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# **RESILIENCE IN THE FACE OF THE CORONAVIRUS PANDEMIC**

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Just months after reports emerged of a novel coronavirus spreading in central China, our world, and all of our individual worlds, have been transformed by what has become a terrifying pandemic. Governments around the globe are taking unprecedented steps to restrict movement and limit social contact among their populations to contain the virus's spread. Growing numbers of the world's inhabitants are now living in either voluntary or imposed isolation, or preparing to. The articles collected here look at what governments, other global actors and individuals must do to survive the crisis and navigate the new world beyond it.



## **COVER PHOTO**

Healthcare professionals prepare to begin testing at a drive-thru testing site for COVID-19 at United Memorial Medical Center Thursday, March 19, 2020, in Houston (AP Photo/David J. Phillip).

# TABLE OF CONTENTS

3

Planning for the World After the  
Coronavirus Pandemic

15

What It Will Take to Save  
Economies From the Coronavirus  
Pandemic

27

Building Trust, Confidence and  
Collective Action in the Age of  
COVID-19

37

Why Tackling Corruption Is  
Crucial to the Global Coronavirus  
Response

41

The Geography of COVID-19 and  
a Vulnerable Global Food System

# PLANNING FOR THE WORLD AFTER THE CORONAVIRUS PANDEMIC

By David Steven and Alex Evans | March 2020

In just a few months, the tightly connected systems of a globalized world have transformed the novel coronavirus from a handful of cases in China to a global pandemic. But we have yet to see an international response that matches the scale of the threat.

The contrast with the 2008 financial crisis and subsequent economic crash is stark. Then, governments vastly upgraded the G-20 from a somewhat obscure forum of finance ministers to a new global decision-making bloc in order to steer the world to safety. Don't hold your breath for a similar response to COVID-19. The outbreak has hit at a time when the international order's immune system is badly compromised.

A decade ago, in a Brookings report titled "[The Long Crisis of Globalization](#)" that we co-authored with Bruce Jones, we warned that global vulnerability to shocks was exacerbated by "our own tendency to weaken the systems on which we rely through folly, ignorance or neglect." The past decade has seen as significant of an erosion in our capacity for collective action. The Trump administration is actively hostile to global systems, while the European Union turned inward during the eurozone crisis and still lacks vision and unity. The United Kingdom has been fixated on Brexit for the past four years.

Nor are there many glimmers of light beyond the G-7. The 2008 crash saw the rise of the BRICS—Brazil, Russia, India, China and subsequently South Africa—as a major forum of emerging powers. But today, most of the countries that once looked like





ABOVE A large crowd wearing masks commutes through Shinagawa Station in Tokyo, Japan, Mar. 3, 2020 (AP photo by Jae C. Hong).

new global leaders have slid toward authoritarianism, populism or both. Many of them have also seen their once-promising emerging economies slow down considerably or even contract.

Former British Prime Minister Gordon Brown, who was at the forefront of the response in 2008, **has called for “a concerted global, governmental response”** to COVID-19, but with Saudi Arabia and the United States chairing the G-20 and G-7, respectively, neither forum is likely to produce the global action plan we need.

Instead, we must look for innovations in the multilateral system of the kind that are only ever triggered by systemic crises. And this time, the impetus for change must come not just from governments, but from ordinary people and businesses, too. Space must also be carved out to look beyond the acute phase of an emergency whose impacts seem certain

to reverberate throughout the 2020s, and probably beyond. It is already time to begin thinking about what comes next.

## Layers of Change

In the 1990s, [Stewart Brand](#), editor of the [Whole Earth Catalog](#) and one of the founders of [the Long Now Foundation](#), proposed the concept of “[layers of change](#).” A building, for example, is filled with ephemeral objects, like food and furniture, that are moved around or replaced regularly. But it also has systems, like heating and plumbing, that must be maintained or replaced every decade or so, and a structural foundation that could last a century or more.

The 2008 financial crisis had three of Brand’s layers of change. The first layer—the immediate emergency—lasted for a couple of years. Initially, as liquidity vanished, there was much complacency. We remember presenting to a summit in the spring of 2007 at which Dominique Strauss-Kahn, then the head of the International Monetary Fund, told a group of national and international leaders that the worst was over. Lehman Brothers collapsed six months later.

But after a slow start, politicians sprang into action. After all, [leaders love a good crisis](#), for all the drama, media attention and sense of purpose that it brings. Ultimately the global economy was saved from collapse.

The second layer of change—the consequences of the initial consequences—emerged more gradually as the slow-burning eurozone debt crisis, and the international response to it was much less effective. Global measures were fragmented, as eurozone governments squabbled among themselves and with the International Monetary Fund. The crisis was not brought under control until mid-2012, when Mario Draghi, then the head of the European Central Bank, [made his famous promise](#) that the bank would do “whatever it takes to preserve the euro.”

Ordinary people suffered greatly from the austerity cure imposed in response to the crisis, as did institutions and critical national infrastructure. Greece, for example, saw “[the gradual](#)

destruction of the public health system,” stripping the country of its resilience to the next shock. The country is intensely vulnerable now that COVID-19 has come to call.

But it was the third and slowest layer of change following the 2008 crisis that caused the most insidious and most persistent damage, as trust in governments collapsed, politics became increasingly polarized and the basis for global collective action was undermined. Here, there was almost zero global action, giving populists free rein as governments, traditional political parties and international institutions all stuck their heads deep into the sand. This wave was easy to see coming. In 2009, we warned that collapsing trust was creating conditions in which “populist movements are certain to thrive.” But almost nothing was done to respond to a widespread and profound sense that the 1 percent had crashed the economy and the 99 percent had paid for saving it.

### COVID-19's Layers of Change

Three similar layers are emerging as this pandemic closes the world down. The first is a public health emergency that is likely to last for two years. The virus will remain a threat until a vaccine is developed, so countries are struggling to “flatten the curve” of new infections and keep their health systems afloat.

Italy has by far the world's highest infection rate, but fewer than 1 percent of Italians have been infected so far, even allowing for many undetected cases. With zero immunity to the new virus, 60 percent or more of any given population may eventually get the disease, so there's still a long way to go. The big variables are obviously how quickly a vaccine can be tested, manufactured and widely distributed; how quickly a new generation of treatments can cut the lethality of the virus; and whether rigorous contact tracing and testing can be used to replace a blanket lockdown with more targeted—and less disruptive—restrictions.

Then we have the pandemic's second-order effects. We have already seen how rapidly an infectious disease can devastate

## THE OUTBREAK HAS HIT AT A TIME WHEN THE INTERNATIONAL ORDER'S IMMUNE SYSTEM IS BADLY COMPROMISED.

financial markets. While British Prime Minister Boris Johnson told the media not to worry about systemic risks, it would come as no surprise if the eurozone again finds itself in trouble. **Even China may suffer**, as its export markets disappear and global supply chains fray.

Further out, we will face unpredictable interactions between the COVID-19 outbreak and our response to other global issues like refugee flows, conflict hot spots or climate change. In particular, there is a timebomb ticking in the world's "forgotten places"—refugee camps, prisons, shanty towns and the like. When people are packed together, viruses spread fast and illness may be exacerbated by a host of preexisting health conditions. Help for the furthest-behind will be slow to come, with well-founded fears that the official response will exacerbate patterns of discrimination and, in the worst cases, lead to serious human rights abuses.

**BELOW** President Donald Trump during a pressing briefing on the coronavirus at the White House, Washington, Feb. 29, 2020 (AP photo by Carolyn Kaster).



Third, there is the slow-burning social emergency that will build over the coming years and against which we have few defenses. Governments entered this crisis with trust levels already depleted and their societies polarized. They also have less money to invest in an effective response, as public finances are in much worse shape than they were in the runup to the 2008 shock. High levels of corporate and household debt further exacerbate the vulnerability of many countries.

In the U.S., President Donald Trump is already fueling fires by **railing against the "Chinese virus"** and blaming his own administration's incompetence **on his predecessor**, former President Barack Obama. In the coming months, we can be certain that a diversity of disruptive actors, with Russia in the lead, will be



working hard to widen such divisions.

### **Collective Action in the Age of Coronavirus**

International cooperation is needed for each of these layers, and we must make sure that the urgency of a public health emergency does not crowd out the need for slower-moving but still important priorities.

#### ***The public health emergency***

A shared global response provides governments the cover they need to take and sustain painful public health decisions. One of us—David—is living in the midst of Italy’s lockdown, and while **there’s currently widespread support** for a radical reduction in freedom of movement and association, it’s going to be hard to sustain if people are locked at home for a month or more. Politicians will be much better able to stay the course if they can show they are acting in lockstep with a group of like-minded governments.

Collective action is also needed to clear barriers to the development, manufacture and equitable distribution of a vaccine. International supply chains must be put on a wartime footing to produce the supplies needed, from masks to ventilators, to treat rapidly growing numbers of patients who need intensive care.

At times, forms of rationing may also be necessary, given panic-buying in some countries, notably the U.S. and the U.K. Indeed, this is **already being instituted informally**, with the responsibility for who gets what falling on the private sector. As in wartime, this is an opportunity for governments to call for equitable sacrifice and for people to rally behind the idea of “fair shares”—building a sense of collective responsibility and reinforcing a commitment to the common good.

#### ***Economic shocks and aftershocks***

Governments have now launched the first of what will be many waves of fiscal stimulus. This will be most effective if they act together and direct their resources toward those who need it

most. The world faces a demand shock, not a liquidity or supply crisis, which can only be solved by helping working- and middle-class people, not the elites who benefited disproportionately from the quantitative easing that helped pull the world out of the global financial crisis.

Many sectors of the global economy will demand—and need—a bailout, and **a wave of nationalizations is now beginning**. By working together, governments can institute measures where shareholders and creditors take most of the pain, while public funds are used to keep people solvent and get them back to work as soon as it is safe to do so. We certainly cannot afford to see a surge of evictions and repossessions as has been seen in previous crises.

The world's international development actors must also move onto a crisis footing. Poorer countries are younger demographically, so they may not see death rates comparable to those of China and Europe. But their populations are sicker, their health systems weak and their economies vulnerable. Even some—and perhaps many—rich countries are in the early stages of a humanitarian crisis.

With the global humanitarian system already on its knees due to unprecedented demand, an injection of resources will be urgently needed. Development organizations and institutions should already be retooling for a future where fewer developing countries will be able to thrive from export-driven economic growth.

Above all, this is the time to move beyond mere rhetoric about building more equal societies. Historically, **war has often led to sharp reductions in inequality**, as the wealthy pay a higher share of taxes and governments intervene in ways that cut the slice of the cake taken by investors.

With Treasury Secretary Steven Mnuchin warning that 20 percent of Americans **could soon find themselves unemployed**, cash transfers are needed in the short term, and a basic income in the medium term. Debt forgiveness should also be considered.

Initially, these measures can be paid for through public borrowing, but eventually the rich will have to foot much of the bill, with more of the burden of taxation shifting from labor to

wealth. Otherwise, we believe it is inevitable that capitalism itself will increasingly be called into question.

### ***Rebuilding hope and cohesion***

We must not repeat the mistakes of 2008 and allow popular anger to fester. Neither can democracies afford to let a

sentiment take hold that authoritarian governments were better at responding to this challenge.

China is already contrasting its decisive response to the COVID-19 outbreak with the blundering of democratic systems. Chinese media are now **showering President Xi Jinping with praise** for saving the nation, while the country's embassies have launched a **global propaganda campaign** that seeks to deny that the virus originated within its borders. Written out of this revisionist



ABOVE Kenyan nurses at the infectious disease unit of Kenyatta National Hospital, Nairobi, Kenya, Mar. 6, 2020 (AP photo by Khalil Senosi).

history is how the government suppressed a wave of protest triggered by its early coverup of the epidemic.

The Chinese health system has valuable experience to offer and should, of course, be embraced as a partner. But democratic governments must build models that are true to their own values, fighting the pandemic not just with the consent of their citizens, but through the active participation of all parts of society.

That means bringing leaders from civil society, faith groups, youth organizations and businesses into the heart of the emergency response from the beginning, with key individuals given the security clearance needed for them to contribute to strategic planning. Global business can help by creating new standards for productive virtual working; ramping up production of life-saving products, as **a group of CEOs** convened by the World Economic Forum is already trying to do; and proposing plans for protecting jobs in industries at risk of being destroyed by the pandemic.

Social media companies and news organizations will have an especially important role in **framing how we think about the outbreak**, particularly when it comes to countering the spread of misinformation and conspiracy theories on their platforms. They will help determine whether people move into “fight-or-flight” mode, favoring the individual over the collective, or instead “tend-and-befriend,” in a way that promotes empathy and **insulates us from extremist views**.

Grassroots organizations are mobilizing in impressive numbers and must be funded so they can be most effective in protecting the vulnerable, providing virtual services, offering psychosocial support in tackling loneliness and starting on the hard work of rebuilding community-level resilience.

Those who, having been infected, have developed immunity will become a precious resource, as soon as a **serological test** can be used to detect antibodies. Democratic governments should invite them to join a global network of volunteers—call it the COVID-Positive Corps—exempting them from social distancing and freeing them to help vulnerable people and communities survive.

Governments must also **scale up their communication expertise**. Many are doing a horrible job of explaining to their citizens what they are doing and why. Very few, if any, have thought about the need to listen to people and communities during the crisis.

Finally, we must start mitigating the intergenerational impacts of the pandemic and renewing the social covenant between old and young. The world has shut down in order to protect its older people. If we were all under the age of 65, the most effective strategy might be to allow the virus to spread, while trying to protect those with preexisting conditions.

As it is, the young are being asked to sacrifice and step up for the old. The vast majority accept that their parents and grandparents are rightly our immediate priority, but solidarity between the generations must work both ways. The redistribution of wealth from older people with assets to younger people with little to their name is part of the answer. As young people are asked to sacrifice their education, it is



## AS IN 2008, THE URGENT IS HIGHLY LIKELY TO CROWD OUT THE IMPORTANT. DECISION-MAKERS SHOULD CREATE SPACE TO PLAN FOR THE MEDIUM- AND LONGER-TERM CHALLENGES.

essential that school and university budgets are protected and not diverted to pay for urgent health needs.

This is also the time for older generations to support the decisive action on climate change and on more sustainable, equitable and resilient patterns of development that many younger voters desperately want. Space must be kept open for these priorities in a critical year for the Paris Agreement on climate change and for the United Nations' Sustainable Development Goals, which offer the closest

thing we have to a global blueprint for future resilience.

As industry and travel grind to a halt, leaders around the world should **declare 2019 the year of peak emissions** and launch a Green New Deal that turns this downward trend into accelerating progress toward decarbonization. This is the time to make tough decisions—for example to prevent short-haul air travel from ever returning to pre-pandemic levels—while also creating jobs at the scale needed to build zero-carbon economies.

Without a doubt, powerful vested interests will lobby for their own bailouts, while arguing that pro-climate measures are too expensive and should be delayed once again. By cooperating across borders, progressive governments, global civil society and green businesses can face these interests down and give us all much-needed hope in a better future.

### Next Steps

In 2008 and 2009, a series of emergency summits were held in quick succession to address the global financial crisis. In today's world, although collective action should not be taken for granted, we anticipate that, as in 2008, governments will manage to pull together to coordinate responses, and that this

will lead to improved availability of the supplies needed to prevent infections and treat the sick.

We also expect that new treatments will become available—perhaps more quickly than expected—and hope that a vaccine will be available and widely deployed within 18 months. Mass testing may also **allow a shift** from a blanket lockdown to more targeted restrictions.

But as in 2008, the urgent is highly likely to crowd out the important. We urge decision-makers to create space to plan for the medium- and longer-term challenges identified here, and to start immediately developing options for a world after the pandemic has been brought under control.

In the past, systemic crises have led to major moments of multilateral innovation. The United Nations and International Monetary Fund were created in the wake of World War II; what would become the G-7 after the 1973 oil shock; and the G-20 as a heads of state and government forum after the 2008 financial crisis.

As yet, it is too early to say what form this innovation should take, but it is time to begin addressing this question. The COVID-19 pandemic is a new kind of crisis, one that involves the behaviors and beliefs of billions of people and that has public health, economic, political, social, psychological and cultural dimensions.

In a networked world, new forms of cooperation will be needed that thoroughly blur the line between state and nonstate actors. We must all decide whether to see ourselves as separate islands or as part of “a **Larger Us**” that understands, and acts on, our irreversible interdependence. As other global crises press in, this is a test we can’t afford to fail.

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# WHAT IT WILL TAKE TO SAVE ECONOMIES FROM THE CORONAVIRUS PANDEMIC

**By Daniel McDowell | March 2020**

In 1873, Walter Bagehot, a prominent businessman in British high society and a journalist who served for 16 years as editor-in-chief of *The Economist*, wrote a treatise on banking and finance in which he left his most enduring mark on the world. In “*Lombard Street: A Description of the Money Market*,” he laid out a playbook for policymakers facing an unfolding economic and financial crisis. When up against such a challenge, Bagehot asserted, leaders must enact a policy response that is both swift and large. “By that policy,” he argued, “they allay the panic; by every other policy they intensify it.”

Economic policymakers around the world today find themselves facing an incredible challenge. As the novel coronavirus spreads, governments are swiftly implementing drastic measures to limit the scope of the pandemic, including banning public gatherings, closing national borders and shuttering all non-essential businesses.

These emergency measures are unquestionably justified, as millions of lives hang in the balance. But they have hit economies with a shocking intensity that seems to get worse by the day. Entire economic sectors have been shuttered and seemingly carved out of society in less than a week. The wrenching effects of these unprecedented events hit hardest at the individual level in the form of wage cuts and job losses.

Viewing the crisis from a higher altitude, however, financial markets are responding to widespread fears about the

pandemic's aggregate economic impact. Global equity markets are volatile. In the United States, stocks have **lost three years of gains in less than a month**. In Europe and Asia, **equity and bond markets have been hammered**.

Now, governments that have shut down economies in order to contain the virus are working furiously to implement countermeasures that they hope will limit the long-term damage of those actions. They are using all levers available to them: monetary policy and fiscal measures, national interventions and international cooperation. Will any of it work?

Bagehot's ideas suggest that two things are key to maximizing the chances that policy interventions have their intended effect: speed and size. The economic policy response must come swiftly in order to calm market fears before irreparable damage is done. What good is a fire truck if it arrives after the house has burned to the ground? The response must also be sizeable. In times of panic, half-measures are rendered useless. Indeed, they may even be counterproductive by

BELOW Traders at the New York Stock Exchange watch President Donald Trump's televised White House news conference, March 18, 2020 (AP photo by Mark Lennihan).





sending ominous signals that governments are either unwilling or unable to muster the kind of response that is needed. What good is a fire truck if it runs out of water?

So far, policymakers have hewed closely to Bagehot's playbook. In comparison to the 2008 global financial crisis—a proximate, if imperfect, analog to the coronavirus crisis—governments and central banks have moved quickly and appear to understand that historically large programs will be needed. Yet more can and should be done, especially at the international level. There is still time to move, but the clock is ticking.

Beyond that pressure, the unique character of today's crisis raises an additional element of the response that policymakers must weigh, one that is outside of Bagehot's prescription of size and speed. That is the matter of sustainability.

Our present crisis is, first and foremost, a health crisis. The bans on travel and public gatherings are not truly optional, and must be sustained until the worst of the pandemic passes—yet it is not clear how long that will take. How long will COVID-19 force governments to limit international and domestic travel? How long must restaurants, coffee shops, hair salons, boutiques and the like remain shuttered? How long before schools and universities can once again begin educating pupils? We don't know the answer to these questions today. This is the greatest uncertainty among a large pile of uncertainties.

Policymakers can act swiftly. They can even act boldly by implementing historically large rescue programs. But their policies also need to be structured with a view toward sustainability. The longer the pandemic lasts, the more difficult things will get. Swift, large and sustainable—this is what our present moment demands. Can policymakers deliver?

### **Central Banks Swing Into Action**

As largely independent, technocratic institutions, central banks have a significant advantage when it comes to dealing with an unfolding financial crisis: their ability to respond quickly. The

former chair of the Federal Reserve, William McChesney Martin, once noted that America's central banking system was uniquely empowered to "undertake the task without new legislation and the inevitable horse-trading that went with it."

The autonomy and agility of monetary authorities like the Fed have been on immediate display as the pandemic has spread across the globe. In addition, central banks' recent experience with the 2008 global financial crisis has aided their understanding of the steps that need to be taken to stabilize the system.

In this pandemic, as with previous economic crises, the first salvo by central banks has been to ensure that there is enough liquidity in domestic credit markets. As economic activity has ground to a halt, hard-hit businesses have watched their revenue streams dry up, forcing them to look to the banking system for credit lifelines. Yet when many businesses rush for aid together, financial systems can find themselves under strain. Moreover, economic uncertainty can cause banks to hoard cash, gumming up functioning of the banking system. Such reactions push the cost of credit higher at precisely the time when it needs to be falling.

In the United States, **the Fed has slashed its baseline interest rate** by more than 1.5 percentage points since early March, bringing rates near zero, as it did in 2008. During the global financial crisis, the Fed responded more incrementally. It began cutting rates in the fall of 2008, but they did not reach the levels that they are today **until mid-December of that year**—a full three months after the collapse of Lehman Brothers, the central inflection point of that crisis. In comparison, the response today has been decisive and swift.

The Fed has also **resumed large-scale asset purchases**—or what is often called quantitative easing—buying up hundreds of billions of dollars of Treasury bonds from private banks. The effect is to pump cash directly into the banking system, increasing the money supply by easing credit conditions and, hopefully, raising aggregate demand in the process. The Fed's asset purchases have already increased at a faster clip than they did during the worst period of the 2008 financial crisis.

Finally, in a notable move, [the Fed announced on Monday](#) that it would be buying high-quality corporate bonds for the first time. This is an unprecedented move to pump cash into the economy.

In contrast, the European Central Bank and Bank of Japan have limited room to maneuver with conventional monetary policy responses, as their interest rates are already below zero. Still, they have quickly implemented massive asset purchase programs to provide their respective economies with a jolt. [Japan's central bank is buying up bonds and stocks](#) while also offering one year, interest-free loans to cash-strapped firms. Last week, the European Central Bank rolled out the aptly named "Pandemic Emergency Purchase Program," a commitment to spend more than \$800 billion, buying up bonds, including Italian and Greek government debt.

In China, where the coronavirus outbreak began and where its economic effects were first felt, the [People's Bank of China began to intervene in Chinese financial markets](#) as early as Feb. 1 by pumping the equivalent of \$174 billion into the banking system. It has maintained its liquidity operations in the intervening weeks as necessary. China's central bank has also [slashed lending rates](#) to their lowest levels in nearly four years, [though many observers](#) feel it has not eased enough.

There has also been an encouraging level of international cooperation between central banks as market conditions have deteriorated, with the Fed and its partners acting with great speed and size to ease access to dollars in financial markets outside of the United States. The dollar is central to the world economy; it is the most widely used currency in trade settlement, trade finance, debt issuance and cross-border payments. Yet dollars have become increasingly scarce as demand for the currency has surged in recent weeks. Financial indicators revealed that banks are charging each other more for dollar credit. One such measure, the [TED Spread](#), has reached levels not seen in over a decade, indicating dollar credit markets are tightening up.

Without access to the greenback, foreign firms or financial institutions could run into problems servicing their dollar-based



ABOVE Treasury Secretary Steven Mnuchin, center, during negotiations on the stimulus package on Capitol Hill, Washington, March 23, 2020 (AP photo by Andrew Harnik).

## ECONOMIC RESPONSES TO THE CORONAVIRUS NEED TO BE STRUCTURED WITH A VIEW TOWARD SUSTAINABILITY. THE LONGER THE PANDEMIC LASTS, THE MORE DIFFICULT THINGS WILL GET.

debts, and firms involved in trade could find it difficult to secure the dollar financing they need to complete their deals. Foreign governments and firms would likewise **struggle to pay back** dollar-denominated debt as dollar appreciation increases debt repayment burdens, threatening a wave of international defaults.

In response, the **Fed has resuscitated the “currency swap lines”** that it first opened during the 2008 financial crisis. These

deals effectively operate as credit lines to select foreign central banks, which can use the dollars they borrow to provide liquidity to banks in their jurisdictions. The Fed **first announced in mid-March** that it was taking steps to increase the effectiveness of its five existing swap lines with the Bank of Canada, Bank of England, Bank of Japan, European Central Bank and Swiss National Bank. These arrangements have no limit on the amount of dollars a partner can acquire. Then, just days later, it **announced** that nine more central banks were being added to the program, bringing the total number of

participants up to 14—the same number of participants the Fed partnered with between 2008 and 2010.

Back then, though, it took 45 days after Lehman’s bankruptcy to fully implement that program. Today, the swap network has been revived at a breakneck pace. Moreover, the 2020 swap program is larger, making an additional \$225 billion available to participants. Early signs indicate the Fed’s generous provision of dollars to the world economy has **helped to stem the currency’s appreciation**, somewhat alleviating concerns about



debt burdens. The move also **appears to have eased dollar-funding strains** in interbank markets.

Central banks have carefully followed Bagehot's crisis playbook. Their responses so far have been swift and sizeable, and have done much to prevent the unfolding economic crisis from turning into a full-blown financial crisis. But monetary policy alone cannot save the world economy. It is, as is often said of it, a blunt instrument. It cannot put money directly into people's pockets, nor can it target sectors hit hardest by the crisis. As **Powell said last week**, "fiscal responses are critical," too.

### **The Slower Government Response**

Unlike central banks, governments lack the kind of agility often needed in times of crisis. This can be especially true in democracies, where partisan politics can get in the way of the policymaking process.

Recall that during the global financial crisis, the United States was slow to implement the fiscal stimulus that was so direly needed. Part of the delay had to do with the timing of the crisis, which happened to overlap with the 2008 elections. Yet even after President Barack Obama took office in January 2009, politics delayed a fiscal response. The American Recovery and Reinvestment Act, first introduced just days after Obama's inauguration, was contentious. **No Republican** in the House of Representatives and only three in the Senate voted to support the \$800 billion stimulus bill, opposing it largely due to concerns about its effects on the budget deficit. Ultimately, the bill passed into law on Feb. 17, 2009—a full five months after Lehman's collapse. In retrospect, many experts have **panned the bill as too little, too late**.

Today, there appears to be a greater sense of urgency in Washington regarding the need for swift, decisive and major fiscal action. U.S. lawmakers are currently hashing out the details of a bill that will likely involve direct cash payments to all Americans, extended unemployment insurance and direct aid to

industries hardest hit by the COVID-19 pandemic, such as airlines. Policymakers have signaled the eventual deal will have a price tag somewhere between **\$1.3 trillion and \$2 trillion**, or between 5 and 10 percent of America's GDP. While **partisan squabbling** continues to delay agreement, expectations remain high that the two sides will reach a deal this week.

In Europe, Germany responded late to the 2008 financial crisis with a **\$63-billion stimulus plan** that was only enacted in February 2009. In a signal of how seriously it is taking the present crisis, Chancellor Angela Merkel's government is already poised to introduce the **most ambitious fiscal stimulus plan in modern Germany history**: a massive \$160-billion intervention in the economy. The **United Kingdom** and **France** are working on their own historically large spending plans.

Europe and the United States, in this way, have adopted something of a united fiscal front. Though the final packages are still being hammered out, the initial efforts have been both fast and large, even in comparison to their responses to the last major global economic crisis.

The story is a bit different in Asia, where the two leading economies, China and Japan, have yet to employ fiscal measures on par with their Western counterparts. Japan has committed to a **modest \$4.1 billion stimulus plan**, though it appears to be **weighing a much larger one**.

For its part, Beijing is prepared to go forward with a **plan to increase spending on infrastructure** to the tune of \$394 billion. But this is smaller than the **government's response to the 2008 crisis**, which amounted to \$580 billion. For now, at least, Beijing appears **reluctant to implement a more aggressive fiscal response** that would quickly boost Chinese consumption.

This reluctance points to a possible snag facing the global economic response to the coronavirus. U.S.-China relations have declined substantially over the past decade, and especially since President Donald Trump took office. Years of escalating trade tensions and other concerns about China's rise have now mixed with verbal attacks since the coronavirus outbreak, with Trump

insisting on calling COVID-19 the “Chinese virus,” and Chinese government officials **suggesting that the U.S. military planted the virus in Wuhan**. Meanwhile, many key figures in the Trump administration are **using the pandemic** as evidence of the risks of overdependence on China, and pushing for policies that would further **sever economic ties between the two countries**.



**ABOVE** Streets and sidewalks are mostly empty near the New York Stock Exchange, March 16, 2020 (AP photo by Craig Ruttle).

The 2008 financial crisis resulted in the elevation of the G-20 from a somewhat obscure meeting of finance ministers to the world’s premier forum for global economic cooperation. It played an important role in coordinating fiscal policy around the world in 2009. Can it do the same in response to this pandemic? The G-20 is **set to hold a “virtual” summit** this Thursday. But what are the chances that the United States and China will play nice with each other in the current climate? What **incentive**

**does Beijing have** to coordinate with Washington if the Trump administration is bent on pursuing a hard decoupling of the two economies?

A more aggressive fiscal stimulus in China—particularly one centered less on infrastructure and more on increasing Chinese consumption—could do a lot to help revive global growth. Its effects would be amplified if it were enacted alongside the massive interventions underway in the United States and Europe. But, for now, politics seems poised to get in the way of such an outcome.

### ‘Allay the Panic’

The collective response to the coronavirus pandemic, so far at least, appears to be following Bagehot’s guidelines. But how long can governments and central banks sustain their unprecedented interventions? Can they really “allay the panic”?

The sudden economic crisis brought on by this pandemic is unlike any other experienced in modern times. Its root cause is not found in the banking system, or in unbound global capital flows, or in economic policy. The cause is found in human lungs in the form of a microscopic pathogen. Economic policy responses—no matter how swift, no matter how heroic in size—cannot end this crisis. Defeating the virus is the only way to do that. And because scientists still know so little about this virus, it is not possible to predict how long the pandemic will last.

Optimists suggest that, perhaps, the virus will fade as warmer weather arrives in the northern hemisphere. With aggressive public health interventions now, like quarantines and social distancing, perhaps life could return to normal by the middle of the summer. However, more pessimistic models suggest that the extreme measures currently being taken may need to continue until a vaccine is developed and widely available. If true, **this is just the beginning of an 18-month battle.**

Neither of these scenarios is encouraging to economic policymakers. However, if the more dire predictions are correct, then the current policy interventions are almost certainly too limited to have any meaningful long-term effect in stabilizing economies.

One-time cash payments will help those who have lost their jobs for one month, perhaps two. But what then? Landlords and banks can defer rent and mortgage payments for 90 days, or perhaps a bit longer, but not for 18 months—not without some unprecedented intervention, that is. **The same goes for businesses,** which, even with unparalleled government support, may fail to survive if the pandemic lasts as long as some fear. Will a **bailout of the airline industry** be enough to sustain aviation if international travel is seriously restricted well into next year?

If the public health pessimists are correct, swift and sizeable interventions today will not be enough. Yet sustaining the current economic measures will be difficult, especially for governments. First, politics may get in the way. While most Republicans appear to support fiscal stimulus today, there are elements of the party that **remain ideologically resistant to it.** If



a second major stimulus is required in the fall to aid ailing workers and businesses, it is unlikely it will garner the same level of support that appears to exist today. As in 2009, debates about the spending bill's effect on the budget deficit may delay and possibly derail such an effort.

More worrisome, the unprecedented policy responses to the current crisis may result in new crises of their own. Nowhere is this more apparent than in Europe. Italy, which has suffered the largest human cost of the pandemic to date, has **responded with its own major fiscal stimulus package**. The stimulus is necessary, but it raises concerns about Italian debt levels. Even before the coronavirus reached Italy, Italian debt totaled 120 percent of the country's GDP. That number will balloon significantly over the next year as the Italian economy shrinks and its debt levels rise higher.

Italian Prime Minister Giuseppe Conte's government will have to find buyers for increasingly risky Italian debt. The European Central Bank is doing its part, pledging to purchase large amounts of Italian bonds. But that will not be enough. The European Stability Mechanism, created when the continent's debt crisis began unfolding 10 years ago amid the Great Recession, may be called into action.

The longer this all drags on, the more likely things will not end well. Even **optimists like Olivier Blanchard** at the Peterson Institute for International Economics have warned that "Italy's debt is sustainable unless the ... crisis turns out to be even worse than we currently expect." If extreme lockdowns must be maintained well into the fall, the economic damage will be unimaginable. In that case, Europe may find itself back where it was a decade ago: facing questions about the fate of the common currency and the broader European project itself.

Frankly, we just do not know how this will end. On the whole, though international cooperation needs to improve, central banks and governments have responded well. They have learned from the 2008 financial crisis, and have been quick to resurrect tools that have worked in the past. Governments have

also moved quickly on historically large stimulus packages. Yet all of these actions will have questionable results because of the unknowns that distinguish a pandemic from a financial crisis. Without knowing how long the public health emergency will last, policymakers cannot be sure that their economic policy responses today will give the economy the boost it needs to make it through to tomorrow.

This is the hard truth. Policymakers may be doing all the right things by following Bagehot's playbook, and yet they may still fail.

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# BUILDING TRUST, CONFIDENCE AND COLLECTIVE ACTION IN THE AGE OF COVID-19

By Alex Evans and David Steven | April 2020

The Chinese government first reported “[cases of pneumonia of unknown etiology](#)” to the World Health Organization on Dec. 31, 2019. A week later, the new virus responsible for the disease outbreak was identified. Less than 100 days later, we no longer live in the world we woke up to on New Year’s Day.

We have now reached a critical period in the response to the coronavirus pandemic that has unfolded around the world in that short period. Most governments seem to be constantly lagging a few weeks behind the curve in their reactions to the crisis. Few can take much pride in how they have handled it so far.

As a result, public confidence is suffering, with trust and goodwill beginning to vanish before our eyes. At a time when solidarity is more necessary than ever, forces that polarize and divide societies are gaining force. Even medical experts in the public eye are coming under fire, with Dr. Anthony Fauci, one of the leading infectious disease authorities helping to guide the American response, [forced to beef up his security detail due to death threats from COVID-19 deniers](#).

At the same time, it is not too late for national and international leaders, as well as individuals at the grassroots level, to formulate a dynamic, innovative and diverse response to the pandemic that has the power to surprise and inspire. Just as the threat is shared, so the response must be collective too. As the [evolutionary biologist Carl Bergstrom put it](#), “We may not act like we’re all in this together, but in a pandemic, like it or not, we are.”



ABOVE A nurse attends to a woman at a COVID-19 screening center at Chulalongkorn University in Bangkok, Thailand, April 1, 2020 (AP photo by Gemunu Amarasinghe).

## TENS OF MILLIONS OF LIVES NOW DEPEND ON WHETHER WE CHOOSE A “LARGER US” APPROACH TO THE CRISIS, OR INSTEAD POLARIZE INTO “THEM AND US” DYNAMICS.

“Larger Us” approach to the crisis, or instead polarize into “Them and Us” dynamics.

After a period of denial, the world’s leaders at least now understand the seriousness of the threat they face. Even U.S. President Donald Trump has grasped reality, **albeit convinced not by the experts**, but by unnamed friends who “can’t believe what they’re seeing.”

The more somber tone adopted by his administration was informed by scenarios based on an **epidemiological model from Imperial College London** of the pandemic’s spread and impact. In the best case, according to this model, with

successful social distancing, 100,000 to 240,000 Americans will die. In a worst-case scenario, if the virus is left to spread unchecked, 1.5 million to 2.2 million people will perish.

A crude extrapolation to a global level, which admittedly does not account for demographics or the impact of preexisting conditions, gives a best-case toll of 2 million to 5 million deaths. In a worst-case scenario, 31 million to 46 million could die. Pandemics can certainly be this fatal. The so-called Spanish flu is

In 2003, after the disastrous U.S. invasion of Iraq called into question the international community’s capacity to act collectively, the United Nations’ then-secretary-general, Kofi Annan, **warned that the world was at a “fork in the road.”**

Seventeen years later, in the thick of the COVID-19 crisis, the situation is much starker than that: We are on a knife-edge. Tens of millions of lives, as well as billions of futures and trillions of dollars, now depend on whether we choose a

estimated to have killed 50 million people in 1918 and 1919, at a time when the world had a much smaller population.

But the current crisis is moving so fast that collective responses are struggling to keep up. The complexity of the challenge seems to be increasing at the same exponential rate that infections are spreading. Policymakers find themselves trapped in a hybrid game of “whack-a-mole,” where new problems reappear as soon as old ones have been addressed, and Tetris, where new challenges of varying dimensions must be managed ever faster, as the player’s cognitive horizons steadily diminish.

In the past week, for instance, the world has woken up to the scale of the displacement crisis triggered by a wave of poorly designed national lockdowns. In India, the massive exodus of newly unemployed migrant workers from urban centers is said to be the country’s largest population transfer since Partition. Riots have erupted in China and the Philippines, while the Italian and Spanish governments are increasingly concerned at the fraying of their countries’ social contract.

Meanwhile, the economic crisis caused by local and national shutdowns lurches daily from bad to catastrophic. In the U.S., unemployment claims have surged by 3,000 percent. The Federal Reserve Bank of St. Louis projected that almost a third of American workers could find themselves unemployed—numbers not seen since the Great Depression—and no one batted an eyelid.

Developing countries that are next in line for the pandemic’s spread now face a wave of economic destruction. Many are already experiencing savage capital outflows, even as they struggle to assemble stimulus packages after years of gorging on debt. Combined, economies in Africa may contract by up to 8 percent of GDP, while India and China are seeing their export markets evaporate. The World Bank has warned that 11 million people could be pushed into poverty in Asia alone.

And then, of course, there’s the dizzying rise in infections and the shocking number of associated deaths in the past seven days. Trump is not alone in waking up to the gravity of



the situation. With more than a million people infected, this has been the week where COVID-19 has moved from being a threat that is “out there” to an infection inside everyone’s homes, communities and social networks.

## Shooting the Rapids

In a [recent interview for World Politics Review](#), Britain’s former chief emergency planner, Bruce Mann, told us that pandemics top every government’s list of potential threats. So regardless of how well or poorly the world responded to COVID-19, “it was always going to be horrible.”

Let’s push that further. In this pandemic, a rule of thumb for decision-making will be to expect the worst, and to prepare to face it with limited bandwidth, stretched resources and a workforce that is struggling from top to bottom with infection, exhaustion, isolation and grief.

Back in 2010, in the aftermath of the global financial crisis, we co-authored a paper with Bruce Jones—now director of the Brookings Institution’s program on international order and strategy—[mapping out the long crisis of globalization](#). In it, we explored the challenge of evaporating bandwidth, and likened navigating the long crisis to shooting the rapids of a whitewater river, a metaphor drawn from [Shell Oil’s scenario planning in the 1970s](#).

A boat can take many paths through whitewater, but most of them end with it destroyed on the rocks, or capsized and its occupants dumped into the rapids. As we wrote in 2010, “It is the river, not the paddler, which dictates the speed with which the boat moves. There is no opportunity to take a timeout to rethink strategy or to reverse direction.” The only option is to keep paddling, even as rough water makes it harder control the boat. Above all, the challenge is a collective one: The direction of the boat “depends not on the weakest rower, nor on the strongest, but on the efforts of all the rowers,” as Columbia economist Scott Barrett wrote in his book “[Why Cooperate?](#)”

This pandemic is like a stretch of especially perilous whitewater, with the virus controlling the tempo. Even best-case outcomes will be messy; much will be lost even if we make it to smooth water ahead. And those who are willing to row together must resist both the spoilers who actively pursue a path of destruction, and the tendency to retreat into polarization at a time when so much depends on the willingness to work collectively.

Though it may be hard to discern amid the chaos, much of this work has already begun. The science is moving at a dizzying pace. During the first 100 days of the pandemic, 45,000 research papers have been collected in an [open source database](#). Many countries have already performed hundreds of thousands of tests and will soon have the [capacity to distribute millions](#) through Amazon and other platforms. When China built two hospitals in 10 days, it seemed an impossible feat. [Europe](#) and [America](#) are now building, equipping and staffing intensive care wards at a similarly impressive pace.

Waves of innovation are taking shape in other sectors, too. A massive shift to online working has kept economic activity alive, with the internet—[originally designed](#) as “a communications network for humanity during a crisis”—so far coping with the pressure. Companies, [large](#) and [small](#), have rushed to expand delivery channels that can reach people at home, although not without further highlighting the divide between blue- and white-collar workers.

With more than 1.5 billion children and [young people barred from their schools and universities](#), educational administrators are [scrambling to provide online learning and support parents](#) who find themselves as stand-in teachers. If it has taken 10 years for telemedicine to disrupt health care, the evolution of its educational equivalent looks set to unfold in as many months.

Justice systems are also on the front line as they struggle to police the lockdown, stop prisons from collapsing, maintain public order and stay on top of their normal workload. In normal times, [innovation is routinely blocked](#) by rigid regulations and monopolistic bar associations. Now, suddenly,

courts are shifting online, while large-scale prisoner releases are turning mass incarceration on its head.

The most intense efforts are happening at the grassroots level within communities, as people rally to feed, care for and support the people they live close to. While this explosion of bottom-up activism may be happening locally, it is

organized

on global platforms through a mishmash of “google docs, resource guides, webinars, slack channels, online meetups, peer-to-peer loan programs, and other forms of mutual aid.” The effort can expect to receive top-down support as funds start to flow and civil society’s major players work to

build a robust backbone.



**ABOVE** Women wearing face masks walk past a billboard by artist Mark Titchner, London, April 7, 2020 (AP photo by Matt Dunham).

## Building Trust and Cohesion

In a [previous article for World Politics Review](#), we proposed an initial plan for responding to three interlocking emergencies generated by the COVID-19 pandemic: a public health disaster that is unlikely to fully end for two years; an economic, employment and financial crisis that will take five years or more to unfold; and a political, social and cultural dislocation that will transform societies over a generation.

We called for governments not to lose sight of the slower-moving crises, even as public health priorities gobble time and resources. The economic pain is only just beginning, but governments are rolling out stimulus packages at a faster pace than after the shock of the global financial crisis in 2008.

These measures are imperfect, but there is at least a willingness to direct money toward people and their needs, rather than simply filling the pockets of big business. In the coming months, governments will need to resist the clarion call of lobbyists and keep the corporate snout out of the bailout trough. Citizens are sacrificing so much during this pandemic

that any economic reset must tackle inequality and ultimately be paid for by the elites who appropriated an unacceptable share of wealth in the pre-pandemic years.

But so far, governmental reactions to the pandemic have neglected the political, social and cultural foundations of collective action, which are now eroding fast. To go back to the metaphor of shooting the rapids, we are most likely to survive the COVID-19 crisis if we empower everyone to row, rather than centralizing decision-making, scaling up surveillance and increasing coercion.

But this requires an effort to protect trust, sustain cohesion and neutralize the forces that push us apart. So, here is the outline of a plan to promote collective action and harness the power of the “Larger Us.”

***Tell a story of hope.*** Eighty years ago, when Winston Churchill gave his “**Finest Hour**” **speech** following the French capitulation to Nazi Germany in June 1940, he was unflinching about the gravity of the threat the U.K. and all of Europe faced. But he forbade recriminations—“if we open a quarrel between the past and the present, we shall find that we have lost the future”—and reignited national belief in a better future. Leaders must similarly rise to that challenge in today’s pandemic. But in an age of social media storytellers, so must the rest of us.

***Defend the science.*** Scientists have enough to contend with today without fake news, conspiracy theories and hate mail making their jobs even more difficult. A vaccine for the coronavirus is still a long way off, but the anti-vaxxer movement is already rallying to resist it. Lecturing people won’t help. Instead, U.N. Secretary-General Antonio Guterres should assemble names and institutions people can trust by setting up a rapid-response version of the Intergovernmental Panel on Climate Change, the scientific body that has taught the world so much about the climate threat. This expert panel would provide briefings on the pandemic every week, including an update on the response, and answer crowd-sourced questions from the global public.

## WE MUST RESIST THE TENDENCY TO RETREAT INTO POLARIZATION AT A TIME WHEN SO MUCH DEPENDS ON THE WILLINGNESS TO WORK COLLECTIVELY.

***Counter the forces that divide.*** Social media algorithms are having a field day frightening and outraging us, with sections of the media following suit as they seek to protect shrinking profits. Activists, too, can thoughtlessly polarize as they battle for their issues and “asks”—and for funds. Collectively, we need to invest in solutions journalism, block trolls and grifters, and spread the awareness that anything we click on, we amplify.

***Take mental health seriously.*** Even for those of us who have not been infected by this coronavirus, the pandemic has burrowed deeply into our minds and hearts. In the months ahead, we will be acutely vulnerable to loneliness, anxiety, boredom and—increasingly—grief. We need a **psychological relief operation** to airdrop assistance to people in managing their emotional and mental states. And even as we stay apart physically, we will need to develop deeper forms of online interaction to nurture our sense of belonging.

***Give everyone a role.*** Never in recent history have governments placed so much collective energy into telling people what not to do: meeting or moving, touching faces or each other, buying too much food or too little. But bossiness alone will not be enough to sustain the public resolve necessary for an effective response. People are desperate to help. When the **U.K. government recently asked for health volunteers**, more than 750,000 people signed up immediately. Governments need to recognize, respect and above all act on people’s need to be involved as part of the solution.

***Nurture the grassroots.*** Governments must also get to work fast to support community responses. “**Covid mutual aid**” associations are springing up all over the world, and they will inevitably take on additional roles as the crisis broadens. But self-organized efforts will only sustain themselves for so long. Governments, civil society networks and foundations must figure



out how to support, empower and work with them. Above all, new mechanisms are needed to efficiently get small amounts of funding to very large numbers of groups—and to do this visibly so communities know that help is reaching them from outside.

***Enforce lockdowns fairly.*** Lockdown restrictions have made many things scarce, from fresh air and a **social life**, to sex between people who don't live together. Citizens are now acutely sensitive to the nuances of these rules and the fallout from their imposition. **Nitpicking when it comes to enforcement only fuels resentment.** Serious abuses by the police and security forces could trigger flashpoints that could upend national cohesion or generate grievances that could fester for a generation.

***Confront new inequalities.*** When it comes to social inequality, the new front lines are between those who have food supplies or toilet roll, a white-collar job that can be done from home, or access to outside space—and those who don't. Stimulus packages address some of the impact of these inequalities, but nowhere near enough, and discontent is already stirring. Policymakers must watch for shifting markers of privilege and status, responding rapidly with targeted support for the new "left behind."

People are desperate to help. Governments need to recognize, respect and above all act on people's need to be involved as part of the solution.

***Deter profiteers and free riders.*** Many businesses are stepping up by innovating, sustaining supply chains or keeping staff on. But others have been guilty of selfish or extractive behavior. The global business community should urgently agree on a set of principles for responsible behavior in this crisis and ask all firms, large and small, to publicly endorse them. And multinational businesses seeing growing profits, particularly the technology giants and Big Pharma, should immediately end their rearguard action against fair global taxation, or accept the inevitable alternative of a populist and progressive backlash.

***Take it global.*** As people die in growing numbers, national governments and their leaders are treating COVID-19 as a new

forum for competition. Whether it's [Trump blaming China](#) for the outbreak or [China's conspiracy theories](#) about the U.S. Army introducing the disease, alongside [Beijing's showboating public diplomacy](#), the squabbling is counterproductive. The U.N. should urgently reconfigure its [75th anniversary commemoration](#), currently scheduled as a high-level summit on the theme of multilateralism on Sept. 21. Instead, it should announce a "Larger Us" summit—virtual, of course—that will build a collective movement stretching from the global to the local for today's emergency and tomorrow's recovery.

COVID-19 is the greatest systemic crisis that all but the oldest citizens around the world have lived through. It hit when many institutions and the social fabric were already looking worn.

We now face one of two futures: a breakdown, where infections and deaths are very high, economic impacts are savage, and we turn on each other just when we most need to combine our efforts; or a breakthrough, where the toll of the pandemic is still heavy, but our capacity for collective action grows.

Which of these paths we take will be the result of a choice—or the aggregation of choices made by thousands of political leaders, millions of organizations and groups, and billions of people. All of us are the authors of a story being written in real time. And we still have time to make it a tale of hope rather than of tragedy.

*David Steven is the founding director of the [Pathfinders for Peaceful, Just and Inclusive Societies](#). Alex Evans is the founder of the [Collective Psychology Project](#). Both are senior fellows at New York University's [Center on International Cooperation](#).*

# WHY TACKLING CORRUPTION IS CRUCIAL TO THE GLOBAL CORONAVIRUS RESPONSE

By Blair Glencourse | April 2020

The dusty border town of Taftan in western Pakistan is a frequent stopover for religious pilgrims. Many members of the country's Shiite minority pass through it en route to visit holy sites in neighboring Iran. But after Iran emerged as one of the countries hit hardest by the coronavirus, the Pakistani government set up a quarantine camp in Taftan to prevent further movement, inadvertently turning the town into an epicenter for the [spread of COVID-19](#). Testing in the camp is sporadic at best, while health facilities are abysmal. Many pilgrims reportedly paid bribes to escape back into Pakistan, and as recently as the end of March, hundreds of people were still [crossing the border at Taftan](#), despite rules to prevent them. Some officials in the region believe that 95 percent of Pakistan's coronavirus cases are due to ["mismanagement" at the Taftan camp](#).

There are countless other stories around the world detailing how corruption has undermined the fight against the novel coronavirus. They include [dodgy procurement contracts](#) that were fast-tracked through the approval process under emergency measures in Slovenia, cops soliciting "coronavirus risk allowances" [from citizens in Zimbabwe](#), and contractors [overcharging for supplies in Colombia](#). In the U.S., senators have been accused of capitalizing on the crisis to make [a killing in the stock market](#), while President Donald Trump has openly used political loyalty as the basis for [distributing life-saving medical equipment](#) to states. Trump has also brazenly tried to undermine

## IN ADDITION TO EXACERBATING HUMAN SUFFERING AND INEQUITY, WIDESPREAD GRAFT UNDERMINES THE TRUST BETWEEN GOVERNMENTS AND CITIZENS THAT IS SO CRITICAL TO OVERCOMING A PANDEMIC.

**BELOW** A police officer wearing a face mask at Wuhan Tianhe International Airport in Wuhan, Hubei Province, China, April 8, 2020 (AP photo by Ng Han Guan).



the [independent federal watchdog](#) established by Congress to oversee the implementation of the \$2 trillion coronavirus relief law.

Deep-seated corruption within governments around the world has decimated their ability to deal with pandemics. Problems range from counterfeit drugs to price gouging to shady procurement processes. Even before this outbreak, [Transparency International](#) estimated that corruption in the health sector costs at least \$500 billion a year and kills hundreds of thousands of people worldwide. One study found that in 2011, \$98 billion was

lost to fraud [within Medicare and Medicaid alone](#) in the U.S. During the Ebola outbreak in Liberia, I saw firsthand how citizens had to pay bribes to access health care, and how a lack of accountability in government expenditures to contain the disease [led to thousands of deaths](#).

Now, governments and donors are pouring huge amounts of money into global coronavirus response efforts, often without the necessary anti-corruption safeguards. Just last week, four

officials in [the Ugandan prime minister's office](#) were arrested for allegedly procuring food relief at inflated prices. Even in Ukraine, which has one of the world's leading electronic procurement systems, the response to this pandemic has been [riddled with nepotism and corruption](#), and the national medical procurement company has yet to order any supplies at all.

In addition to exacerbating human suffering and inequity, such widespread

graft undermines the trust between governments and citizens that is so critical to overcoming a pandemic. If people do not trust those in power, meaningful collective action is impossible, and any response to a crisis quickly splinters into fractious and uncoordinated efforts. Take the U.S., where Trump's contradictory statements and ineffective response have led states to go their own way with initiatives [that circumvent federal plans](#). In [other countries, like Egypt](#), widespread corruption is a major driver of the grinding poverty that forces residents to venture out just to make ends meet. In Turkmenistan, the complete absence of trust is evident in the fact that even a mention of the word coronavirus [can be grounds for arrest](#).

Clearly, the coronavirus pandemic is also a crisis of accountability. But it's not too late for governments to clean up their act. Here are three key changes policymakers should make to improve public trust and ensure that coronavirus relief funds reach their intended beneficiaries.

***Make health care spending transparent.*** Governments should ensure complete transparency in how public money is being spent on health care, particularly with regard to emergency procurement during the pandemic. Researchers and transparency advocates have designed several widely accepted standards that this information should adhere to, including the [Beneficial Ownership Data Standard](#), the [Open Fiscal Data Package](#) and the [Open Contracting Data Standards](#). They ensure that procurement data can be assessed, shared and synthesized effectively.

***Back up this transparency with anti-corruption measures.*** These include independent watchdogs, like inspectors general, and other agencies to ensure government accountability. South Korea, for example, previously achieved a measure of success with its [Anti-Corruption and Civil Rights Commission](#). Established in 2002, the commission conducted a creative public outreach campaign and regular integrity assessments of government agencies, while coordinating carefully with other



legal bodies. During this crisis, governments should establish additional independent oversight boards to oversee the management of and reporting on coronavirus-related funding, ensure that procurement contracts **contain transparency clauses**, and provide robust protections for whistleblowers who report corruption.

**Get the public involved.** The pandemic demands rapid action. But it is critical that citizens are engaged in the design, monitoring and oversight of coronavirus responses, which will build the trust and ownership that will ultimately make these efforts far more effective over time. There are plenty of ways to do this while adhering to public health guidance, including through **online town halls** as we have seen in the U.S. Emerging technologies can help, as **in northeastern Haiti**, where a community organization has used a locally tailored mobile messaging tool to conduct surveys and boost public engagement. One silver lining of this crisis is that in societies around the world, citizens are pioneering hundreds of new ways to **open up their governments** and improve responsiveness.

Finally, beyond technical fixes to ensure compliance and public consultation, societies around the world must begin a large-scale effort to promote integrity and change the incentives that lead to corrupt behavior. Many public sector workers are already modeling this behavior by going above and beyond to save lives, even when their governments are not. The fight against corruption can only go so far when it is based purely on enforcement and political finger-pointing. Instead of just naming and shaming wrongdoers, societies need to get better at systematically **“naming and faming”** the do-gooders, showcasing lessons from their efforts and bringing them together into coalitions for change. By slowly shifting norms and supporting reformers in this way, the world will be much better prepared for the next crisis.

*Blair Glencorse is the executive director of the **Accountability Lab**. Follow him on Twitter **@blairglencorse**.*

# THE GEOGRAPHY OF COVID-19 AND A VULNERABLE GLOBAL FOOD SYSTEM

By William G. Moseley | May 2020

Late last month, as the coronavirus continued to spread across the globe, the [World Food Program](#) warned of a “hunger pandemic.” With lockdowns constraining the incomes of the poor and supply chain disruptions preventing food from reaching consumers, pandemic-related hunger and malnutrition could eventually take more lives than the disease itself. Understanding the geography of the pandemic and the vulnerability of different food systems is critical for a well-informed response.

According to the WFP, [there are now 821 million people](#) in the world who go to bed hungry every night, and an additional 135 million face crisis levels of hunger or starvation. That latter number could nearly double to 265 million by the end of the year because of COVID-19.

While global hunger had been declining for years, the trend reversed a few years ago as food insecurity levels began to creep up again, with military conflicts in many regions and recent [locust infestations in East Africa](#) being some of the major drivers. As such, coronavirus-related food security problems come on top of already troubling worldwide trends.

When assessing the impacts of COVID-19 on global food security, it is important to consider how the pandemic is affecting food production and distribution, as well as people’s ability to buy or acquire food. Furthermore, leaders and policymakers need to understand the spatial pattern of the pandemic and the vulnerability of different food systems.

The COVID-19 pandemic hasn't just steamrolled across the planet in a uniform way, like wet paint enveloping a ball. Rather, **it has spread from its origins in Wuhan, China**, to other large, well-connected urban centers in the world, and then from there to smaller towns and finally to rural areas—a pattern known as hierarchical diffusion. What this means is that the world is not experiencing one big, uniform pandemic, but a rolling series of interconnected yet spatially differentiated outbreaks, with different start times and dynamics.

It also means that residents of the cities that are hit first, which are generally globally connected and relatively wealthy, may experience the economic hardship and food problems associated with the disease in different ways from those subsequently affected. These differences persist because the food security consequences of the disease are conditioned by the social, economic and food systems in which they are operating. This does not necessarily mean that wealthier or more industrialized regions are better off, just that their vulnerabilities are different.

Generally speaking, wealthier nations are more likely to see issues with food production because of the nature of their supply chains, which are complex and concentrated. Lower-income countries, meanwhile, are likely **to see problems with food access**, because of their weaker social safety nets.

**BELOW** Children wait to receive free food distributed in a slum in Mumbai, India, April 18, 2020 (AP photo by Rajanish Kakade).



## Food Production

Impacts on food supply vary by type of foodstuff. Last year was a good harvest year for most major grains around the world, and **stocks are relatively plentiful**. Processing and moving grain is also relatively less labor-intensive than other types of food. As such, grain shortages are not expected to be a problem in the coming months unless some major grain-producing countries **choose to hoard their supplies**. This is good news for countries that are net importers of grain, including many low-income nations in Africa.

However, the virus is beginning to create problems for production of fruits, vegetables and meat in some areas of the world, most notably in high-income countries. Here, a lot of fruit and vegetable production is undertaken by **immigrant labor housed on farms** in close quarters, making them particularly susceptible to outbreaks of COVID-19. **Meat-packing plants** have also been especially vulnerable to the coronavirus, with a number of plants in the United States and Canada being forced to shut down recently. Corporate concentration in the meat industry has amplified the problem, because now there are fewer, but significantly larger, plants with more densely spaced workers. Hundreds of workers have been infected in some facilities, leading to significant losses in food production.

The impacts of COVID-19 on food production in low-income countries differ from those in high-income countries. Production for home consumption and for local markets is still widespread in some tropical areas of the world. With shorter supply chains and more diversified production, there is arguably less to go wrong. One form of this more localized production is small-scale urban and peri-urban agriculture, which supplies many cities in poorer countries with a good deal of their fresh produce.

Women also play a central role as food producers in many areas of the tropics, accounting for 70 percent of the food produced in Africa, for example. But women are also the primary caregivers in many of these societies, meaning that

they may be more likely to be exposed to family members ill with COVID-19, with **knock-on implications for food production**, child care and child nutrition.

### **Food Access**

Lockdowns related to COVID-19 have been particularly **challenging for the poorest of the poor** in the urban areas of lower-income countries, because these populations depend on casual labor and informal market activity to make the money they need to buy food. Furthermore, many lower-income countries cannot afford to provide a robust social safety net to their populations in terms of income substitution or direct food provision during a lock down.

This has led to reverse migration, or **urban-to-rural migration**, in some countries like India, as unemployed laborers head home to rural areas in search of better access to food. While this makes sense for individuals, such large movements of people may also spread the disease into rural areas.

Many households in lower-income countries are also facing declines in **remittance income** from family members who live abroad and can no longer work due to lockdowns in wealthier countries. This further constrains the food budgets of these households.

### **The Way Forward**

To tackle problems with both production and access to food, the world needs a more decentralized food system. Corporate concentration, particularly in wealthier countries, has only made the food system more vulnerable to pest and disease outbreaks. Large farms using industrial methods to grow a narrower range of crops are less adaptable to changing market conditions. They also entail dense workforces and monocultural fields that are more susceptible to disease. Furthermore, the trend toward fewer and larger food-processing facilities produces bottlenecks in the system, as even one plant failure may lead to a significant loss in production. Policies that encourage de-



concentration of food industries would render food systems less vulnerable to disease, with the added benefit that more localized food production is better for the environment.

In lower-income countries, donors and their private-sector partners must also stop their relentless **push to integrate small-scale farmers** into the global food system. Here, smaller farmers that largely produce for home and local consumption are being encouraged to use more purchased inputs—like seeds, fertilizers and pesticides—and produce for regional and global markets. This generally has not led to improvements in food and nutrition security for the households involved, and has made food production riskier because of increased chances of debt and greater exposure to market price fluctuations.

As bad as it may seem now, the negative effects of COVID-19 on global food security will only deepen as the disease spreads further into lower-income countries. These impacts will compound existing food problems, exacerbating hunger in ways we have not seen in several decades. The global community must respond swiftly and generously to address the rising tide of global hunger.

With economic nationalism and xenophobia on the rise in some wealthier countries, it will be difficult to build political support for generous foreign assistance and a multilateral approach to addressing global hunger. But if politicians are not swayed by the moral argument that **the right to food** is a fundamental human right, then surely they must understand that it is in their own self-interest to champion greater global food security. After all, widespread hunger begets instability and conflict, which benefits no one.

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