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DO WE LIVE IN INTERESTING TIMES?

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> "In the midst of war and crisis nothing is as clear or as certain as it appears in hindsight."
>
> Barbara W. Tuchman, The Guns of August

"May you live in interesting times" is an English translation of a traditional Chinese curse. This expression is used ironically. The better periods of peace and tranquillity are understood as "uninteresting times", and the "interesting" ones usually are the times of trouble.

Whether we have already begun living in "interesting times" still remains to be seen. It would not be though an exaggeration to state that what the world has been living through since the early spring is quite extraordinary. Apart from the massive fall of the global markets and the unseen collective psychological shock, the period of self-confinement also produced a heated international debate on the type of the world we would have to welcome after the pandemic. Opinions varied dramatically, from cautious optimism to expectations of apocalyptic economic depression and the new world order in the form of the global electronic concentration camp, where billions of people would be forcefully implanted with nano surveillance chips.

On the economic front, some predicted that the policy of self-confinement and massive stimulus measures initiated by the governments (especially in the rich world) would produce a V-shaped economic trajectory, i.e. a sharp decline in the first and second quarters of this year will be followed by a rapid recovery growth in the second half of 2020. The recovery, they said, would be accompanied by the technological transformation in many sectors of the economy (which has been long overdue), such as more aggressive adoption of distance learning, remote work as well as technologies based on Artificial Intelligence and Robotics. This, in turn, would lead to much-needed gains in productivity, which eventually, would spur healthy economic growth in the long run. Many others disagreed, and insisted that the world after the pandemic would be unrecognizable, and we all

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should get ready for a deep and prolonged global shock, mass unemployment, social-economic disruption and degradation, political and military destabilisation at domestic, regional and international level.

The policy of self-confinement that brought the world to a halt, would result in a complete depletion of private savings of the middle class, bankruptcy of the small and medium-sized businesses, and emergence of the global army of the new poor, who would never again have a chance to rebuild their lives. According to this argument, the destruction of the middle-class, its wealth and consumer power, will provoke a chain of massive corporate failures across many industries all around the world, which will plunge the world into the depression not seen even in the early 1930s. And yes, …. massive injection of liquidity will result in skyrocketing inflation, the argument goes.

On the geopolitical front, similarly, no shortage of diverging opinions. There are those, who believe that the new world order is being born in front of our eyes - the world where China will be the main beneficiary and the new leader, whose position will be strengthened by the decline of the United States. According to this view, the crisis has clearly demonstrated the weakness, lack of leadership and disorganization of the collective West – the so-called "leaderless West led by Donald Trump". The advocates support their argument by the example of successful containment of the epidemic by the Asian countries (such as South Korea, Singapore, Taiwan, Vietnam, Thailand and China), which demonstrated their level of preparedness, technological development, administrative organization and societal cohesion, which is exactly the opposite of what the world witnessed in the US, Italy, Spain and generally in Europe. The crisis, they argue, uncovered the ugly truth about many facets of the Western system and society: disastrous state of overly-praised and prohibitively-expensive medical systems, which massively failed to proactively contain the threat; low professionalism of the state administrators and the dysfunctionality of the public sector at all levels; deeply-rooted racism, exclusion and chauvinism, which were, first, turned against the Chinese and Asians, then against the Spanish, the Italians and the French, and then against anybody, who demonstrated any minor symptoms of feeling unwell; and finally, the hypocrisy of the Western, and especially, the European solidarity, starting from the inability of the EU leaders to quickly agree on the common emergency action plan to situations, like the one at the Prague airport, when the air-cargo from China carrying masques, much-awaited in Italy at the peak of the crisis, was confiscated by the Czech authorities.

On the opposite side of the aisle are those, who believe that the pandemic is the beginning of the end for China as we knew it over the last thirty years. The crisis, they argue, will provoke two mutually-reinforcing dynamics. One is the so-called "decoupling from China" policy, which is now subtly promoted by the US administration. This is a multi-step strategy aiming to hold China responsible for the global crisis, and force it to compensate the world for the economic, social and financial losses. Beijing's rejection of the accusations will allow to impose various forms of economic, financial and political sanctions/restrictions on China, force Western businesses move their productions to other countries and significantly limit any collaboration with that country. Such a policy, it is being argued, will re-inforce the second dynamic, i.e. the sharp internal economic slowdown in China, skyrocketing unemployment and mass discontent with the authorities, which will find it increasingly difficult to contain the situation under control. In the meantime, by bringing production back home, the Western consumer nations will be able, first, to launch a new re-industrialization policy, which will be based upon and propelled by the AI and Robotics technologies, and second, re-gain greater industrial and economic autonomy.

There is no doubt that what we are living through today is a serious crisis in every measure. The very extremity in divergence of opinions in the heat of the moment is the reflection of the uncertainty and agitation people are feeling. However, a calmer look at the trends and scenarios that are being so hotly debated today, shows that they are not so new, and even their further hypothetical extrapolation does not make the future world look so dramatically unrecognizable. For almost two decades now the expert community and the intelligence services were issuing regular warnings on the seriousness of the possible global pandemic threat, and the world's complete unpreparedness for it. Discord, polarization and stagnation of the European project, waning American leadership, growing tensions among the great powers, deepening of the US-China confrontation, faltering international cooperation, unresolved global debt problems, anaemic economic productivity, shrinking income and purchasing power of the middle class, long-term transformational potential of the robotics and AI-powered technologies, social polarization, growing poverty, geopolitical fragmentation, and disintegration of the whole post WW2 political and economic world order - all this characterized the international environment for more than a decade now, and appeared long before the current COVID-19 crisis. We have been in the paradigm-shift mode for many years. The pandemic will not change it. What *will* change though is the dynamics of these trends – they will accelerate and deepen, making the world a riskier place to be. Disagreements will intensify and competition for the place under the sun in the world of tomorrow will get tougher.

While the world is gradually trying to get out of the lockdown mode, it is still too early to draw any definitive post-pandemic conclusions. However, it is already possible to make some observations with regards to those multiple predictions, made by the army of experts, politicians and doctors over the self-confinement period, many of which not only were utterly wrong and incompetent but also inflicted unrepairable damage to the collective psyche of the society by their psychopathic catastrophism. Some notable examples include the following: Africa, despite of poverty, high demographic concentration, poor sanitation norms and very weak healthcare system, so far, fared well compared to the disastrous scenarios depicted by the experts earlier; massive financial aid packages in the US and Europe helped to mitigate the hardship of the Great Depression-level unemployment, which means that at this point they are probably covering most of the lost wages and keep the situation relatively stable; neither the V-shaped recovery, nor the Great Depression and hyperinflation (stock markets have already regained most of the losses of March and April, manufacturing sector both in East Asia, Europe and the US demonstrating positive trend, however, it looks like that the global recovery will take much more time, especially, when the risk of the second lockdown is still considered high); neither quick vaccine, nor mass surveillance-chip implants any time soon (it is now more or less general consensus that no efficient vaccine should be expected within the next 18 months, if any. Mass "chipization" of the world population looks like postponed as well …… greetings to conspiracy theorists!).

The pandemic is far from over and its evolution is unpredictable. However, the multiple forecasts, which proved to be wrong within such a short space of time as well as the new data (medical, economic, social etc.), which is being constantly collected and shared internationally, should instill certain emotional and analytical discipline and structure, if we want to navigate through this crisis with smaller losses, make better decisions and avoid the barrage of incompetent expert and media scaremongering.

RULE # 1: avoid extreme scenario forecasting, which is never or rarely true.
RULE # 2: draw a line between the short-term effects and the long-term trends and dynamics.
RULE # 3: avoid conspiracy theories

We should also make it clear to ourselves the following:

- The pandemic is a <u>sanitary crisis</u>, and <u>not a</u> <u>war (!)</u> as many politicians and the media around the world try to portray it.
- The response measures should be limited to the sanitary/medical domain, managed and monitored by the respective field professionals, and not dominated by the police, the army, the intelligence and the penitentiary agencies.
- The <u>sanitary crisis</u> and the relevant response measures are <u>limited in time by definition</u>, and therefore it does not require indefinite and unlimited powers granted to state executive branches and the law enforcement agencies.
- The COVID-19 disease is NOT as deadly as many other diseases, which still exist today. The death toll, although significant, does not threaten to annihilate populations as other pandemics centuries before it. Either the science will eventually take control of it or the world will have to adapt to living with it.
- The crisis puts the sanitary/medical/scientific chieftains and their respective organizations in the limelight. It became their collective "moment of glory", which gave them the power, almost unlimited financing and public exposure. Although their expertise is invaluable and choices made by them are crucial, the transparent system of public checks and controls on them must be established in order to avoid any abuses of the public trust and resources. The society must absolutely reject and prevent any attempts by the medical/sanitary sector to obtain any special punitive or interventionist rights similar to that of the law enforcement. In a similar vein, attempts by governments to "weaponize" the sector as a tool to expand its control and power must be prevented. In short, *"militarization" of medicine must be blocked at any cost*.

- And finally, any prolonged sanitary response measures either contradict or clash directly with the economic, political, social, legal, ethical and geopolitical factors.

As the world is cautiously getting out of the self-confinement and is trying to restart the economy, single most important factor of the near-term future will be the following: with or without the second lockdown.

The scenario of "unrecognizable world" post-confinement is doomed to fail. Wearing masks in public places, keeping social distance or remote work and learning will not produce fundamental effect on the structure of the world economy in the near future. On the contrary, judging by almost coordinated steps taken by the fiscal and monetary authorities around the world, it is obvious that the objective is, first, to shield the economy and soften the slump, and then, try to bring it gradually back on the pre-crisis trajectory. A much popular talk about almost immediate de-globalization of the post-COVID world is an exaggeration.

Change is an ongoing process, and as it was mentioned earlier, it has been under way for more than a decade now. The current crisis will accelerate its dynamics but not in the near term. The reason is simple. The world economy has become a deeply-integrated global market place over the last three-four decades with distinct regional specializations. Most manufacturing (especially, with low value-added) is concentrated in China and South-East Asia, while natural resources are mainly supplied by Africa, Latin America, the Middle East and Russia/CIS countries. The collective West, in turn, kept the high value-added manufacturing and shifted to the consumption-based service economy with the United States at the center of this complex global mechanism. Without downplaying some valid criticism and the disbalances created by the globalization, the truth remains – over 1 billion people in the world were lifted from the extreme poverty since 1990.

Roughly half a billion people is employed in the export-oriented manufacturing across the South and South-East Asia today, and hundreds of millions in the resource-producing countries. In turn, around four hundred million jobs currently depend on the service industries across Europe and North America. The global lockdown showed both the fragility and the interdependence of the world economy – lack of Asia-manufactured masks, sanitary material and equipment in the West, frozen production sites across Asia, and full reservoirs of oil, which nobody buys from the Middle East. It is therefore everybody's immediate interest, first, to restart the economy as it was, and then proceed with more drastic changes. The research by Columbia University showed that while the U.S. has committed to the largest rescue package of any country in pure dollar terms, which is an estimated 13% of its GDP, it actually trails Japan's measures which equate to just over 21% of GDP. In Europe, the size of stimulus packages are estimated to be 12% of GDP in Sweden, 10.7% in Germany, 9.3% in France, 7.3% in Spain and 5.7% in Italy.[1] The stimulus produced its positive effect. It

[1] MacCarthy N., Global Coronavirus Stimulus Packages Compared *Statista*, 11.05.2020, downloaded from

allowed to avoid the liquidity shock and mass bankruptcies, keeping thousands of companies afloat. We are observing now a visible recovery in services and manufacturing PMI indexes all across major economies in Europe and the US for April and May compared to a sharp fall in March. However, it looks like that even more stimulus will be needed in the months to come. The initial optimism about the V-shaped quick recovery is now replaced by a more cautious swoosh-shaped expected recovery curve (i.e. sharp initial slump followed by a slow and long recovery). And this is the scenario WITHOUT the second lockdown.

As time passes and more data is collected, it becomes increasingly evident that the cost of the lockdown and that of the anti-virus sanitary measures might happen to be more dangerous for the world than the virus itself.

The confinement period demonstrated different approaches to the management of the sanitary phase of the crisis with varying level of efficacy depending on the country and the region. The medical crisis has immediately transformed into the economic crisis. The response toolkit most governments used was relatively simple and straightforward: the lockdown on the medical side, and massive injection of funds on the economic side. Now, as the world is gradually getting of the confinement, it is vital to realize that the complexity of the crisis will only be deepening as it will quickly be transforming into a multifaceted and dynamic economic, social, political, legal and geopolitical phenomena, which will require from the governments and decision-makers at all levels not only ever-growing resources but also much stronger administrative prowess, broader strategic vision and sensitivity as well as preparedness to pay a painful price for the decisions taken and mistakes made, both at personal and collective level.

On the economic side, the crisis affects different countries and industries to a varying degree. However, the long list of risk factors can be brought down to two mutually-reinforcing fundamental problems faced by everyone all across the board: the liquidity and the supply shock. The massive stimulus measures more or less mitigated the former at the initial stage, whereas the inventories accumulated before the lockdown helped to survive the latter and re-start the activities after the full stoppage of operations. Now, to accelerate the recovery borders must re-open, companies must start making investments and consumers must begin spending again. And this is where the main challenge is, and the reason why the V-shaped recovery looks improbable. The highly anticipated risk of the second lockdown as well as additional costs related to the newly-imposed sanitary rules, will force both the businesses and the consumers spending less and saving more. Thus, the vicious circle of the expected suppressed investments and consumption will make the recovery trajectory slow and long, and most probably, will bring the system back to the liquidity crisis and the need for the additional stimulus measures by the governments, the central banks and the international lending institutions. However, the financial resources are not

https://www.statista.com/chart/21672/financial-responses-to-the-covid-19-pandemic-as-a-share-of-gdp/?utm_source=Statista+Global&utm_campaign=3263c42532-All_InfographTicker_daily_COM_AM_KW20_2020_Tu&utm_medium=email&utm_term=0_afecd219f5-3263c42532-304247209

unlimited even in the rich world, let alone in the developing or poor countries, which heavily depend on the sales to and consumption in the West. There is no doubt (because there is simply no other option!) that the second aid package will be released, if and when will be needed. But its size and duration cannot be unlimited and indefinite by definition. Additionally, if countries like the United States, Japan or China have their internal state approval and release mechanisms streamlined, then the EU is a different story. In the situation of emergency, any postponement might push the system into the abyss. But even before that, bankruptcies and large-scale lay-offs are inevitable. Thus, Renault, the largest French auto maker is on the verge of collapse just two weeks after the lift of the lockdown. Let the giant fall is not an option for the government, because the social, economic and political consequences for France and Europe will be similar to the fall of Lehman Brothers in 2008. The French government will save the company but no country has enough money to save everyone.

The crisis automatically exacerbates the unresolved debt problems in Europe as well as in the emerging and poor countries. Thus, Italy's credit rating was already lowered to one notch above the junk level, which brings the euro-area and the rest of the continent one notch closer to the abyss. The situation in the developing world is even more dangerous. A decade of almost zero-level interest rates in the West gave the opportunity to governments and companies from emerging markets to borrow cheap. The problem is that most of this debt is denominated either in euros or in the US dollars (mainly), which makes servicing it increasingly expensive in the environment of the global halt, and falling demand and consumption in the rich world, where all these export-dependent developing countries sell to. Defaults in the developing world are inevitable, and this will be an additional blow to the Western commercial banking system (especially the European), which couldn't stop lending massively to the emerging markets over the previous decade.

The other side of the problem is that defaults and bankruptcies in developing countries will inevitably exacerbate the supply shock all along the whole global supply chain. These countries provide not only natural resources but also parts and materials used in manufacturing of sophisticated end-products in the Western world. A bankruptcy of one or many of such important parts suppliers can easily bring to a halt large production lines somewhere in Germany, France or the US, which will provoke the whole array of financial, economic, social and political consequences. Additionally, there are two other important aspects to bear in mind: first, the lockdown seriously disrupted the global logistics network with many small and medium-sized operators already bankrupt (first of all, in the developing countries), and the big ones experiencing liquidity problems to stay afloat, and second, the crisis puts under heavy strain the global food supply chain, which risks to provoke supply disruptions and shortages of the essential food staples across the world. This will inevitably lead to food price increases, and in the worst of the cases, might even revive the risk of famine in the poorest parts of the world. *If history is of any lesson, the governments and decision makers must remember one classical axiom: most of the uncontrolled and mass popular riots (including the Tiananmen uprising and the Arab Spring) were provoked not* *by the infringement of democracy, freedom of speech or other civil liberties, but by the shortages and price increases for food and fuel supplies*.

At this stage, when the world is just getting of the first confinement, it is still too early to tell whether there will be the second lockdown or not. However, the current public and media narrative leaves solid impression that another wave of the pandemic is almost inevitable later this year. Such a talk automatically factors in the risk estimates by the businesses and consumers, which does not help quicker economic recovery. Political leaders, when announcing their decisions with regards to the sanitary rules and restrictions, always refer to the opinion of their scientific advisory boards. On the one hand, such a reference gives credibility to the decisions in the eyes of the public, which still keeps the medical/scientific community in high esteem, but on the other, it gives the governments the opportunity not to bear the full responsibility and share the brunt of mistakes with the medical experts.

It is vital to understand that there were two main factors, which helped to confine billions of people around the world and keep them at home for months: FEAR and TRUST. People feared to get infected and die, and people trusted the medical community, which advised and stood by the political leaders, who were taking final decisions. Being driven by the fear and trust, people (especially in the democratic Western countries) accepted the curtailment of their citizens' civil rights, and ceded many of their liberties. Without prior collective experience of such a crisis, people had no time to reflect on the situation in the midst of the pandemic, and blindly accepted the rules imposed upon them. Many governments seized the opportunity and introduced numerous privacy-breaching measures with long-term negative consequences for the ordinary citizens. As the crisis passed the peak and the initial shock began to abate, people started raising questions. As the collective experience continues being accumulated and the new data becomes available, the public sentiment as well as the nature of the questions about the pandemic, and especially, about the response measures and the results in the richest Western countries begin to change dramatically.

The questions are simple: why the great majority of the sick and the dead are in the richest fully-confined Western democratic countries and not in the partially-confined poor overpopulated autocratic countries of Asia or Africa? Why does the densely-populated and territorially-small South Korea (which never locked down and has one of the oldest populations in the world) with roughly 52 million people have only 11 190 infected cases and 266 deaths compared to 229 858 cases and 32 785 deaths in a 60-million strong Italy? Why does Thailand with a 70 million-strong population have only 3 040 cases and 56 deaths compared to 182 584 cases and 28 367 deaths in a 67 million-strong France (which has one of the most expensive and lavishly-financed health-care systems in the world)? (all data as of 25.05.2020).[2]

[2] Reported Cases and Deaths by Country, Territory, or Conveyance, *Worldometers,* 25.05.2020, downloaded from
https://www.worldometers.info/coronavirus/#countries

The number of such questions will continue mounting like avalanche as the new data will be collected and released. Thus, according to the research by London School of Economics based on the latest available data, an average of 60% of all coronavirus deaths in Western Europe and Canada may be linked to the retirement facilities for the elderly.[3] As the world is getting out of the confinement, the initial fear and trust will be gradually giving place to mounting ANGER and DISTRUST. Thus, more than 70 cases against the government were already filed in the French courts just two weeks after the lockdown. In Italy, hundreds of individual and collective lawsuits are filed against the federal and local authorities by the families of the diseased for causing death by negligence. Groups of doctors and medical personnel file separate cases against, mainly, local governments and individual public officials for failing to secure hospitals with the necessary sanitary materials and equipment, and exposing their lives to a deadly risk. Once the confinement ended, questions being raised in many countries about the legality of the lockdown itself as well as the re-establishment of the civil liberties curtailed during the confinement. Thus, in Germany the chairman of an organization of German constitutional judges said that future courts will have to decide whether his country's constitution gives parliament the right to transfer so much of its operational competence to the executive branch. He added that it has not yet been determined whether the closure of many institutions in the first weeks of the crisis was legally acceptable.

The first step in tackling these questions is to identify the fundamental rights that were limited or cancelled entirely. The most important was the right to move freely in the streets of one's own city, a right that was summarily stripped from citizens during periods of lockdown. In the meantime, the German Constitutional Court decided health concerns linked to the outbreak were not grounds for a general ban on demonstrations.[4] Similar issues are being raised by legal experts and civil activists in many other countries. Another issue of critical importance, which has become the subject of a heated debate and concern to many, is the forceful vaccination. It was not unusual to hear from the government officials as well as epidemiologists in different countries that full lifting of the restrictions would be impossible before the arrival of the vaccine, and obligatory mass vaccination would be imposed on the populations. Whether such statements were deliberate provocations or demonstration of criminal incompetence remains unclear. Despite the fact that there are several hundred laboratories across the world are currently working on the development of the vaccine, it is more or less general consensus that no efficient and safe vaccine can be developed and tested within the next eighteen months. Thus, there are several issues arising: first, does it imply that the governments plan to keep the lockdown mode for so long?!; second, the science does not provide an unambiguous response whether any

[3] MacCarthy N., COVID-19: High Mortality Rates Linked To Care Homes *Statista*, 21.04.2020, downloaded from https://www.statista.com/chart/21439/estimated-share-of-total-covid-19-deaths-linked-to-care-homes/?utm_source=Statista+Global&utm_campaign=3ce65cc3e9-

[4] Gerstenfeld M., How Coronavirus Emergency Measures Threaten Civil Rights, *BESA Center*, 18.05.2020, downloaded from https://besacenter.org/perspectives-papers/how-coronavirus-emergency-measures-threaten-civil-rights/

efficient vaccine is possible at all. And the reason is purely biological: it might happen that the coronaviruses might not induce lifelong immunity in humans. If there is no scientific clarity on the efficacy of any possible vaccine, why there is so much talk about mass compulsory vaccination and continuation of the lockdown?! This issue has become a matter of concern for millions of people around the world. The topic was quickly picked up by all sorts of conspiracy theorists, who continue spreading panic.

According to the legal experts, there are two fundamental international documents on medical ethics and human rights, which prohibit governments, parliaments, any type of local authorities or international organizations to impose obligatory vaccination or medical experimentation on humans: *The Nuremberg Code* of 1947 and the *UNESCO Universal Declaration on Bioethics and Human Rights* of October 2005. The Nuremberg Code is a set of research ethics principles for human experimentation created as a result of the Nuremberg trials at the end of the Second World War. The ten points of the Code were given in the section of the verdict entitled "Permissible Medical Experiments", which stated explicit voluntary consent from patients are required for human experimentation. According to the legal experts, Points 1 and 6 are directly related to the current situation:

- Point 1. The voluntary consent of the human subject is absolutely essential.
- Point 6. The degree of risk to be taken should never exceed that determined by the humanitarian importance of the problem to be solved by the experiment.[5]

Sections 1 and 3 of the Article 6 (Consent) of the UNESCO Universal Declaration on Bioethics and Human Rights state the following:

1. Any preventive, diagnostic and therapeutic medical intervention is only to be carried out with the prior, free and informed consent of the person concerned, based on adequate information. The consent should, where appropriate, be express and may be withdrawn by the person concerned at any time and for any reason without disadvantage or prejudice.
3. In appropriate cases of research carried out on a group of persons or a community, additional agreement of the legal representatives of the group or community concerned may be sought. In no case should a collective community agreement or the consent of a community leader or other authority substitute for an individual's informed consent.[6]

And finally, the WHO has only the right to issue recommendations to the governments but not legally-binding instructions or decrees. What started as a medical emergency situation, has now transformed into a complex global economic, legal, ethical, social and political crisis, which requires international

[5] Nuremberg Code *Wikipedia,* downloaded from https://en.wikipedia.org/wiki/Nuremberg_Code
[6] Universal Declaration on Bioethics and Human Rights *UNESCO*, 19.10.2005, downloaded from http://portal.unesco.org/en/ev.php-URL_ID=31058&URL_DO=DO_TOPIC&URL_SECTION=201.html

cooperation and a very careful fine-tuning. However, the economy will remain the most critical element in the picture. It is now up to the political leaders and the medical establishment to make the right choices. The second lockdown, most probably, will provoke the global economy nosediving and mass disobedience across many countries around the world, which will be followed by the array of destructive consequences.