a message to his fellow New Yorkers March 16, “We must respond with a wartime mentality.” In Paris, French President Emmanuel Macron said in a somber address to his fellow citizens, “We are at war. We’re not up against another army or another nation. But the enemy is right there: invisible, elusive, but it is making progress.” He decided the army should be drafted in to help move the sick to hospitals.

In developing countries like Morocco and Philippines, where agriculture, tourism, and the financial remittances of their workers abroad represent the backbone of the national economy, there are indicators of a gloomy rest of the year since severe consequences of Coronavirus will kick in by June or July. On the whole, the United Nations’ trade and development agency, UNCTAD, foresees the current economic uncertainty and immobility will likely cost the global
Coronavirus’s ‘Trickle-Across’ Economics

By March 16, world finance markets, including Wall Street, suffered a brutal bloodbath as the Dow Jones Industrial Average dived around 13 percent in its worst percentage loss since 1987’s ‘Black Monday’ crash. Four days earlier, the US stock market had wiped out the entire $11.5 trillion of value it gained since Trump's 2016 election victory. The once-gregarious President Trump, who told his fellow Americans “Coronavirus will go away. Just stay calm”, realized “we have an invisible enemy.” He acknowledged the virus could push the U.S. into recession. “This is a bad one. This is a very bad one.”(3) Trump seems to face echoes of 1929 in the Coronavirus engulfing crisis. Some analysts said it is Black Monday all over again; and predict “a scale of damage unseen in the modern U.S. economy: the potential for millions of jobs lost in a single month, a historic and sudden plunge in economic activity across the nation and a pace of sharp market swings not seen since the Great Depression.”(4)

The Yale economics professor and 2013 Nobel prize laureate, Robert Shiller, has written about the narratives that affect the economy. He asserts Coronavirus is “a very unusual situation. People didn’t anticipate that anything like this could happen just a few months ago. The idea that, in this modern time, we could actually have a serious epidemic and that the government would be struggling to contain it.”(5) These Coronavirus-driven negative shifts raise new questions about the Trump administration’s economic policy, which has been guided by trickle-down economic theory. Trickle-down economics, also known as Reaganomics, have been highly celebrated as the savior of the West from the 1980 recession during the Reagan administration. By adopting certain benefits such as tax cuts on businesses, high-income earners, capital gains, and dividends, this policy claims benefits for the wealthy trickle down to everyone else in society.

The essence of such a claim is blurry between the pragmatism of science and the fallacy of
capitalist ideology. During his first year in office, President Trump signed the Tax Cuts and Jobs Act, which has lowered corporate tax rate from 35 percent to 21 percent beginning in 2018. The top individual tax rate dropped to 37 percent. Trump's tax plan cut income tax rates, doubled the standard deduction, and eliminated personal exemptions. The corporate cuts are permanent while the individual changes expire at the end of 2025. (6) In the first week of March 2020, leaders of the major Wall Street banks were summoned to the White House to discuss the coronavirus economic fallout. The Trump administration is reported to be considering more corporate tax cuts, toward the airlines and hospitality industries, and a temporary payroll tax cut. Trump's White House is considering requesting the approval of Congress of a $850 billion stimulus package to stabilize an economy, and another $50 billion in direct stimulus to help the airline industry. The White House’s plan includes also another $100 billion in funding for programs aimed at providing paid sick leave, food assistance, and other aid to American workers. The total requested Coronavirus financial allocations can top $1 trillion.

Other nations have considered generous governmental packages to help stimulate their local economy. Britain launched a $39 billion economic stimulus plan just hours after the Bank of England slashed interest rates. Italy has decided a $28 billion package to ensure that companies and workers were helped through the crisis. Qatar has allocated a $23.35 billion stimulus package to shield its economy. China earmarked $15.9 billion to fight the epidemic. These are some of the best-conceived financial remedies for the ramifications of an unstoppable pandemic. But, they could be no more than a short-lived effect of an aspirin for
a long-term economic headache.

Still, I remain skeptical these wishful trickle-down measures will not solve the problem. The verticality of the trickle-down approach, or similar stimulants of large private companies, will not match the vast horizontality of the emerging Coronavirus-derived economic recession. Coronavirus has flattened whole public and private businesses, and affected both sides of the economy: supply and demand. Metaphorically, the world economic turbo has lost power instantly and became idle in mid-March with open-ended alarmist measures of precaution and isolation. Moreover, the Coronavirus impact is likely to reinforce and deepen trends toward closed-doors policies, mistrust, decoupling, and deglobalization. It reinforces uncertainty and builds up on the demise of the World Trade Organization, as one of the most relevant turning points towards deglobalization, as well as the rise of nationalism, populism, protectionism, and the growing backlash against migration in the five years.

Coronavirus has grounded all engines of the economy including manufacturers, malls, airlines, hotels, and Disney worlds. Most cities are in a lockdown isolation, and people staying home. They are not going out to restaurants, not heading to shopping centers, not traveling or buying cars. Any world economy dislikes stagnation and isolation. As an example, seventy percent of the US economy is driven by consumer spending, and it has been in an unprecedented shutdown. It is highly unlikely most economies can avoid a recession in the short term. A considerable number of businesses will go bankrupt; and once again, the middle class will lose some of its financial capability. The hard effects of Coronavirus will reveal themselves when individuals people can get back to work, go out and spend money by July or August. A Bloomberg Economics model places the odds of a recession over the next year at 52 percent, the highest since 2009. JPMorgan’s John Normand said financial markets across assets have priced in an 80 percent probability of a recession happening.

The question remains unsettled about how much time will be needed for the consumer and business confidence to recover. This is an age of uncertainty and perplexity par excellence. Several finance experts predict the Coronavirus ramifications would not reverse until 2031. For instance, Goldman Sachs’ economists declared the U.S. economy all but recession-proof at the dawning of 2020. Alan Blinder, a former Federal Reserve vice chairman and currently professor at Princeton, says “I wouldn’t be one bit surprised if when we look back at the data, it is decided ... that the recession started in March. It wouldn’t be a bit surprising to me.” (7)
Robert Reich, professor of Public Policy at the University of California at Berkeley and former Secretary of Labor in the Clinton administration, believes Trump’s measures would be “useless”. He argues “they would be too slow to stimulate the economy, and would not reach households and consumers who should be the real targets. And they would reward the rich, who don’t spend much of their additional dollars, without getting money into the hands of the poor and middle-class, who do.” (8)

To help face the economic crisis in the United States as an example, the government needs a pragmatic vision to avoid the economic losses at the bottom and middle-class of the socio-economic echelon. Reich has called Congress to immediately enact an emergency $400 billion. He also recommends the money should be spent in key areas: a) Coronavirus testing and treatment; b) Paid sick leave and family leave this year, renewable for next year if necessary; c) Extended Medicaid and unemployment insurance; and d) Immediate one-time payments of $1000 to every adult and $500 per child, renewable for next year if necessary.

Other economists have argued Coronavirus may be “the most positive thing” that has happened to the global economy in recent years. Peter Zeihan, author of the new book “Disunited Nations: The Scramble for Power in an Ungoverned World”, believes China is the world’s workshop; “In absolute terms, China is by far the biggest beneficiary of this American-led Order. Japan and the Europeans had carved Chinese territory into imperial spheres of influence. The Americans ended that. China’s manufacturing prowess required the economies of scale of all China being under a single government system.” (9)

One should not focus on the ramifications of this Coronavirus shutdown only, but also on the correlation with the Russian-Saudi spat over oil prices and production, which is essentially the equivalent of pouring gasoline over a flame. In the last week of February, members of the Organization of the Petroleum Exporting Countries (OPEC), a cartel of 15 countries of oil-producing nations, met in Vienna to discuss how to deal with the disease’s impact that has lowered global demand for oil. Russia was invited to the meeting although it is not officially a member of the organization; but had vowed, three years ago, to coordinate its production levels with the fifteen members, in an alliance known as OPEC+. 
There are outstanding issues between Moscow and Riyadh over a reasonable oil production cut. Saudi Arabia, the cartel’s leader, suggested the participants collectively cut their oil production by about 1 million barrels per day. However, Russia, wary of the plan, stopped at around 500,000 barrels a day. The Kremlin is said to be favoring keeping oil prices at a low level, which would “hurt the American shale oil industry or is gearing up to seize a bigger sliver of Asian and global oil demand for itself.” Emma Ashford, an expert on petrostates at the CATO Institute in Washington explains, “the Russians are more worried about market share and think they’d do better compete with the Saudis rather than cooperating at this point.”

Russia’s strategy has not settled well with the Saudis, who decided the slash their oil exports further in early March to wage a price war with Russia. The price per barrel went down by about $11 to $35 a barrel — the biggest one-day drop since 1991.

Coronavirus represents an epistemological overture into the science of epidemics and pandemics. The University of Pennsylvania’s Wharton School has offered a new course about Coronavirus and other black-swan outbreaks. A primary goal of the class “Epidemics, Natural Disasters and Geopolitics: Managing Global Business and Financial Uncertainty” is to bring “expert knowledge on how to deal with these crises to investors, workers, consumers and savers, so that they are better informed and can make better decisions,” said Mauro Guillen, a professor of international management, who coordinated the class. The half-semester course, which starts March 25, has proven popular — 450 students have already registered, roughly 5½ times the typical Wharton class size. Nobel laureate Paul Krugman has started a
series of MasterClass lessons “Economics and Society” online with an initial subscription of $15. He aims to teaching individuals the principles that shape political and social issues, including access to health care, the tax debate, globalization, and political polarization. He argues economics is not a set of answers—"it’s a way of understanding the world”.

Nobel laureate Paul Krugman teaches a new class Economics and Society online [Getty]

**Politcization of Coronavirus in International Relations**

No wonder how epidemics and pandemics have been politically manipulated in the course of history. They have often energized right-wing politicians’ calls for policing the borders and blocking migration. For instance, the Habsburg monarchy in the Austro-Hungarian Empire in the 18th century erected a cordon sanitaire from the Danube to the Balkans, in the form of a chain of fortresses, supposedly to stop infection entering from the neighboring Ottoman empire. Serving also as a military, economic and religious border – a demarcation line between Christianity and Islam – it was patrolled by armed peasants who directed those suspected of infection to quarantine stations built along its length. (11)

The current political debate in Europe and the United States over Coronavirus echoes isolationism and ‘closed-doors’ policy. Trumpian-minded Americans and Euroskeptics are capitalizing on the fear factor of the pandemic to impose more barriers and border security. While contesting immigration and terrorism, right-wing populist politicians argue Coronavirus vindicates concerns about the need to protect their country’s borders. The threat is portrayed as “foreign, and the response is to build walls and stop flights. According to this narrative, globalization accelerates the threat. (12)
In France, Marine Le Pen leader of the far-right National Rally, formerly known as Le Front National, has called for border closures with Italy. After meeting Prime Minister Edouard Philippe, she told reporters, “I am asking for control of our borders. It feels like I am asking for the moon whereas in fact running checks at your borders should be the first act of common sense.” Her colleague Aurélia Beigneux has warned, “The free circulation of goods and people, immigration policies and weak controls at the borders obviously allow the exponential spread of this type of virus.” Hyperconnected global cities might be towering forces economically, but they are also entry ports for infection. Living in a “flyover states” is, for once, an enviable position. (13) The first round of France's local elections held March 15 was marked with an eerie atmosphere of semi-lockdown and global pandemic, leading to record abstention. Other nationalists in Europe like Hungary’s prime minister, Viktor Orban, had complained that Europe could not have open internal borders if its outer borders were weak, allowing asylum-seekers to enter unchecked. Furthermore, Lorenzo Quadri of the right-wing Lega dei Ticinesi in Switzerland, which is not a member of the EU, has called for a ‘closed-doors’ policy. He argued “It is alarming that the dogma of wide-open borders is considered a priority.” This is a marriage in heaven between right-wing politics and the fear of the new pandemic.

The rise of nationalism may bring the EU’s already frayed unity on the Schengen system to an end while the debate has not settled yet among Europeans about the ‘wisdom’ of Brexit. Nine countries, including Germany and France, have used emergency provisions to reinstate some controls at different times. (14) Marie De Somer, head of the migration program at Brussels-based think tank European Policy Centre, points out “Schengen is in a very poor and problematic state”, and its restoration to its full functionality hinges on “changing the bloc’s asylum and migration rules.” (15) In retrospect, some authoritarian regimes like China have capitalized on the outbreak of certain epidemics and pandemics. Chinese leaders have historically boasted of their ability “to conquer disease as a sign of strength. President Xi has concentrated power around himself, which makes him a more likely target of blame for an angry, frightened populace if the experiment fails. Perhaps that’s why he has retreated from the public eye recently, allowing his lieutenants to be seen man-aging the situation.” (16)

The coverage of Coronavirus in the globe media has positioned China to be a maverick with a post-pandemic narrative and solidified its pursuit of global leadership. Beijing has sought to get traction about its ‘successful’ defeat of the virus by assuming a lead role in assisting Italy
and Spain, and capitalizing on the perceived inadequacy and inward focus of U.S. policy. It has also tried to reframe the narrative since the outbreak was interpreted as a propaganda disaster for the government. China feared Coronavirus would be called China’s “Chernobyl”, and would ultimately undermine the leadership of the Chinese Communist Party. Reports have indicated Dr. Li Wenliang—the young whistleblower silenced by the government who later succumbed to complications from the COVID-19—was likened to the Tiananmen Square “tank man.” (17)

By mid-March, China was claiming victory. “Mass quarantines, a halt to travel, and a complete shutdown of most daily life nationwide were credited with having stemmed the tide”, and “China’s signature strength, efficiency and speed in this fight has been widely acclaimed”, declared China’s Foreign Ministry spokesman Zhao Lijian. (18) One of the op-eds published by China’s state-run Xinhua news agency emphasized that China has adopted the "most comprehensive, most strict and most thorough preventative measures" to combat the pandemic. With a nationalist tone, the People’s Daily boasted that, “China can pull together the imagination and courage needed to handle the virus, while the US struggles.” Chinese officials seized the European and American Coronavirus stress to regularly remind a global audience of the superiority of Chinese efforts and criticizing the “irresponsibility and incompetence” of the “so-called political elite in Washington,” as the state-run Xinhua news agency put it in an editorial. (19)

Workers ride smart self-balancing scooters as they control a robotic sprayer spraying disinfectant at a residential compound in Wuhan, China [March 3 REUTERS]
Nicholas Christakis, a Yale professor, expressed a widespread sentiment when praising China for “an astonishing achievement from a public health point of view”. World Health Organization have praised China’s approach to controlling the Coronavirus spread, which has been an oversell of Chinese public diplomacy and soft power. It has sent medical supplies to hard-hit Spain and Italy, and offered guidance to Spain, Iraq, Iran and other nations. WHO Director General Tedros A. Ghebreyesus called the Chinese-Italian cooperation a “heartwarming example of solidarity”. Zhang Jun, China’s ambassador to the United Nations, responded “a friend in need is a friend indeed. We’ll do whatever we can to help other countries in fighting the COVID-19.” Chinese officials have succeeded in turning the ‘home-made’ Coronavirus into a global mega-opportunity of public diplomacy. In short, an authoritarian 2020 China is outperforming the US’s soft power in Europe, which was rebuilt by the very America-designed ‘Marshal Plan’ after World War II. Beijing has had its historical moment of being a global leader on public health, and thus ready to take on other types of global leadership.

**Embarrassed Neoliberalism at a Moment of Truth!**

With the growing radius of Coronavirus’s health and economic implications, humanity is sliding downhill in 2020. Adam Smith’s famous mantra ‘laissez passer, Laissez faire’, has dramatically shifted into ‘rester chez sois, mourir chez soi’ (stay at home, die at home). For weeks, the scarcity of coronavirus testing in the US has been a dilemma. CNN reported many Americans suffering symptoms associated with the virus said they were angry and frustrated after trying to get tested only to be turned away. For instance, Maryland Governor Larry Hogan captures the challenge on both local and federal levels. He acknowledged, "No, we don't have enough test kits and neither does any other state, and no, the federal government does not have an answer. We are behind, and that's going to continue to be a problem." The US public health system has gone astray. Adam Gaffney of Harvard Medical School and president of the advocacy organization ‘Physicians for a National Health Program’ asserts “This is not a healthcare system – it is atomized chaos. For again, in the American way of paying for healthcare, our hospitals (or increasingly, our multi-hospital systems) are silos, some rich and some poor, each fending for themselves, locked in market competition.”

In Europe, Italy has had the highest death rate and many of the victims have been among people in their eighties and nineties. According to the New York Times, Italy has the oldest population in Europe with about 23 percent of residents 65 or older, whereas he median age in the country is 47.3, compared with 38.3 in the United States.
Between Trumpism of the late 2020s and Thatcherism and Reaganism of the 1980s, one can visualize the transformation of Neoliberalism as catchall for anything that smacks of deregulation, liberalization, privatization, or fiscal austerity. Neoliberalism has derived from several notions, which are supposedly grounded in the concept of *homo economicus*, the perfectly rational human being, found in many economic theories, who always pursues his own self-interest. (22) The term had existed in French "néo-libéralisme", and appeared in 1898 in the works of the French economist Charles Gide to describe the economic beliefs of the Italian economist Maffeo Pantaleoni. ‘Neoliberalism’ also gained momentum in an international intellectual gathering, “Colloque Walter Lippmann” (the Walter Lippmann Colloquium), convened by French philosopher Louis Rougier in Paris in 1938. Lippman was an American journalist who wrote a well-read book “An Enquiry into the Principles of the Good Society” in 1937. The Colloquium’s objective was to construct a new liberalism as a rejection of collectivism, socialism, and laissez-faire liberalism. It defined ‘neoliberalism’ as involving the priority of “the price mechanism, free enterprise, the system of competition, and a strong and impartial state.” (23)

In a post-World War II and a capitalist-communist Cold War context, classical liberal economist Milton Friedman used the term in his 1951 essay *Neo-Liberalism and its Prospects*. He rejected what he considered “widespread—if naive—faith among even the intellectual classes that nationalization would replace production for profit with production
for use.” (24) He also contested what he deemed as waning collectivism, in a subtle reference to socialism and other forms of social democracy; “collectivism is likely to prove far more difficult to reverse or change fundamentally than laissez-faire, especially if it goes so far as to undermine the essentials of political democracy. And this trend, which would be present in any event, is certain to be radically accelerated by the cold war, let alone by the more dreadful alternative of a full-scale war. But if these obstacles can be overcome, neo-liberalism offers a real hope of a better future, a hope that is already a strong cross-current of opinion and that is capable of capturing the enthusiasm of men of good-will everywhere, and thereby becoming the major current of opinion.” (25)

Milton Friedman meeting with President George W. Bush and his advisors [Hoover Institution Archives]
The famous political duo, Thatcher and Reagan, performed their neoliberal dance well. During her gutsy 11-year tenure as Prime Minister in London, Thatcher pushed for deep transformation of the British society, and became the driving force behind inserting a neorealist engine in public policies. She left the country “a markedly different place”. British neoliberalism flourished “through a neoliberal policy programme of massive tax cuts for the rich; a drawn out, but eventual crushing of trade unions; widespread privatisation of housing, telecoms, steel, and gas; financial deregulation; and the introduction of competition in the provision of public services.” (26) Across the Atlantic, the Reagan administration had its golden moment in gutting union power and cutting public spending. Reagan’s mannerism in his public discourse helped convince the Americans with his mantra of the time: “the most important cause of our economic problems has been the government itself.”

In his 1982 essay “A Neo-Liberal's Manifesto”, Charles Peters, editor of the Washington
Monthly, addressed how neoliberals positioned the pursuit of financial liberalization and individual enterprise as a ‘virtue’. He wrote, “If neo-conservatives are liberals who took a critical look at liberalism and decided to become conservatives, we are liberals who took the same look and decided to retain our goals but to abandon some of our prejudices... Our primary concerns are community, democracy, and prosperity. Of them, economic growth is most important now, because it is essential to almost everything else we want to achieve.”

Still, any trend of the Neoliberal philosophy advocates the ‘wisdom’ of four particular pillars: ‘privatization’, ‘deregulation’, ‘free markets’, and ‘individuation’, as a construct antithetical to the protection of group interest. Over the following decades, Neoliberalism was embraced not only among conservatives or republicans in the West, but also among labors and democrats including Bill Clinton. Nobel-winning economist Joseph Stiglitz argues that capitalism does not have to produce inequality. Instead, he says inequality is the result of choices capitalist countries make.

In the late nineties, the term ‘neoliberalism’ caught up with two developments: financial deregulation, which would culminate in the 2008 financial crash and in the still-lingering euro debacle. The second is economic globalization, which accelerated more ambitious type of trade agreement, in a world of free flows of finance. Financialization and globalization have become the most overt manifestations of neoliberalism in today’s world. (28) David Harvey considers Neoliberalism a “political project” launched by a corporate capitalist class with the objective of “curb(ing) the power of labor. (29) He recalls how the rise of social movements, advocacy of consumer protection, and other reformist initiatives posed a threat to the ruling class’s interests. He notices the ruling class “was not omniscient but they recognized that there were a number of fronts on which they had to struggle: the ideological front, the political front, and above all they had to struggle to curb the power of labor by whatever means possible. Out of this there emerged a political project which I would call neoliberalism.” (30) He firmly believes the neoliberal political project was not “an ideological assault” only; but, also “an economic assault”, and “the bourgeoisie or the corporate capitalist class put it into motion bit by bit.” (31)

Other Neorealism skeptics have argued the public policies of the Obamas and Clintons of the world, and their overlook of vulnerable citizens, have enabled the election of Donald Trump in November 2016. Cornell West points out, “We gird ourselves for a frightening future. The neoliberal era in the United States ended with a neofascist bang. The political triumph of
Donald Trump shattered the establishments in the Democratic and Republican parties – both wedded to the rule of Big Money and to the reign of meretricious politicians. (32) West believes the age of Obama was the last gasp of neoliberalism, and argues “despite some progressive words and symbolic gestures, Obama chose to ignore Wall Street crimes, reject bailouts for homeowners, oversee growing inequality and facilitate war crimes like US drones killing innocent civilians abroad.” (33)

From a ‘normative’ perspective, Neoliberalism may claim principles of free enterprise and equal opportunity in the market, and potential prosperity as the ‘natural’ law of the market. It has developed itself into what amount to right-wing postmodernism. John Horgan, author of the book “The End of Science”, recalls when postmodernism was popular with left-wing, counter-culture types, who associated science with capitalism, militarism and other bad isms in the 1960s and 1970s. But, as he said, “over the past few decades, extreme postmodernism—and especially the idea that all claims reflect the interests of the claimer—has become even more popular among those on the right.” (34)

Neorealist public policies pushed their way in London, Washington, and beyond. The spread of Neoliberalism sprung across the ideological divide between the right and the left, and also across the partisan caucuses at the House of Commons and Congress. Even nominally left-wing political parties, like the UK Labour Party and the Democratic Party in America, would eventually “cave into its practices, assimilating its core principles.” (35)
Neorealism also caught up with several international institutions like the International Monetary Fund, World Bank, and World Trade Organization, and imposed on an unprecedented scale across the world. Most developing nations took the lead from them to implement their recommended reforms. David Harvey recalls during the debt crisis in Mexico in 1982 for example, the IMF said, “We’ll save you.” Actually, what they were doing was “saving the New York investment banks and implementing a politics of austerity.” (36) A similar scenario was played out vis-à-vis Greece’s recent crisis. Ultimately, “they bailed out the banks and made the people pay through a politics of austerity.” (37)

In Morocco, one of the studious implementers of the IMF’s recommendations of neoliberal reforms, known as the ‘structural adjustment programme’ since the early 1980s, officials decided “abandoning public services such as education and health, privatizing public facilities and institutions, shifting towards an export-oriented economy, particularly in agriculture, opening up of Moroccan market to foreign products, and decreasing subsidies for basic products like wheat, sugar and oil - and even cancelling the petrol subsidy. These economic trends were deepened by ostensibly “free” trade agreements signed by Morocco in the mid-1990s.” (38) Two decades later, stark contradictions of a tale of two Moroccos emerged and has triggered several open-ended protests: “a Morocco of mega projects: Tanger-Med Port, highways, high-speed trains (Train à Grande Vitesse, TGV), luxurious cars, villas, palaces and touristic resorts with large pools and vast golf courses. Another Morocco which ranks very low in the human development index (HDI), vacillating between 126 and 130 out of 188 countries during recent years.” (39)

These neoliberal policies have led also to vast inequalities and social malaise among Moroccans, decoupled with political despotism as the Makhzen, the patronage network of royals, military officials, landowners, civil servants and others around the King, which “has taken over almost all political and economic decisions in the country; economic neoliberalism with the dominating forces of neo-colonialism, privatisation and export-oriented development; and finally climate change, especially extreme events like droughts and floods.” (40) Now, the Coronavirus effect and limitations of neoliberal policies may undermine the validity of la Commission Spéciale sur Le Modèle de Développement (CSMD), special committee for the development model, which Morocco has created late 2019 with the aim of consulting with various political parties and social actors in the country. The membership of Commission is reported to be decided by three heavy-weight figures: Fouad Ali El Himma,
King’s advisor; Hafid Elalamy, trade minister; and Mostafa Terrab, Chairman and Chief Executive Officer of the Moroccan state-owned phosphate-mining company OCP. CSMD is expected to submit a report by the end of June 2020, which will identify the growth challenges and design policies to ensure a better distribution of wealth across Moroccan territories and social classes. CSMD’s report will most likely fall back on the very neoliberal economic policy that are in place.

Global Neoliberalism may live through a patina of pragmatism “until the nukes start flying or a virus hits. Getting healthcare ‘consumers’ to consider their market choices follows a narrow logic up to the point where none of the choices are relevant to a public health emergency... The fundamental premise of neoliberalism, the Robinsonade I, has always been a cynical dodge to let rich people keep their loot.” (41) For instance, Trump’s policies have benefited from the claim of a mixture of hands-on and hands-off government policies. Lily Roberts, director of Economic Mobility and Andy Green managing director of Economic Policy at the Center for American Progress notice “Trump’s economy continues to squeeze Americans who are struggling to make ends meet. As the costs of rent, child care, health care, and postsecondary education continue to rise faster than wages, declining earnings and persistent wage and wealth gaps illustrate that, for many Americans, the ability to save for retirement or send children to college is out of reach.” (42)

There is an even greater consequence of the ideology’s supremacy. The question is how Neoliberalism has reduced state power, willfully transferring authority into the hands of
“unaccountable transnational corporations. Services were outsourced; the market left in charge. This development has proved a dangerous one, as it has reduced government’s ability to respond to the needs of its electorate. The resultant disempowerment, as subsequently felt by the people, has in many cases led to disenfranchisement.” (43) Once again, the upper hand of corporate America and its multinationals allies is poised to benefit from the upcoming Coronavirus vaccine revenues.

During his press conference at the White House, US Health and Human Services Secretary Alex Azar, who was a drug industry lobbyist and former drug company manager, was comfortable with a system that puts corporate profits over public health. He stated "Frankly, this has such global attention right now and the private market players, major pharmaceutical players as you've heard, are engaged in this, that we think that this is not like our normal kind of bioterrorism procurement processes, where the government might be the unique purchaser, say, of a smallpox therapy. The market here, we believe, will actually sort that out in terms of demand, purchasing, stocking, etc. But we'll work on that to make sure that we're able to accelerate vaccine as well as therapeutic research and development."(44)

Apparently, neoliberal-minded officials are playing the lobbying card in favor of dominant pharmaceutical companies and labs. Secretary Azar has gone back to the very neoliberal textbook and claims “the market will actually sort” the mess. Yes, Holy market is the savior!
These right-wing politicians seek to impose what has become an irrational diagnosis of the dilemma, and to pave the way, once again, for the pharmaceutical companies to make vast profits in the months and years to come. In a sad reflection, Hawaii-based medical doctor and professor, Seiji Yamada, notices how Coronavirus exposes the vulnerabilities that humans set up for themselves “by buying into the neoliberal program.” (45)

**Coronavirus, Humans, and the System**

Over history, democracy has been unhelpful in epidemics. Like previous pandemics, Coronavirus has caused super disruption of public life around the globe. Frank Snowden, a professor emeritus of the history of medicine at Yale University asserts, “There’s not a major area of human life that epidemic diseases haven’t touched profoundly. Epidemics have tremendous effects on social and political stability. They’ve determined the outcomes of wars, and they also are likely to be part of the start of wars sometimes.” (46) In the past two decades, humans have been exposed to fast-rate and timely-condensed waves of epidemics and pandemics such as SARS, MERS, Ebola, Swine flu, and now Coronavirus. It’s a macabre way of recasting “how we think about human history: not as a succession of ages and epochs, but of apocalyptic death rattles and societal collapses.” (47) Kurt M. Campbell, former Assistant Secretary of State for Asia and the Pacific and Thomas Wright of the Brookings Institution argue “the world has grown, over the past decade, more authoritarian, nationalistic, xenophobic, unilateralist, anti-establishment, and anti-expertise. The current state of politics and geopolitics has exacerbated, not stabilized, the crisis.” (48)

In the past three decades, the Neoliberal system had it its way, and desperate workers had no choice, but to “work both longer and harder. And they die younger.” (49) If the new pandemic persists toward early summer 2020, workers will not be able to make ends meet, or may not get favorable opportunities to make up for their lost source of income. A sizable number of small enterprises will be forced to declare bankruptcy. Either in the West and in developing nations, the state’s role has shrunk into an agency of regulating fear and forbidding public gatherings. WHO has become a de-facto world institution of providing no more than statistics of infected cases, deaths, and the scope of Coronavirus spread. However, such pandemics and epidemics reveal “what really matters to a population, what is at stake, and especially whom and what these societies value.” (50) Most international organizations
can deliver no more than public relations operations. By mid-March, the International Chamber of Commerce (ICC) and the World Health Organization (WHO) agreed to work closely to ensure the latest and most reliable information and tailored guidance reaches the global business community. ICC has vowed to “regularly send updated advice to its network of over 45 million businesses so that businesses everywhere can take informed and effective action to protect their workers, customers and local communities and contribute to the production and distribution of essential supplies.” (51)

The world’s struggle with Coronavirus can be a reflective and defining moment in modern history. Do we have a public health safety net? How the have-nots are coping with Coronavirus? Do we have an epidemic deterrence strategy since Great Powers have gone to extremes to develop their nuclear deterrence capabilities since World War II? In the fight against Coronavirus, Americans too are currently becoming collateral damage. The Trump administration is reported to be “particularly ill-prepared for such an undertaking. Not only were they distrustful of elite warnings, thanks to decades of conservative attacks on the American intellectual establishment, but the president was personally unwilling to believe news that might be politically damaging and surrounded by a staff too scared or too incompetent to convince him otherwise. They ignored the advice of public health experts warning them to ramp up testing, ignored warnings from doctors on the ground that things were getting bad, and failed to tell Americans that social distancing was necessary before it was (arguably) too late.” (52)
Pandemics historians have been mesmerized that “the more civilized humans became – with larger cities, more exotic trade routes, and increased contact with different populations of people, animals, and ecosystems – the more likely pandemics would occur.” (53) The impact of Coronavirus, as a shutdown of societies across the globe, contests the premise of neoliberal policies. It calls for deconstructing and demystifying any neoliberal ideology when it masquerades as economic science. In his “The Neoliberal Plague” essay, Bob Uri notices the ignorant brutality of this system appears to be on its way to “getting a reality check through a tiny virus.” (54) Other pertinent questions are looming on the horizon: what should come first: society or economy, public health or profit, citizens’ well-being or plutocracy? Is it time for a paradigm shift in public policies? What kind of new critical vision(s) would emerge from the Coronavirus wreckage? For sure, the promise of the Westphalian and ‘social contract’ modern state has been disappointing with the lack of one of the basic human needs: public health. One of Thatcher’s memorable sayings still echoes: ‘there is no such thing as society’. As a result, humans have been reduced to competitors. William Pearse regrettably notices, “Coldly rational - ruthless even - neoliberalism has set people against each other, valorising the notion of ‘getting ahead’ - the question, of whom, and by what means, too infrequently asked.” (55)

Ian Bremmer, professor of Applied Geopolitics at Columbia University argues “the challenge we face today is the unwinding of the American-led world order, and the absence of global leadership to step in and take its place. We live in a G-Zero world... and the geopolitical recession is its effect. In a geopolitical recession, fracturing global politics fuels global risks instead of helping solve them.” (56) The Coronavirus moment sends another signal about the dysfunctionality of the neorealism-driven global politics. It is certain there will be an US-Euro-Chinese techno-nationalism and protectionism. (57) Bremmer captures four contributing factors which need to be addressed before the world can emerge back from the G-Zero:

a) Inequality and other economic dislocations as derived from globalization. The rise of “my country first” politics in the world’s advanced industrial democracies has been accompanied by the domestic delegitimization of political institutions in democracies, with spillover into the international sphere.

b) Tendency of certain Great Powers and emerging regional powers toward undermining
efforts of the 20th-century’s most advanced and economically-successful democracies in dealing their very real existential crises here in the 21st century. Bremmer considers Russia foremost among the former, “who 30 years after the end of the Cold War is looking for ways to destabilize the West while boosting its own geopolitical fortunes.” (58)

c) Declining efficiency and effectiveness of the international system. The multilateral institutions the world currently has in place to help manage global politics and assist worldwide coordination are no longer fit for purpose.

d) U.S. Indifference and Trumps’ decision to actively take a step back from global leadership cannot be overstated. Americans increasingly felt the United States was shoulder too much on behalf of others, militarily and otherwise. (59)

Since we did not learn the financial lesson of the 2008 stock market crisis, Coronavirus is here to inspire us with a deep reflection on the existing economic and political infrastructure, and the ongoing widening margin between the wealthier 1 percent and the poorer 99 percent of the population. Since 2008, many of us, including myself, have suffered losses of savings and skyrocketing inequality. The middle class is losing its battle with maintaining its living standards and declining purchasing power. Now, we are losing much more: confidence in the state, in the health ministry, in the economy, and in the whole system to save us from a tiny virus. In developing countries, schools and universities had to jump unprepared to the implementation of remote teaching of students with no particular prior training, know how,
or indicators of success.

In an interview conducted in his office in MIT in 1991 during the scientific confusion about AIDS, Thomas Kuhn told John Horgan “the question as to what AIDS is as a clinical condition and what the disease entity is itself is not -- it is subject to adjustment. And so forth. When one learns to think differently about these things, if one does, the question of right and wrong will no longer seem to be the relevant question.” (60) With Coronavirus lurking with no apparent strategy of containment or cure, the world needs to go back to the drawing board after forty years of globalization, free trade, and other ideological constructs of Neoliberalism. I would also borrow David Harvey’s proposition to think over; “What if every dominant mode of production, with its particular political configuration, creates a mode of opposition as a mirror image to itself?” (61) There is an opportunity for the left, humanists, intellectuals, citizen-advocacy group, and the global civil society to initiate a debate about a post-Coronavirus, above neorealism political and economic reorganization of society.

Return to the Human Dimension and Moral Democracy

Some commentators have argued for social democracy or social state. Any advocacy of such concepts will collide with the classical skepticism about collectivism and other brands of socialism. The concepts of ‘socialist’ and ‘social’ democracy have been polluted and stigmatized enough to stir up similar reactions in the future. The public debate can spare us an already-lost battle in the 1950s. The 2016 Bernie Sanders electoral platform flirted with several options of free public health, free university tuition. He was deemed as a ‘radical socialist’, and the Democratic Party chose Hillary Clinton as the counterforce to candidate Trump. In March 2020, Sanders relates the Coronavirus dilemma with previous public health challenges in the United States. In his op-ed “Coronavirus highlights the flaws in our health care and economic systems”, Sanders points “it is not just a question that in normal times — tragically, unbelievably — 13% of Americans, or about 34 million people, say a friend or family member recently passed away after being unable to afford treatment for a condition, according to a poll from Gallup and West Health. Now, during the coronavirus outbreak, the lack of health care threatens all of us, showing that we are only as safe as the least insured person in America.” (62) He has called for providing direct emergency $2,000 cash payments to every person in America every month for the duration of the crisis. “We are likely already in a recession,” Sanders stated.
Scott Gottlieb, former US Food and Drug Administration (FDA) Commissioner noticed a pattern of ‘rationing’ screening opportunities; while the federal government officials discouraged hospitals from developing and using their own in-house testing kits because they would need to obtain FDA’s permission to use them. A recent Healthcare.com and YouGov poll conducted March 10 has shown nearly half (48%) of the participants said they were not very confident they could deal with the costs, which exceed $3,000, (23%) — or not at all confident (25%). Only 31% said they could pay out of their savings, while 42% said they would borrow through their credit card (22%), their family (12%) or their bank (8%).

Some economists feel nostalgic to Smith’s ideas about free market, as he “anticipated much of the corruption and exploitation currently observed in the capitalist system”. Smith cautioned against some exploitative shifts of capitalism in disregarding the virtue of justice. He wrote in “The Wealth of Nations” book in 1776, “To hurt in any degree the interests of any one order of citizens for no other purpose but to promote that of some other, is evidently contrary to that justice and equality of treatment.” Industrial psychologist Paul Vorster points out, “It probably isn’t much of a stretch to say that Smith would have been a proponent of the idea that business ethics is about doing what is good for the self (the organisation) and the other (the consumer and employee) in a mutually beneficial manner. Look after the needs of consumers and they will do the same for you.” (63) Vorster remains hopeful societies will consider a purer form of capitalism as a moral economic philosophy, instead of only an exclusively economic philosophy, is required for economies to return to the principles of prosperity, justice and liberty. (64)

As Coronavirus has apparently brought Neoliberalism to its knees with a complete shut of the system worldwide, a new dawn will emerge with tougher questions: what a post-Coronavirus containment world would say about the survival of individuals, families, and societies? It will be an opportunity to revisit the ‘social contract’ paradigm, which has historically assisted the development of classical liberalism. Jeffery Sachs argues the US government has to be judged “on its incompetence, its venality, its ignorance and it will add to our costs and our dangers absolutely in an enormously depressing and significant way.”(65)

What is needed now, more than ever, is a public debate of moral autonomy of citizens in redefining the rights and obligations of the state and reconstructing their moral authority. The debate needs to kick off on a blank slate with a fresh beginning and new momentum. I
argue for a moral democracy and a moral state as an anti-thesis of both Neoliberalism and the better dressed up ‘ethical capitalism’, which derive from the classical Adam Smith’s lucid explanation of the forces shaping what we still call ‘free market’: prosperity, justice and liberty. Our Coronavirus reality and the absence of the state, with no pro-active health safety net, seem to warrant a return to the natural law, Kantian principles, and the basic human needs paradigm. The new pandemic has taken us back to a fundamental question: How to reconcile the gap when the state fails to protect the citizen? What should come first: person or profit? To use Immanuel Kant’s terminology, what would be the 2020’s ‘metaphysics of morals’, which represent a “system of a priori moral principles that apply the categorical imperative to human persons in all times and cultures?”

In his well-received book “In Defense of Anarchism”, Kantian scholar and philosopher Robert Paul Wolff wrote, “The defining mark of the state is authority, the right to rule. The primary obligation of man is autonomy, the refusal to be ruled. It would seem, then, that there can be no resolution of the conflict between the autonomy of the individual and the putative authority of the state. Insofar as a man fulfills his obligation to make himself the author of his decisions, he will resist the state’s claim to have authority over him.” (66)

Kant’s book in the Metaphysics of Morals and Ethics

Morality should not be regarded as a mere utopian virtue, but rather as a factual drive for
collective progress. Since the Westphalia Treaty, the state, the private sector, the stock market, and other structural forces have monopolized the status of unit of analysis for so long. They ought to cede the place be the individual, the family, the welfare state, and the principle of health for all, education for, and prosperity for all. Kant argued that the supreme principle of morality is a standard of rationality that he dubbed the “Categorical Imperative”, which he characterized as an objective, rationally necessary and unconditional principle that we must always follow despite any natural desires or inclinations we may have to the contrary. Any law, which represents a set on norms to regulate the relationship between the state and citizens, in perceived in Kantian philosophy as an element, which directly links all the fields: ethics, philosophy of law, philosophy of politics, and historical philosophy. Kant maintains the focus on the individual, the free moral self and subject, whereas he places structure and all the embedded political institutions and economic regulations at the periphery, with an open mind for perpetual peace. He urged the self to “act only on that maxim through which you can at the same time will that it should become a universal law”. (67)

In the midst of the Coronavirus turmoil, Edgar Morin, philosopher, sociologist and Emeritus Director of Research at the Centre Nationale de la Recherche Scientifique (CNRS) in France, remains optimistic. he spoke about the theme “Changer le monde: il n’est pas trop tard” (To change the world: it is not too late” at the first edition of “Une Époque Formidable” public lectures series. He notices humans know so much knowledge even about death; they have never had some much information and multiple expertise. But, they have lost a sense of direction. He explains, “We have accumulated so much information about humans, but we have not known yet how to be human. In our schools and universities, the knowledge of our human identity is not part of our academic curriculum. In terms of politics, we have lost the compass”. He also puts the emphasis on the question “Where should we go from here?” (68)

For decades now, a number of social psychologists and conflict theorists have argued for the wisdom of a basic needs paradigm in designing public policies. As John Burton argued in 1998, “If there is competitive material acquisition, on the one hand, and an individual desire for collaborative relationships, on the other, the explanation of the preponderance of adversarial and aggressive behaviors would have to be the conditions imposed by systems as they have evolved. If this is the case, conflicts at all social levels are due to past failures to include in institutions and in decision making a human element and to employ available intellectual
resources continually to reassess institutions and social norms and thus resolve problems as they emerge.”(69)

The Peace Studies founder and 2016 Nobel Peace Prize candidate, Johan Galtung, has argued for a strong interconnectedness between basic human needs and development. He explains how “it does make sense to talk about certain classes of needs, such as "security needs," "welfare needs," "identity needs," and "freedom needs," to take the classification that will be used here, and postulate that in one way or the other human beings everywhere and at all times have tried and will try to come to grips with something of that kind, in very different ways.”(70)

![The pyramid of basic human needs](https://example.com/pyramid)

The pyramid of basic human needs [Simply Psychology]

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