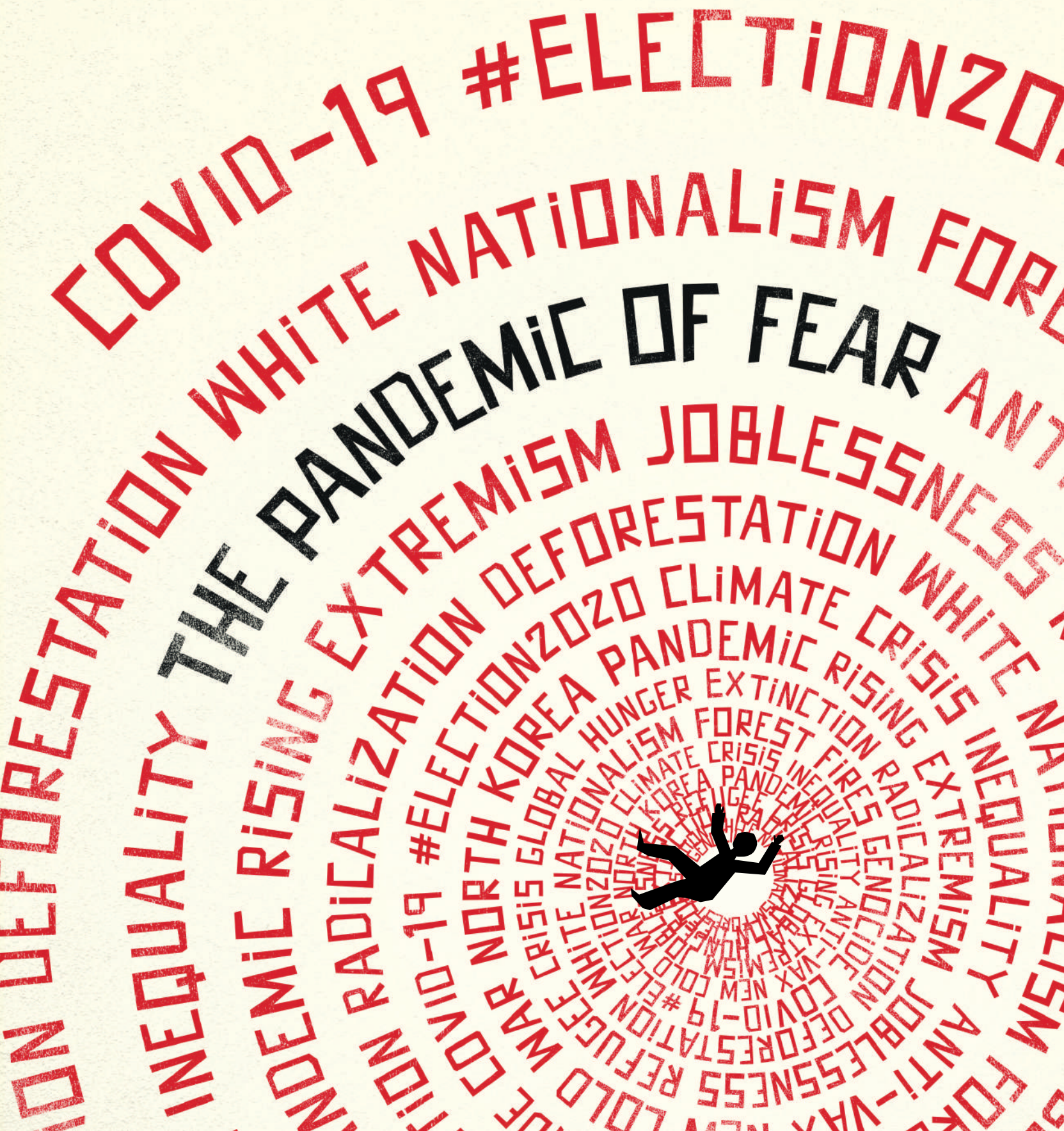


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# The Year Ahead 2021



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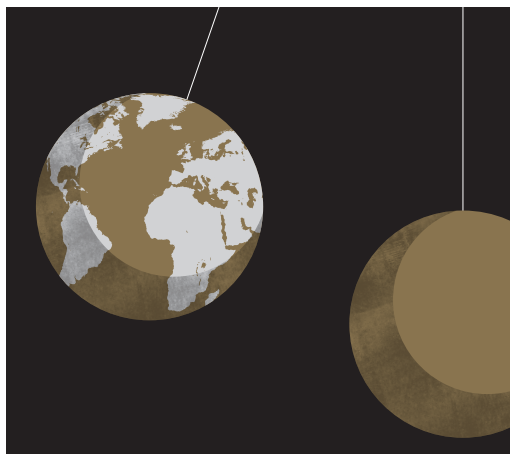


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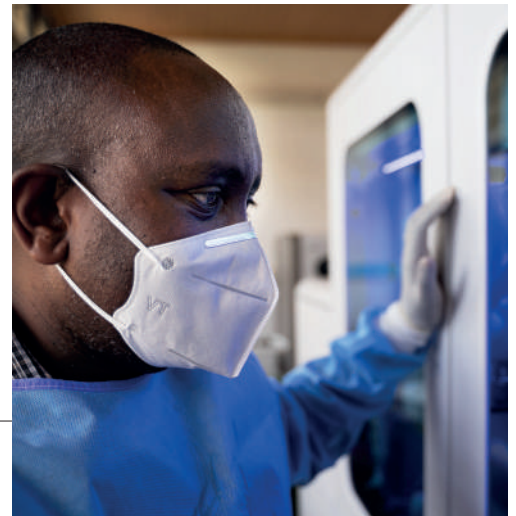
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Pandemic of Fear

# Board Member's Note

In 2020, the COVID-19 pandemic delivered the greatest shock to the global economy since World War II. Entire societies have been locked down, and people everywhere have had to adjust to new ways of working, studying, socializing, and entertaining themselves. Notwithstanding these measures, more than 1.5 million people have died, and unemployment, inequality, and poverty have soared to new heights.

THE GLOBALIZED ECONOMY, A LIFELINE to billions of people in recent decades, has suddenly become a source of vulnerability, owing to the disruption of far-flung supply chains and governments' efforts to protect national markets. The pandemic thus has accelerated a process of deglobalization that was already underway (as reflected in plummeting world trade), and exposed deep disparities in the quality of governance across different countries and locales.

Brazil, India, the United Kingdom, and the United States – all countries with populist leaders – have performed far worse than countries like Germany, the Nordics, Japan, South Korea, and even developing countries such as Rwanda and Vietnam. By disparaging scientists and politicizing expertise, leaders like US President Donald Trump, Brazilian President Jair Bolsonaro, and Indian Prime Minister Narendra Modi have left their countries deeply polarized and tragically ill-equipped to manage a major public-health crisis and its economic fallout.

Given the pandemic's persistence, the prospects for recovery in 2021

will depend largely on how quickly vaccines are distributed worldwide. That effort could reinvigorate existing institutions of international cooperation and catalyze the establishment of new ones, and one hopes that the new US administration under President Joe Biden will push things in that direction. Whatever form it takes, robust multilateralism will be necessary both to mitigate the sharp increase in poverty and inequality caused by the pandemic, and to address longer-term challenges, particularly the existential and increasingly urgent threat posed by climate change.

The pandemic has shown how dangerous it is to ignore the warnings from science. Failing to prepare for known risks can all too easily lead to untold and unnecessary costs in human lives and livelihoods. But the crisis has also illustrated the value of working together across borders and sectors, just as it has shown us that radical changes in “business as usual” are still possible. Surprisingly for some, we have learned that leaders who dare to lead and make difficult yet responsible choices actually gain citizens' respect.

We should take all of these lessons with us into 2021. We all heard the global wake-up call in 2020. Now we must start building a more resilient society – one built on the principles of sustainability and social justice. In *The Pandemic of Fear*, political leaders, senior policymakers, and renowned scholars provide original and sharp insights into the challenges that lie ahead, both at the national and international levels. The pandemic has given us a chance to reconsider, rethink, and reform. Most important, it has renewed the demand for honest, fact-based, expert analysis in a world beset by anxiety and uncertainty.

Let 2021 mark a new dawn of reason, progress, and hope. **ISPP**

*Connie Hedegaard served as European Commissioner for Climate Action from 2010 to 2014, and as Denmark's Minister for the Environment from 2004 to 2007 and Minister for Climate and Energy from 2007 to 2009.*



## IVAN KRASTEV

Chairman of the Center  
for Liberal Strategies

“The first thing that plague brought to our town was exile,” notes the narrator in Albert Camus’s *The Plague*. These days, we have an acute sense of what he meant. A society in quarantine is literally a “closed society” in which everyone but essential workers puts his or her life on hold. When people are isolated in their homes and haunted by fear, boredom, and paranoia, one of the few activities that does not cease is discussion of the virus and how it might transform the world of tomorrow. ▶





# Defence





IN THIS NEW WORLD, MANY governments (benevolent or otherwise) closely follow where we go and whom we meet, out of a determination to protect us from our own recklessness and the that of our fellow citizens. Contact with other people has become a threat to one's existence. In many countries, unsanctioned walks in the park can elicit fines or even jail time, and unsolicited physical contact has become tantamount to a kind of societal betrayal.

As Camus observed, a plague erases the “uniqueness of each man's life” as it heightens each person's awareness of his vulnerability and powerlessness to plan for the future. It is as if Death has moved in next door. After an epidemic, everyone living can claim the title of “survivor.”

But for how long will the memory of our own plague last? Could it be that in just few years we will remember it as a kind of mass hallucination caused by “a shortage of space made up for by a surplus of time,” as the poet Joseph Brodsky once described a prisoner's existence?

In her marvelous book *Pale Rider*, the science writer Laura Spinney shows that the 1918–20 Spanish flu pandemic was the most tragic event of the twentieth century, at least in terms of loss of life from a single cause. The death toll surpassed that of both World War I and World War II, and may even have killed as many people as both of them combined. Yet, as Spinney notes, “When asked what was the biggest disaster of the twentieth century, almost nobody answers the Spanish flu.”

More surprisingly, even historians seem to have forgotten the tragedy. In 2017, WorldCat, the world's largest library catalogue, listed roughly 80,000 books on WWI (in more than 40 languages), but barely 400 on the Spanish flu (in five languages). How can it be that an epidemic that killed at least five times as many people as WWI has resulted in 200 times fewer books? Why do we remember wars and revolutions but forget pandemics, which affect our economies, politics, and societies just as fundamentally?

Spinney's answer is that it is difficult to turn a pandemic into a compelling story between good and evil. Lacking a plot or an overarching moral,

PEOPLE WAIT FOR FOOD DISTRIBUTION DURING INDIA'S NATIONWIDE LOCKDOWN.

epidemics are like Netflix series where the end of one season merely serves as a hiatus before the start of the next. The pandemic experience is one in which everything changes but nothing happens. We are asked to preserve human civilization by staying home and washing our hands. As in a modernist novel, all of the action occurs in the mind of the narrator. In my own account of the COVID-19 era, the only memorable physical objects will be the plane tickets that were never used and the face masks that were used over and over again.

And yet, the moment one goes out into the street, one realizes how much has changed. Like many of my favorite coffee shops in Vienna and Sofia, my favorite bookstore in Washington, DC, has closed. Like a neutron bomb, COVID-19 is destroying our way of life without actually damaging our material world. For much of 2020, airports were some of the saddest places on Earth – empty, silent, with only a few passengers roaming the terminals like ghosts. The increased freedom of movement over the last three decades – the ease with which people from different social classes intermingled – had become a powerful symbol of globalization. Now, that freedom has been consigned to history – or at least put on hold indefinitely.

Meanwhile, all of the public messages urging people to stay at home have prompted metaphysical reflection. Home is where one wants to be when confronted with a grave danger. When my family and I realized that we were facing a prolonged period of social distancing, we surprised ourselves by deciding to return to Bulgaria.

This was not exactly a rational decision. We have lived and worked in Vienna for a decade, we love the city, and the Austrian health-care system is far more reliable than Bulgaria's. What brought us back to Bulgaria was the understanding that we should “stay at home.” Home, for us, means Bulgaria. In a time of crisis, we wanted to be closer to the people and places that we have known all our lives. We weren't alone: 200,000 Bulgarians living abroad did the same thing.

Just as many people have sought shelter in their home countries, so have they found solace in their native languages. In moments of great peril, we almost unconsciously speak

in our mother tongue. In my own childhood in Bulgaria, I learned a valuable lesson from watching Soviet films about WWII. One of the most dangerous moments for Soviet female spies in Hitler's Reich was childbirth, because they would involuntarily cry out in their native Russian. Staying home meant staying in your mother tongue – and staying safe.

It is one of the great optical illusions of twenty-first-century globalization that only mobile, jet-set people are truly cosmopolitan, and that only those who feel at home in different places can maintain a universalist perspective. After all, the canonical cosmopolitan, Immanuel Kant, never left his hometown of Königsberg, which itself belonged to different empires at different times. Kant embodied the same paradox as COVID-19, which has made the world more global even as it has turned nation-states against globalization.

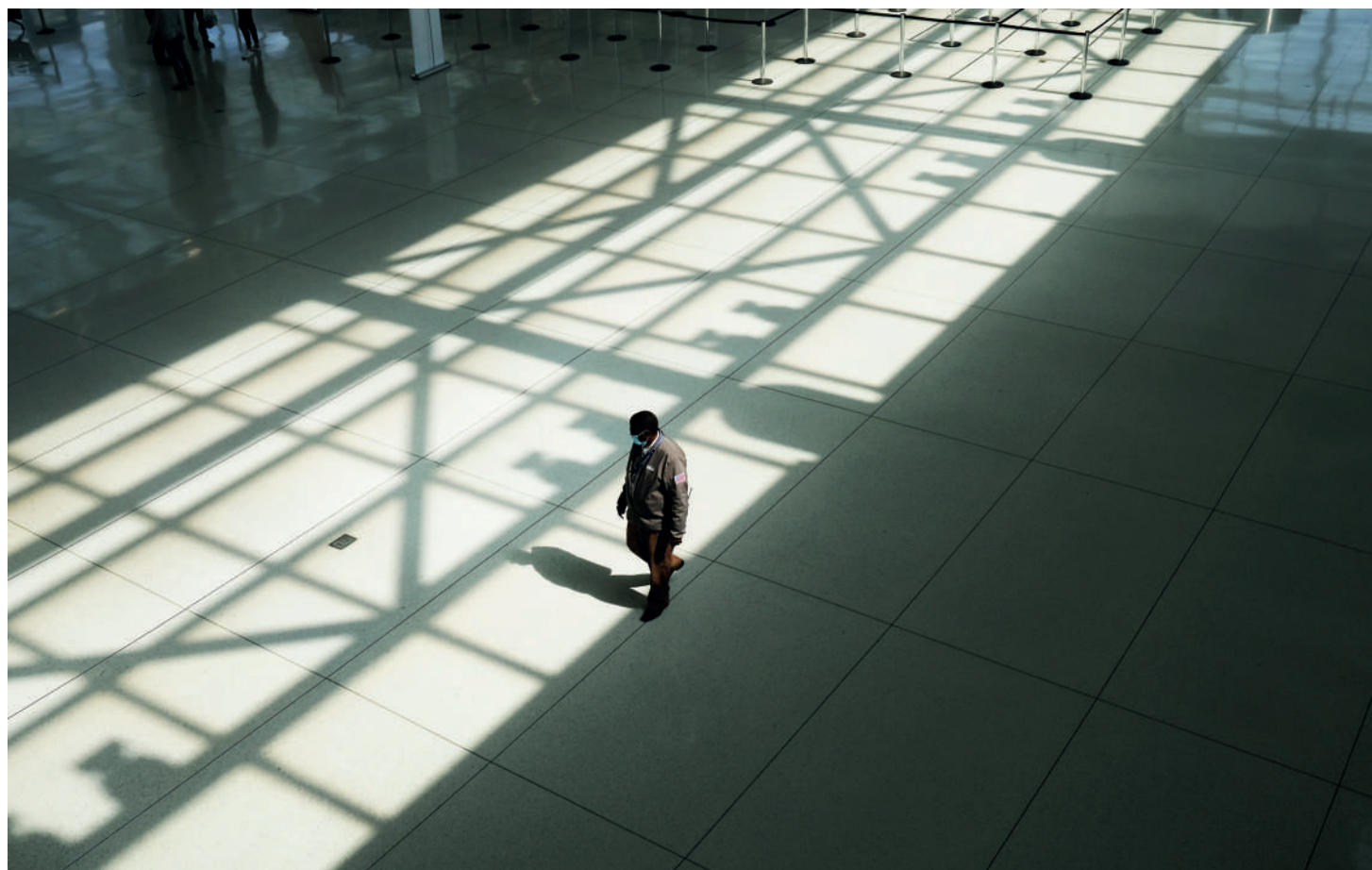
For example, “self-isolation” and “social distancing” have opened the European mind. Closing the borders between EU member states and locking people in their apartments has made us more cosmopolitan than ever. For those with access to

“It might be a passing historical moment, but we cannot deny that we have come to understand what it feels like to live in one world.”

communications technology, the pandemic has ushered in not de-globalization but de-localization. Our geographical neighbors are effectively no closer than our friends and colleagues abroad; we feel closer to the TV announcers than to the people down the street.

For perhaps the first time in history, people have been having the same conversations about the same topics. We have all shared the same fear. By staying at home and spending countless hours in front of screens, people have witnessed the similarities between their own experiences and those of everyone else. It might be a passing historical moment, but we cannot deny that we have come to understand what it feels like to live in one world. **ISP**

*Ivan Krastev is Chairman of the Center for Liberal Strategies and a permanent fellow at the Institute for Human Sciences. He is the author, most recently, of *Is It Tomorrow Yet? Paradoxes of the Pandemic*.*





# The Quiet Financial Crisis

LOAN EXTENDED  
LOAN EXTENDED  
LOAN EXTENDED



NON-PERFORMING LOAN

\$ DOLLAR-DENOMINATED  
CORPORATE DEBT



FRAGILE  
BALANCE  
SHEETS

2020  
2021  
2022  
2023  
2024  
2025

The term “financial crisis” has long been associated with dramas such as bank runs and asset-price crashes. Charles Kindleberger’s classic books *The World in Depression, 1929–1939* and *Manias, Panics and Crashes*, and my own work with Kenneth Rogoff, *This Time Is Different*, document scores of these episodes. In recent years, the term “Lehman moment” has stood out as a marker of the 2007–09 global financial crisis and even inspired a Broadway show.

BUT SOME FINANCIAL CRISES DO NOT involve the drama of Lehman moments. Asset quality can deteriorate significantly as economic downturns persist, especially when firms and households are highly leveraged. Moreover, years of bank lending to unproductive private firms or state-owned enterprises (the latter is not uncommon in some developing countries) take a cumulative toll on balance sheets.

Although these crises may not always include panics and runs, they still impose multiple costs. Bank restructuring and recapitalization to restore solvency can be expensive for governments and taxpayers, and new lending can remain depressed, slowing economic activity. The credit crunch also has distributional effects, because it hits small and medium-size businesses and lower-income households more acutely.

To be sure, the COVID-19 pandemic continues to deliver many moments of unwanted drama, including soaring infection rates, widespread lockdowns, record-shattering declines in output, and spiking poverty. But, in addition to these trends, a quieter crisis is gaining

momentum in the financial sector. Even without a Lehman moment, it could jeopardize prospects for economic recovery for years to come.

Specifically, financial institutions around the world will continue to face a marked rise in non-performing loans (NPLs) for some time. The COVID-19 crisis is also regressive, disproportionately hitting low-income households and smaller firms that have fewer assets to buffer them against insolvency.

Since the onset of the pandemic, governments have relied on expansionary monetary and fiscal policies to offset the steep declines in economic activity associated with broad-based shutdowns and social-distancing measures. Wealthier countries have had a decided advantage in their ability to respond, although a surge in lending by multilateral institutions has also helped to finance emerging and developing economies’ response to the health emergency.

Unlike in the 2007–09 crisis (or most previous crises, for that matter), banks have supported macroeconomic stimulus with a ▶



The COVID-19 pandemic continues to deliver many moments of unwanted drama ....”



variety of temporary loan moratoria, as the International Monetary Fund has documented in its Policy Tracker. These measures have provided some respite for households facing loss of employment and a decline in income, as well as for businesses struggling to survive lockdowns and general disruptions to normal activity (tourism-linked sectors stand out starkly in this regard).

Financial institutions in all regions have granted grace periods for repayment of existing loans, and many have re-contracted loans in favor of lower interest rates and generally better terms. The understandable rationale has been that, because the health crisis is temporary, so is the financial distress of firms and households. But as the pandemic has persisted, many countries have found it necessary to extend these measures until 2021.

Alongside the temporary moratoria, many countries have relaxed their banking regulations regarding bad-loan provisioning and the classification of loans as non-performing. The upshot of these changes is that the extent of NPLs may currently be understated, and

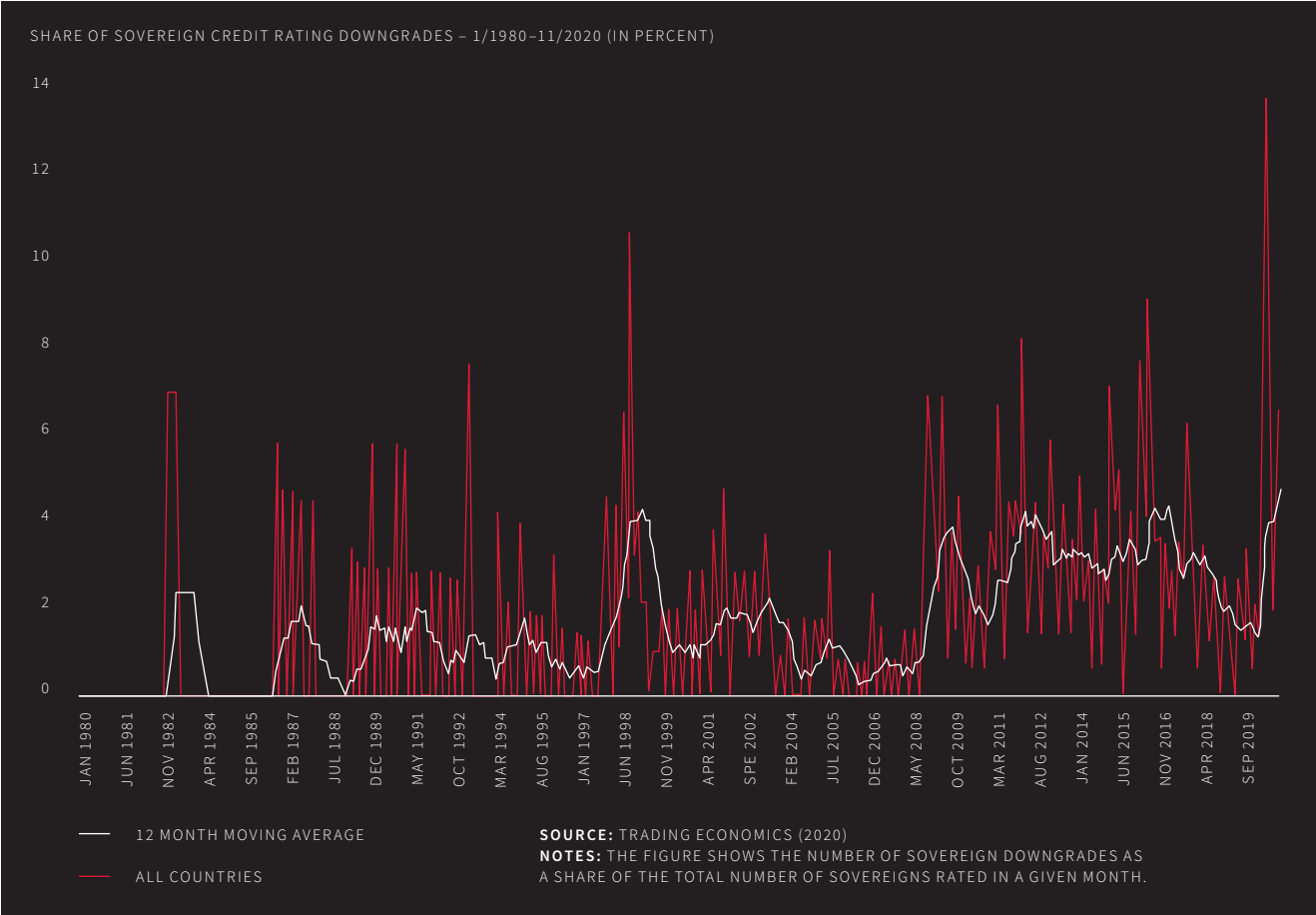
for many countries markedly so. In many cases, financial institutions may be insufficiently prepared to deal with the hit to their balance sheet. The less regulated non-bank financial sector, meanwhile, has even greater exposure to risk (compounded by weaker disclosure).

Adding to these private-sector developments, downgrades of sovereign credit ratings reached a record high in 2020 (see figure below). Although advanced economies have not been spared, the consequences for banks are more acute in emerging and developing economies where governments' credit ratings are at or near junk grade. In more extreme cases of sovereign default or restructuring – and such crises are on the rise, too – banks will also take losses on their holdings of government securities.

As I argued in March 2020, even if one or more effective vaccines promptly resolve the pandemic, the COVID-19 crisis has significantly damaged the global economy and financial institutions' balance sheets. Forbearance policies have provided a valuable stimulus tool beyond the conventional scope of



Even if one or more effective vaccines promptly resolve the pandemic, the COVID-19 crisis has significantly damaged the global economy and financial institutions' balance sheets.”





▲ ABOVE: CARMEN M. REINHART.

▲ TOP: EMPTY OFFICE TOWERS IN THE CITY OF LONDON DURING THE SECOND NATIONAL LOCKDOWN.

fiscal and monetary policy. But grace periods will come to an end in 2021.

As the US Federal Reserve's November 2020 Financial Stability Report highlights, policy fatigue or political constraints suggest that forthcoming US fiscal and monetary stimulus will not match the scale reached in early 2020. Many emerging markets and developing countries are already at or near their monetary-policy limits as well. As 2021 unfolds, therefore, it will become clearer whether countless firms and households are facing insolvency rather than illiquidity.

Firms' high leverage on the eve of the pandemic will amplify the financial sector's balance-sheet problems. Corporations in the world's two largest economies, the United States and China, are highly indebted and include many high-risk borrowers. The European Central Bank has repeatedly voiced concerns about the rising share of NPLs in the eurozone, while the IMF has frequently warned about the marked increase in dollar-denominated corporate debt in many emerging markets. Exposure to commercial real estate and the hospitality industry is another source of concern in many parts of the world.

Balance-sheet damage takes time to repair. Previous overborrowing often results in a long period of deleveraging, as financial institutions become more cautious in their lending practices. This muddling-through stage, usually associated with a sluggish recovery, can span years. In some cases, these financial crises develop into sovereign-debt crises, as bailouts transform pre-crisis private debt into public-sector liabilities.

The first step toward dealing with financial fragility is to recognize the scope and scale of the problem, and then expediently restructure and write down bad debts. The alternative – channeling resources into zombie loans – is a recipe for delayed recovery. Given the pandemic's already huge economic and human costs, avoiding that scenario must be a top priority for policymakers everywhere. **PS**

*Carmen M. Reinhart is Chief Economist of the World Bank.*









# pulling

## Europe's Watershed Year

**JOSEP BORRELL**

*EU High Representative for  
Foreign Affairs and Security Policy*

In 2020, people around the world experienced life in slow motion, even as political developments accelerated. For the European Union, navigating the COVID-19 crisis has been challenging; yet, despite much naysaying, Europeans not only stuck together, but *grew* together, forging a more cohesive bloc. In 2021, global cooperation ought to make a strong comeback, and the EU should continue to pursue “strategic autonomy” so that it can safeguard its citizens and interests in the years and decades ahead. ▶

# together

IT IS A TRUISM THAT 2020 MARKED a watershed. In fact, the world has been undergoing several tectonic shifts for years now, including but not limited to growing public distrust, polarization and identity politics, tepid economic growth, rising debts, and deepening inequality. We have witnessed the weaponization of interdependence. Trade, technology, investment, tourism, and other former venues of deepening cooperation have become instruments of power and domains of intense competition.

This was the big picture that we in the EU leadership saw when we took office in December 2019, just before conditions became even more challenging. For Europeans, it looked as though everything we held dear was being contested, be it multilateral cooperation; solidarity between countries, generations, and individuals; or even basic respect for facts and science. In addition to several crises brewing in the EU's neighborhood and the escalation of Sino-American tensions, we were hit suddenly by COVID-19, which has compounded all the other longer-term challenges Europe faces.

### The Pandemic Stress Test

There is no denying that the EU struggled during the early days of the pandemic. We were ill-prepared, and many member states were initially inclined to let everyone fend for themselves. But genuine acts of solidarity soon followed, with many countries taking patients from, and sending emergency equipment to, those most in need. Then the EU-level measures kicked in. The European Central Bank provided massive liquidity, and the European Commission authorized member states to incur large deficits to support their economies.

The discussion quickly turned to how the EU could provide fiscal support to the hardest-hit countries, and these debates culminated in a historic "recovery fund." An unprecedented €1.8 trillion (\$2.1 trillion) was allocated for a new "Next Generation EU" instrument and the bloc's next seven-year budget. Moreover, two longstanding economic-policy shibboleths were shattered. For the first time, EU leaders agreed to issue large-scale common debt and allow for fiscal transfers, provided that spending is aligned with the twin



▼ ABOVE: EU HIGH REPRESENTATIVE FOR FOREIGN AFFAIRS AND SECURITY POLICY JOSEP BORRELL.

▲ TOP: EUROPEAN COMMISSION PRESIDENT URSULA VON DER LEYEN.

# €1.8tr

AMOUNT ALLOCATED FOR A NEW "NEXT GENERATION EU" FUND AND THE BLOC'S NEXT SEVEN-YEAR BUDGET.



priorities of funding a green transition and securing Europe's digital future.

On the international front, the EU's position has been clear: a "pandemic world" needs multilateral solutions. We have lived by this motto even when others were going it alone. Our May 2020 (virtual) pledging conference to raise funds for vaccine research was a perfect demonstration of the EU's unique strengths. While the United States and China were proverbially at each other's throats, Europe stepped up to lead on this critical issue. Moreover, we did so in a quintessentially European way (call it "Multilateralism 2.0"), working with not only governments, but also foundations and the private sector.

Since the summer, Europe has suffered a second wave of infections and struggled with renewed lockdowns. Although we have far more knowledge about COVID-19 and how to treat it, "pandemic fatigue" is widespread. Worse, the initial economic rebound appears to be fading, indicating that the crisis will continue to dominate our lives for months – and perhaps years – to come. As such, we must keep mobilizing across all of the relevant domains, from public health and the economy to security and global governance.

### A New Moment for Multilateralism

Revitalizing multilateralism thus will be a top priority for the EU in 2021. Obviously, we cannot achieve this alone. But we anticipate that we will have more partners in the year ahead than we did in 2020. With Joe Biden succeeding Donald Trump as president, the US is expected to rejoin to the Paris climate agreement, restore its support for the World Health Organization, return to the Iran nuclear deal, and adopt a more constructive stance within the World Trade Organization.

America's return to the global stage will serve as a much-needed shot in the arm for multilateralism. We hope that others, including China and Russia, will follow suit in reversing their selective and self-serving approach to multilateral cooperation in the UN and elsewhere.

To be sure, pleas for "rules-based cooperation" often sound less inspiring than bombastic appeals to "take back control." We must ensure that multilateralism delivers tangible

results for citizens. No one will be safe until we have a reliable vaccine, so the paramount questions on vaccination are who will get what, when, and how. There is a serious risk of "vaccine nationalism" or "vaccine diplomacy," with rich and powerful countries forcing themselves to the front of the line. In early 2020, some countries used "mask diplomacy" to extract political concessions in exchange for critically needed personal protective equipment. The EU will insist on the opposite approach: vaccines must be treated as a global public good and distributed based on medical needs.

The second big multilateral priority for 2021 is climate change, another area where the EU has shown leadership. Having already set a 2050 carbon-neutrality target, we are close to an agreement on a binding commitment to reduce greenhouse-gas (GHG) emissions by 55% by 2030. Moreover, these efforts seem to have inspired others: China has signaled its intention to become carbon neutral by 2060, and Japan and South Korea have said they will do so by 2050. We now need the US, India, Russia, Brazil, and other big emitters to get on board.

Climate change is the existential challenge of our time. As with COVID-19, the warning signs are visible for all to see, and there is a solid scientific consensus about what to do. The difference, of course, is that there will never be a vaccine for climate change. So, we must bend the curve of GHG emissions as fast as possible.

### European Strategic Autonomy

Finally, at the same time that we pursue multilateralism, we must build a capacity to act autonomously when necessary. As I argued a year ago, Europeans must confront the world as it is, not as we wish it to be. The EU must "learn to speak the language of power."

The pandemic has underscored the need for European strategic autonomy, a concept that originated in defense circles, but that now extends to public health and many other domains. We have learned the hard way that there are costs to depending on just a few suppliers of critical goods – especially when the supplier is a country whose value system is fundamentally at odds with our own. The solution to this problem is diversification and, when necessary, shorter supply chains.



The point is not to embrace autarky or protectionism, but to safeguard our political independence..."

This is not just about market failures in medical supplies. Strategic autonomy is about how Europe can address vulnerabilities across a wide range of areas – from critical technologies and infrastructure (such as digital networks and cloud computing) to rare earths and the raw materials needed for the green transition. We must avoid excessive dependence on external suppliers in these strategic sectors. The point is not to embrace autarky or protectionism, but to safeguard our political independence so that we remain masters of our own choices and future.

Some elements of this strategy were put in place in 2020. Europe now has a mechanism to screen foreign investments, and we have begun to address the distorting effects of foreign subsidies. We are also boosting the international role of the euro, and preparing additional measures on issues such as government procurement. As matters stand, the EU procurement market is almost totally open, while that of some others remains almost completely closed. We must either ensure reciprocity or take steps to restore balance.

Strategic autonomy also applies to cyber issues. How can Europe manage data? We must avoid the dichotomy whereby data belongs either to Big Tech platforms (with little government oversight) or to the state (including its link to the security apparatus). The EU's last major tech legislation was the General Data Protection Regulation in 2018, and much has already changed since then.

These are just some of the many challenges the EU will have to navigate in 2021. It will be rough sailing, but we will emerge stronger if we stay focused on two complementary priorities: revitalizing multilateralism and building up strategic autonomy. **JB**

*Josep Borrell is EU High Representative for Foreign Affairs and Security Policy and a vice president of the European Commission.*



# A Fragile Recovery in 2021

**NOURIEL ROUBINI**

*Professor of Economics at  
NYU's Stern School of Business*

By the end of 2020, financial markets – mostly in the United States – had reached new highs, owing to hopes that an imminent COVID-19 vaccine would create the conditions for a rapid V-shaped recovery. And with major central banks across the advanced economies maintaining ultra-low policy rates and unconventional monetary and credit policies, stocks and bonds have been given a further boost. ▶







BUT THESE TRENDS HAVE WIDENED the gap between Wall Street and Main Street, reflecting a K-shaped recovery in the real economy. Those with stable white-collar incomes who can work from home and draw from existing financial reserves are doing well; those who are unemployed or partly employed in precarious low-wage jobs are faring poorly. The pandemic is thus sowing the seeds for more social unrest in 2021.

In the years leading up to the COVID-19 crisis, 84% of stock-market wealth in the US was held by 10% of shareholders (and 51% by the top 1%), whereas the bottom 50% held barely any stock at all. The top 50 billionaires in the US were wealthier than the bottom 50% of the population (a cohort of about 165 million people). COVID-19 has accelerated this concentration of wealth, because what's bad for Main Street is good for Wall Street. By shedding good salaried jobs and then re-hiring workers on a freelance, part-time, or hourly basis, businesses can boost their profits and stock price; these trends will accelerate over time with the wider application of artificial intelligence and machine learning (AI/ML)

# 320%

GLOBAL DEBT AS A PERCENTAGE OF GDP 2019.

# 365%

GLOBAL DEBT AS A PERCENTAGE OF GDP 2021.

and other labor-replacing, capital-intensive, skill-biased technologies.

As for emerging markets and developing countries, COVID-19 has triggered not merely a recession, but what the World Bank calls a "pandemic depression," leaving more than 100 million people back on the verge of extreme poverty (less than \$2 dollars per day).

After going into free fall in the first half of 2020, the world economy started to undergo a V-shaped recovery in the third quarter, but only because many economies were reopened too soon. By the fourth quarter, much of Europe and the United Kingdom were heading into a W-shaped double-dip recession following the resumption of draconian lockdowns. And even in the US, where there is less political appetite for new pandemic restrictions, 7.4% growth in the third quarter is likely to be followed by growth of 0.5% at best in the last quarter of 2020 and in the first quarter of 2021 – a mediocre U-shaped recovery.

Renewed risk aversion among American households has translated into reduced spending – and thus less hiring, production, and capital expenditures. And high debts in the

corporate sector and across many households imply more deleveraging, which will reduce spending, and more defaults, which will produce a credit crunch as a surge in non-performing loans swamps banks' balance sheets.

Globally, private and public debt has risen from 320% of GDP in 2019 to a staggering 365% of GDP at the end of 2020. So far, easy-money policies have prevented a wave of defaults by firms, households, financial institutions, sovereigns, and entire countries, but these measures eventually will lead to higher inflation as a result of demographic aging and negative supply shocks stemming from the Sino-American decoupling.

Whether major economies experience a W- or a U-shaped recovery, there will be lasting scars. The reduction in capital expenditures will reduce potential output for good, and workers who experience long bouts of joblessness or underemployment will be less employable in the future. These conditions will then feed into a political backlash by the new "precariat," potentially undermining trade, migration, globalization, and liberal democracy even further.

# 84%

AMOUNT OF STOCK MARKET WEALTH IN THE US HELD BY THE TOP 10%

# 51%

AMOUNT OF STOCK MARKET WEALTH IN THE US HELD BY THE TOP 1%



COVID-19 vaccines will not ameliorate these forms of misery, even if they can be quickly and equitably administered to the world's 7.7 billion people. But we shouldn't bet on that, given the logistical demands (including cold storage) and the rise of "vaccine nationalism" and disinformation-fueled vaccine fears among the public. Moreover, the announcements that leading vaccines are over 90% effective have been based on preliminary, incomplete data. According to scientists I have consulted, we will be lucky if the first generation of COVID-19 vaccines is even 50% effective, as is the case with the annual flu shots. Indeed, serious scientists are expressing skepticism about the claims of 90% effectiveness.

Worse, there is also a risk that in late 2021, COVID-19 cases will spike again as "vaccinated" people (who may still be contagious and not truly immune) start engaging in risky behaviors like crowded indoor gatherings without masks. In any case, if Pfizer's vaccine is supposed to be the key to our salvation, why did its CEO dump millions of dollars of stock on the same day that his company announced its breakthrough test results?

Finally, there is the great political event of 2020: Joe Biden's election to the US presidency. Unfortunately, this will not make much of a difference for the economy, because obstruction by congressional Republicans will prevent the US from implementing the kind of large-scale stimulus that the situation demands. Nor will Biden be able to spend heavily on green infrastructure, raise taxes on corporations and the wealthy, or join new trade agreements like the successor to the Trans-Pacific Partnership. Even with the US set to rejoin the Paris climate agreement and repair its alliances, the new administration will be limited in what it can accomplish.

The new cold war between the US and China will continue to escalate, potentially leading to a military clash over Taiwan or control of the South China Sea. Regardless of who is in power in Beijing or Washington, DC, the "Thucydides Trap" has been laid, setting the stage for a confrontation between the established but weakening hegemon and the new rising power. As the race to control the industries of the future intensifies, there will be even more



▼ SHIPPING CONTAINERS AT A PORT IN CHINA'S EASTERN JIANGSU PROVINCE.

decoupling of data, information, and financial flows, currencies, payment platforms, and trade in goods and services that rely on 5G, AI/ML, big data, the Internet of Things, computer chips, operating systems, and other frontier technologies.

Over time, the world will be firmly divided between two competing systems – one controlled by the US, Europe, and a few democratic emerging markets; the other controlled by China, which by then will dominate its strategic allies (Russia, Iran, and North Korea) and a wide range of dependent emerging markets and developing economies.

Between the balkanization of the global economy, the persistent threat of populist authoritarianism amid deepening inequality, the threat of AI-led technological unemployment, rising geopolitical conflicts, and increasingly frequent and severe man-made disasters driven by global climate change and zoonotic pandemics (that are caused in part by the destruction of animal ecosystems), the coming decade will be a period of fragility, instability, and possibly prolonged chaos. The year 2020 was just the start. **18**

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# How Might COVID-19 Change the World?

**JARED DIAMOND**

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Los Angeles*

Today, COVID-19 is devastating the world. It's in the process of infecting many (perhaps even most) of us, killing some, shutting down our normal social relations, halting most international travel, and clobbering our economies and trade. What will the world be like a few years from now, after this acute crisis has waned?





THERE'S A WIDESPREAD ASSUMPTION that vaccines will soon protect us against COVID-19. Alas, that prospect remains very uncertain. Scientists in many countries – China, the United States, Russia, Britain, and others – have been racing to develop effective COVID-19 vaccines, and the first are just starting to become available. That suggests a worst-case scenario, a best-case scenario, and everything in between.

There are already many signs of an incipient worst-case scenario. Even though some countries have developed, tested, and begun to distribute an effective vaccine, 7.7 billion doses for the world's 7.7 billion people cannot be manufactured and distributed worldwide overnight. Initially, supplies will be scarce. Who will get those first coveted doses? Common-sense proposals stipulate



Even in the short run, no country can achieve lasting COVID-19 security for itself by eliminating the disease within its borders.”

that the first doses must be reserved for medical personnel, because everybody else needs those medical personnel to administer the doses to the rest of us, and to take care of sick people. Among those of us who are not medical personnel, rich, influential people can be expected to find ways to acquire doses before poor, uninfluential people.

But those selfish considerations don't just apply to the allocation of doses within a country, there is likely to be international selfishness as well. A country that develops a vaccine will surely put its own citizens first. Such prioritizing has already happened with respect to face masks: a few months ago, when those masks were scarce and some shipments from China reached Europe, scrambles and bidding wars ensued as countries sought to secure those supplies for themselves. Worse yet, countries ▶

▲ EMERGENCY HOSPITAL BEDS IN WUHAN.







that develop a vaccine may withhold it from political or economic rivals.

On reflection, though, selfish national policies would be suicidal. Even in the short run, no country can achieve lasting COVID-19 security for itself by eliminating the disease within its borders. In today's globalized world, COVID-19 would just come back into such a country from others that had not eliminated the virus.

That has already happened to New Zealand and Vietnam, where stringent measures did stop local transmission, but returning travelers have continued to import new COVID-19 cases. This illustrates a key conclusion: no country will be safe from COVID-19 until all are. It's a global problem demanding a global solution.

I take that fact as good news. We face other global problems demanding global solutions: especially climate change, worldwide resource depletion, and the destabilizing consequences of inequality across countries in our globalized world. Just as no country can keep itself free of COVID-19 forever just by eliminating the virus within its

“Climate change, resource depletion, and inequality pose far more serious threats to our survival and quality of life than the current pandemic does.”

borders, no country can protect itself against climate change just by reducing its reliance on fossil fuels and reducing its own emissions of greenhouse gases. Atmospheric carbon dioxide, like COVID-19, does not respect political borders.

But climate change, resource depletion, and inequality pose far more serious threats to our survival and quality of life than the current pandemic does. Even in the worst-case scenario, if every human on Earth is exposed to COVID-19 and 2% of us die as a result, that's “only” 154 million deaths. That leaves 7,546,000,000 people still alive: far more than enough to ensure human survival. COVID-19 is a bagatelle, compared to the dangers that climate change, resource depletion, and inequality imply for all of us.

Why, then, haven't we been galvanized to act against climate change and those other global threats, when we are being galvanized by the milder threat of COVID-19? The answer is obvious: COVID-19 catches our attention, by sickening or killing its victims quickly (within a few days or weeks) and unequivocally. In contrast,

BOATS PARKED ON THE SHORES OF THE BURIGANGA RIVER DURING A GOVERNMENT-IMPOSED LOCKDOWN IN BANGLADESH.





▼ A CHILD IS VACCINATED  
IN BRAZIL.



For the first time in world history, people around the world are being forced to acknowledge that we all face a shared threat that no country can overcome by itself.”

climate change ruins us slowly and much less clearly, through indirect consequences such as reduced food production, starvation, extreme weather events, and the spread of tropical diseases into temperate zones. Hence, we have been slow to recognize climate change as a global threat requiring a global response.


That’s why the COVID-19 pandemic gives me hope, even as I mourn the loss of dear friends whom it has killed. For the first time in world history, people around the world are being forced to acknowledge that we all face a shared threat that no country can overcome by itself. If the world’s peoples join together, under compulsion, to defeat COVID-19, they may learn a lesson. They may become motivated to join together, under compulsion, to combat climate change, resource depletion, and inequality. In that case, COVID-19 will have brought not only tragedy but also salvation, by finally setting the world’s peoples onto a sustainable course. **PS**

***Jared Diamond**, Professor of Geography at the University of California, Los Angeles, is the Pulitzer Prize-winning author of *Guns, Germs, and Steel*, *Collapse*, and other international bestsellers.*









# There Will Be No Quick COVID Fix

**WILLIAM A. HASELTINE**

*Chair and President of the global health  
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COVID-19 stormed across the planet in 2020, striking first in Asia and then surging throughout Europe and the Americas in what seemed like an endless tidal wave of grief. With each passing milestone – the first 100 deaths in January, followed by the first 1,000 in February, 10,000 in March, 100,000 in April, and one million as of September – the question always has been when it will end.



DESPITE ITS VIRULENCE, MANY SIMPLY assume that the pandemic will end sometime in 2021. But such hopes are misplaced. Controlling an epidemic involves four fundamental components: leadership, governance, social solidarity, and a medical toolkit. Most countries today have failed on the first three, all but ensuring that COVID-19 will remain with us over the next year.

Most likely, winter in the northern hemisphere will bring a sharp rise in infections and deaths. The losses will be particularly pronounced in Europe and North America, where daily infection rates were already spiking in mid-autumn. And just as the weather starts to warm in the north, South America will cool and another epidemic wave will crash over us.

As for the fourth component of epidemic control, many assume that vaccination or a lifesaving treatment is imminent. True, the pandemic has brought out the very best in science and medicine. Researchers around the world have moved faster and collaborated more closely than ever before, identifying the virus, mapping its genetic makeup, and working toward potential vaccines and treatments. But even with these incredible successes, there is still only a slim chance that we will have a vaccine or treatment that is safe, universally available, and effective enough to stop the pandemic before the end of 2021.

At the time of writing in late 2020, we are just beginning to see published results for the vaccines that gained regulatory approval in December. Based on what we know today, we can be sure that none of the vaccines

under development will prevent infection or provide lifelong, lasting immunity. At best, they will limit the symptoms of those infected and minimize the number of COVID-19 cases that progress to severe illness. Moreover, the vaccines currently approved for use require multiple doses, with a delay of up to two months before the benefits kick in.

Likewise, lifesaving treatments for those with COVID-19 will not come quickly. Treatments that initially met with great fanfare – remdesivir, convalescent plasma, and dexamethasone – have since proven to have little to no effect on overall morbidity or mortality. And treatments with greater therapeutic potential, like monoclonal antibodies, are still many months away, and may ultimately prove too costly to be made widely available.

The absence of a medical quick fix will increase the need for leadership, governance, and social solidarity. Political leaders must accept full responsibility for the lives that are lost. Less than three weeks after scientists identified the virus, and after the first reported death in Wuhan, Chinese President Xi Jinping locked down 57 million Chinese citizens in Hubei province, preventing them from traveling to other regions or leaving their homes for anything other than necessities.

China showed that new infections could be halved in just two weeks through standard measures such as enforced mask-wearing, social distancing, and mandatory quarantine and isolation. By contrast, in countries like Brazil, the United Kingdom, and the United States, national political leaders dismissed the threat and dithered in marshaling the appropriate response.

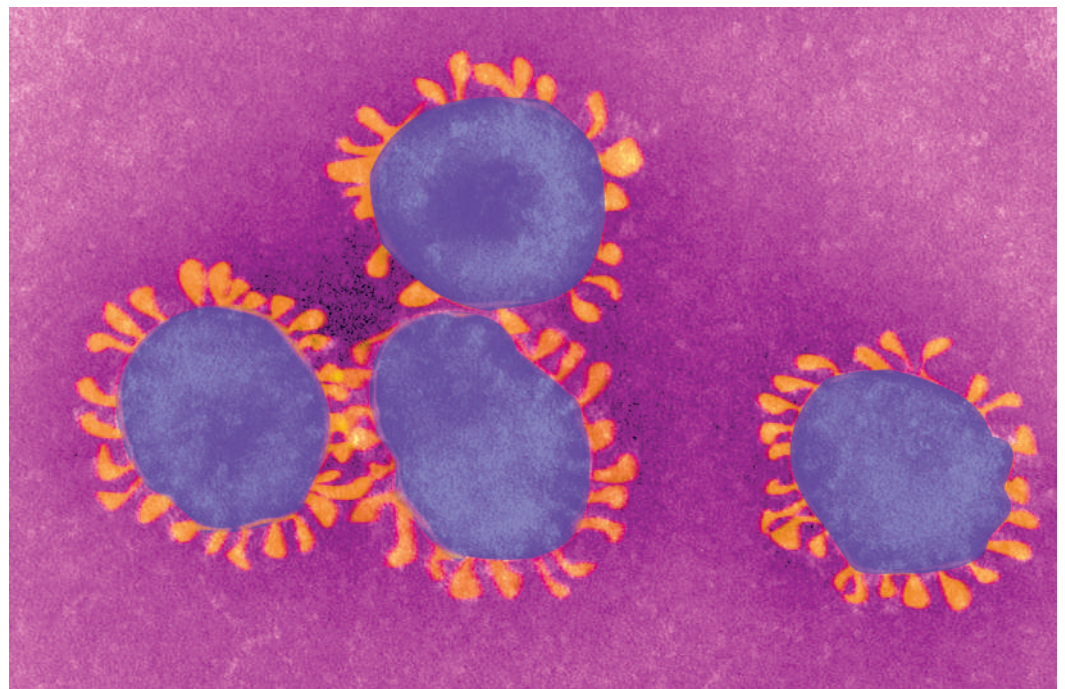
Many commentators have attributed China's success to totalitarianism, but a country's system of government is not really the deciding factor. Far more important is whether political leaders are willing to trade short-term economic pain and quotidian

conveniences for the safety of their citizens. In New Zealand and Australia – both vibrant democracies – bold leadership and strong governance brought new infections down almost to zero, and political leaders like New Zealand Prime Minister Jacinda Ardern were rewarded accordingly at the ballot box.

The first year of dealing with COVID-19 has taught us that piecemeal measures will only feed the pandemic. National and global crises call for national and global coordinated action. The US, the UK, Brazil, and other laggards have failed on both counts. Indeed, some countries are still pursuing the foolish notion of herd immunity, despite scientific evidence suggesting that no such protection exists for this disease. There are four common (though rarely remarked upon) coronaviruses that infect up to 15% of the world's population each year, and that come back year after year, often re-infecting the same people. Assuming that SARS-CoV-2 is no exception, any country that places its hopes on a herd-immunity strategy will be endangering the rest of us year after year.

Though the Chinese government made some critical misjudgments early on, one thing it did right was to warn the rest of the world that the virus was transmissible, airborne, and controllable only through drastic and immediate measures. The countries that ignored the warning have since suffered the most, both economically and in human terms. Meanwhile, the countries that demonstrated social solidarity in controlling their outbreaks have been able to reopen their economies, though not necessarily their borders.

In the end, though, a collective response merely reflects the sum of individual actions. In too many countries, individuals fear that acceding to protective measures amounts to giving up one's personal freedoms. Yet in times of war, when the dangers are apparent, people have shown time and again



▼ MICROSCOPIC VIEW OF  
THE CORONAVIRUS.

► MASKED PEDESTRIANS  
IN TOKYO'S SHINJUKU  
DISTRICT.



how much they are willing to sacrifice for their fellow citizens.

Clearly, a change in messaging is in order. We are at war with a virus. Few doubt the importance of personal liberty, but this is a time when we all need to forego certain conveniences for the sake of those around us.

Each new earthquake, tsunami, or emerging disease reminds us that nature is a dangerous force. If there was a reason why many Asian countries reacted more quickly and effectively to COVID-19, it was because they still harbored memories of SARS, H1N1, and the avian flu. Their experience in recent years shows that public-health measures that are stringently applied through strong leadership, governance, and social solidarity can quickly bring a pandemic under control and limit the death toll.

That is the biggest lesson of 2020. If it is not incorporated into national policies in 2021, the pandemic may well last not just through the next year but for many more years to come. **18**

**William A. Haseltine**, a scientist, biotech entrepreneur, and infectious disease expert, is Chair and President of the global health think tank ACCESS Health International.





# Apart





# Together

Learning to Live  
with COVID-19

**ERIK BERGLÖF**

*Chief Economist at the Asian  
Infrastructure Investment Bank*



As COVID-19 infections continue to rise in much of the world, many are clinging to the hope that the arrival of vaccines will soon restore life as we knew it. That is wishful thinking. Even with effective vaccines, COVID-19 will be with us for the foreseeable future – for several years, at least. We are going to have to learn to live with it.



AN INTERNATIONAL PANEL OF scientists and social scientists, convened by the Wellcome Trust, recently constructed four pandemic scenarios. Key variables included what we may learn about the biology of SARS-CoV-2 (the novel coronavirus that causes COVID-19) – such as the pace of mutation and the extent to which an infection elicits antibodies – and how fast we develop and deploy effective vaccines, as well as antivirals and other treatments.

In the study we considered how each of these four scenarios would unfold in five general settings: high-, middle-, and low-income countries, as well as conflict zones, and vulnerable environments like refugee camps and prisons.

Not even in the most optimistic of the four scenarios – characterized by a relatively stable virus, effective vaccines, and improved antiviral therapies – will SARS-CoV-2 be eradicated in all five settings within five years, though community transmission could be eliminated within certain boundaries. And as long as one setting is experiencing a COVID-19 outbreak, all settings

“Eradicating the virus and ending the medical emergency will require not only a vaccine that cuts transmission, but also effective treatments and rapid, accurate tests.”

are vulnerable, particularly if immunity is short-lived.

As the study shows, eradicating the virus and ending the medical emergency will require not only a vaccine that cuts transmission, but also effective treatments and rapid, accurate tests. Such a medical toolkit would have to be made available and affordable to every country, and be deployed in a manner that leveraged global experience and engaged local communities.

Yet at the moment, only one of the nine leading vaccine candidates stops the spread of the virus; the others aim merely to limit COVID-19's severity. Moreover, while treatments for moderate and severe cases have significantly improved, they remain unsatisfactory. And testing is flawed, expensive, and subject to supply-chain weaknesses.

With such an imperfect medical toolkit, non-pharmaceutical interventions (such as social distancing and mask wearing) are vital. Fortunately, most countries have recognized the critical importance of early action, imposing strict rules to protect



▲ A SANITATION WORKER IN PISA.

◆ A SOCIALLY DISTANCED HOMELESS SHELTER IN MANILA.

public health fairly rapidly. Many have also provided strong economic support, in order to protect lives and livelihoods amid lockdowns.

But short-term emergency measures like blanket lockdowns are not a sustainable solution. Few countries – especially in the emerging and developing world – can afford to lock down their economies, let alone keep recommended policies in place until an effective vaccine is widely available.

Such measures are merely supposed to slow down transmission and buy time for policymakers and health-care professionals to identify vulnerabilities and, guided by input from the social sciences, devise innovative medium- and long-term strategies suited to local conditions. Unfortunately, this time has not been used particularly wisely so far, with policymakers preferring to imitate one another's solutions, rather than apply lessons creatively in ways that account for local conditions.

Non-pharmaceutical interventions are not one-size-fits-all. Nor is the process of rolling them back. Epidemiology – complemented





by the behavioral sciences – must guide this process.

In practice, this means that advanced economies should ease restrictions only when they have robust systems in place to monitor the evolving public-health situation and to track and trace infected individuals. And they should maintain other transmission-reducing measures, such as face mask requirements, for some time. These measures must be supported by sustained investments in public health and health system capacity.

In emerging economies, full lockdowns will be much more difficult to sustain. The pressure will be on governments to find “intelligent restrictions” based on evidence regarding effectiveness, economic cost, and distributional impact.

The political dimension of the relevant decisions – for example, about whether to open schools or allow large gatherings – must also be taken into account. Leaders must identify the trade-offs of their policy options, recognizing that they may look very different depending on the economic, social, and political context.

▲ PAINTED CIRCLES  
ENCOURAGING SOCIAL  
DISTANCING AT DOLORES  
PARK IN SAN FRANCISCO.

How policy choices are made and implemented matters greatly. An effective response must emphasize both individual and collective action, with people taking responsibility for themselves and their communities. Meanwhile, as countries like Norway and Finland have shown, financing temporary “circuit breakers” – as rich countries should all be able to do – can enable progress on reducing community spread.

Political leaders who think they can avoid the pain and discontent that restrictions bring often end up imposing higher costs on their populations. Likewise, those who focus on who is doing better or worse miss the point: everyone is better off if others are doing well. Competition over medical supplies and yet-to-be-produced vaccine doses is counter-productive.

So, while individual countries must adapt solutions to local conditions, the COVID-19 response must ultimately be global. Resources, including vaccines, must be channeled toward the most vulnerable countries and population groups. They must also continue to be allocated to other

public-health imperatives, such as the fight against malaria.

Already, the pandemic is fueling inequality both among and within countries. Wealth has amounted to the most potent protection from COVID-19, as it facilitates social distancing and all but guarantees quality health care. But such inequalities weaken the global community’s resilience. The most effective interventions are those that protect the most vulnerable.

Someday, the world may have the full toolkit it needs to eradicate the virus and will have to focus on building the infrastructure and implementing the logistics capacity to deploy it. In the meantime, we should stop placing our hope in a quick return to “normal,” and start developing comprehensive, creative and cooperative strategies for living with COVID-19. **IB**

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# Towards 2021 and Thereafter – Major Restructuring

**NIKOLA POPOVSKI**

*PhD in economic sciences and a university professor*

Economies need major structural reforms in the sectors for which there is urgent need amid this pandemic crisis. Perhaps we should promptly embark on the road to a business-friendly environment with a liberalized market.

What will the world really look like in the short and long term? What awaits us in 2021 and the years to follow? The answers to these questions are not easy and depend on many factors, the most important of which is probably the level of existence of the terrible pandemic. It resurfaced the problem of human health, but this time the problem resounded much more profoundly and much faster than anyone had hoped or assumed, especially with the problem of infectious diseases. In the last few decades, in the wider social and especially in the economic context, the health of the population has begun to be closely observed, mostly as part of the quality of human capital, and probably equally with the level of education and knowledge of individuals and to some extent as a problem of life expectancy and especially the health in the autumn years of people's lives, due to the rapid aging process of the population.

In 2020, however, brought upon by the deadly virus, humanity was sobered up by the fact that health protection has a much more direct and literal meaning, i.e., it means the direct prevention or avoidance of very unexpected death or "health lockdown" of entire sections of social and personal life: production of goods and services, consumption of hitherto everyday goods and especially a large number of services, education, travel, culture and many others. Healthcare is again viewed in an orthodox way – the elementary provision of life as such and its quality in terms of health.

**The world is facing a number of economic problems even without the pandemic**

That priority, no matter how much we try to underestimate or avoid it, will haunt humanity for a long time to come, because there can be no easy way out of the pandemic, with or without vaccines in the initial phase, while still insufficiently tested in use. An additional concern is that the world has enough problems as it is. Ever since 2008, the economies have not been able to recover in a way that will provide them with sustainable and satisfactory growth in conditions of

better and more just income distribution. Developed economies, which make up about 3/5 of the world's economy, have shown particular problems. For over a decade, they have been in the so-called phase of secular stagnation with extremely low growth, high deficits and growing public debt that reached 124.1 percent in developed and 61.4 percent of GDP in growing economies worldwide, but also low inflation and interest rates tending to zero. It's a big challenge and puts a lot of pressure on austerity. The way out of this in 2021 and the following years is still not in sight and there is a danger that the situation will continue to deteriorate. Economies are likely to continue to face non-market pressures from the "visible hand of the state" through the mechanisms of fiscal interventionism, by creating supply through huge government incentives and grants and creating even greater consumption through state subsidies and packages for household consumption. This brought back on the table the old, widely debated problem that, in conditions of stagnation and recession, the losses of companies are significantly socialized, and in contrast, in conditions of accelerated economic growth they are further privatized.

Such conditions and policies and those similar to them have led to growing inequality in income distribution in which the richest get richer and the middle and lower classes become impoverished, which also poses a serious threat to the future. It is now estimated that the richest 1% of the population (78 million) own twice the wealth of 88% or 6.9 billion people in the world.

The result of all these conditions is the weakening of the basic mechanisms of liberal market economies and the strengthening of more or less interventionist and so-called coordinated market economies in the world. The pandemic only fueled the existing processes. Recovering from this situation will not be easy and fast. A striking example is Greece and its economy. Like others, it has entered a major recession, and government anti-crisis measures have pushed it into a level of public debt that will exceed 200

per cent of GDP. The government has sought to tackle the recession with loose fiscal and monetary policy, with the initial aim of supporting almost everyone in the public and private sectors. This did not yield results, especially with the destroyed tourist season and the realization of how much the whole economy is dependent on tourism.

The OECD now predicts that this year will end with 20 percent unemployment compared to 16 percent in January. Government intervention has further exacerbated matters by failing to address the economy's biggest problem – inflexible labor laws, and increased public spending did not manage, even by a long shot, to adequately stimulate the economy. That mistake was made by many governments around the world and now everyone will expect such relatively hopeless behavior to continue in 2021 and thereafter. Nobody wants to accept that economies need major structural reforms in the sectors for which there is urgent need amid this pandemic crisis, and it must be done immediately. Greece is just a good example of that. Perhaps a business-friendly environment with a liberalized market is the road we should promptly embark on.

**Challenges and opportunities intertwine**

In 2021, the world will again face many challenges and several opportunities. The pandemic has dealt a huge blow to efforts to raise living standards and fight poverty and inequality, while cutting global and regional supply chains and causing trade shocks. The WTO, for example, forecasts a 9.2 per cent drop in world commodity trade by 2020, followed by a 7.2 percent rise in 2021, meaning the 2019 pre-pandemic level will still be an unattainable target, and we should keep in mind that even without the pandemic, the volume of world trade in the period 2011–2018 increased by only a modest 1 percent per year and in 2019 even decreased by nearly 3 percent.

The IFC (WB) Executive Director believes that "the private sector is probably more important now than we've ever been in helping the global economy



kickstart growth as we emerge from this pandemic”, which confirms that the private sector alone will not be able to easily overcome the pandemic. The state remains an important factor.

On the other hand, the environment is and will be a short-term winner. Reduced demand has reduced the production of fossil fuels and thus carbon emissions. Global economy, which was already socially, economically and environmentally unsustainable, and whose growth has brought us to the brink of catastrophic climate change, has now, due to the pandemic, slowed down. But it has brought to the surface the problem of unregulated labor markets and undeclared labor. In an era of mass compensation for lost wages and salaries due to the pandemic, undeclared workers are at a great disadvantage. This is a problem that will also need to be addressed quickly in the future.

#### **Rethinking the entire social system**

The pandemic has forced the world to face long-neglected problems. Since things cannot be left as they were, it is clear that policies are needed, so that changes can be introduced. One such policy is that structural changes are necessary, and the role of the state must be constantly re-examined and adapted to reality. Another is the changes in the nature and quality of the work. They are of great importance and any future change must focus on creating better jobs, for more people,

in much more fragmented positions with higher technological upgrades of jobs and increased demands on employers. This includes a much larger geographical dissemination of high value-added jobs, so that high-paying jobs could be hosted at more locations.

Finally, this is one of the great opportunities for rethinking the whole social system and overall international relations. Can they remain the same? Probably not, so now is the time to gradually redefine them.

**ISIP**

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# May 2021 be the year of vaccination against the COVID – authoritarianism

**KAROLINA RISTOVA-ASTERUD**

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The critical minority does not view 2020 just as a year that brought us the pandemics but also as a year that brought another type of pandemics – the one of COVID – authoritarianism.

Looking back at 2020 many people in the world will undoubtedly point out the Covid pandemics as something that left the strongest imprint of the year. Everything we experienced this year – the people, the life, health, society and country – were reduced overnight to references related strictly to the corona virus. All other aspects of the individual and public health also became secondary, including the legal, political, economic, social, cultural, psychological, anthropological, ethical and aesthetical aspects of life.

Such tunnel-vision of medical reductionism instantly gained a huge number of followers among the citizens around the world. The adherents acted with conviction of their own moral superiority and correct positioning, but also with simultaneous intolerance and indifference to all other complexities of the individual and social existence. All those who expressed dilemmas, questions or resistance to the strategy and measures, even with arguments, were declared “COVIDiots”, uncoordinated, selfish, immoral and even “murderers”.

Despite the “following the science” mantra, there was a campaign of deplatforming aimed at even the most authoritative experts in the field, but with alternative or critical views, and even accepted as a state strategy. In Europe, Sweden was referred to as the “black sheep” by continuously identifying weaknesses in its strategy which is inversely proportional to the absence of such a rethinking of one’s own strategy.

What is yet to be particularly analyzed is the European and Western ignorance of the successful strategies of the Asian democracies (Japan, North Korea and Taiwan) based on far less restrictive and invasive approaches and on far greater experience in dealing with epidemics in the previous decades vs. the growing influence of the “Chinese approach”, especially with regard to lockdowns and curfews, despite the fact that China, with its political regime, is by no means a reference for Europe and the West.

Overall, there were reactions in relation to the measures taken by national authorities all over the world to “tackle the pandemic”. These measures, individually and as a whole, posed serious impediments, restrictions or deprivations of civil liberties and rights and very few people actually wondered: do the measures

pass the relevant legal tests, and in terms of their lack of alternative, proportionality, expediency and merit of the “evidence based medicine”? Is the participation of the parliaments in the process appropriate?; How much and does the judicial protection work if there are violations?; etc.

Throughout 2020 I was personally very worried, even shocked, that it became normal in my country to hear things like “there are no human rights and freedoms during pandemics” and “no Constitution or law applies during pandemics, just like during wartime”. Even more worrying was the fact that such statements were accompanied by the same approach in a number of state measures, for example, curfews by keeping people locked up at home for three to five days, illegal deprivation of liberty by imposing a combination of state quarantine and self-isolation with duration of 28 days which is against the WHO standard for a maximum of 14 days, confiscation of passports of citizens returning from abroad, obligation on citizens who want to go abroad not to return to the country for at least three months, etc.

The critical minority, including myself, which raised the above issues sees 2020 not only as a year that brought us the pandemics but also as a year that brought another kind of pandemic – the one of COVID authoritarianism. In a broader sense it is an authoritarian Safetyism originally conceived in 2018 by Jonathan Haidt and Greg Lukianoff in their book “The Coddling of the American Mind”.

The safetyism implies a culture or system of value orientations according to which the “security” becomes the supreme good for which people are not willing to make concessions in the interest of other legal, moral and practical considerations. In this sense, 2020 will definitely end as a year in which a huge number of people have given up many of their freedoms and rights and they often did that with great enthusiasm. All that in exchange for a “sense of security” provided by one-dimensional and comprehensive state intervention.

The COVID authoritarianism has not manifested itself only in countries that already have authoritarian political regimes, where serious state interference and extensive control to the detriment of individual freedoms and rights is expected and is happening on regular basis. This means its presence not only in countries like China, which was the epicenter of the pandemic and which was the first to deal with it, thus effectively becoming a model for other such countries around the world.

On the contrary, COVID authoritarianism has also become a feature of some countries from which no one would expect such a thing, namely, countries with liberal-democratic political regimes based on respect for individual freedoms and rights. This excludes only countries with a previous history of

dictatorial regimes (Greece, Portugal, Spain) for which a kind of antithesis was Germany with its cautious approach to the restrictive measures, precisely because of the awareness and association with such a legacy. Nor is this the case only with countries with traditionally strong etatism and centralism (France). The biggest surprise were countries like UK and the United States, as countries with most authentic liberal-democratic traditions, anti-etatism, decentralization and a culture of sovereignty and personal responsibility of the individuals.

There is no doubt that 2021 will be predominantly a year of mass production and distribution of the COVID-19 vaccine as well as vaccination of the global population. The economic and social distortions caused by the pandemic and the measures for its addressing will necessary and priority issues to resolve. On both these grounds it is necessary to focus on serious reforms in order to better deal with future pandemics. Although the expert analyses and indications have been warning us for years that viral pandemics are one of the major threats to humanity in the 21st century, 2020 has made it very clear that the issue has been treated as “science fiction”, especially in the most developed countries of Europe and the West.

The same goes for the medical authorities, even more so for the political authorities, to the point of lack of supply with the most basic medical equipment and materials. This is part of the explanation for the COVID authoritarianism. Although a series of initial reviews and analyzes explain the authoritarian aggravation as a kind of intensified manifestation of the already existing and problematic trends across the political-ideological spectrum, still an important part of the explanation is that it represents a compensation that is utterly emphasized for the impermissible lack of preparedness for dealing with the pandemics.

More efforts need to be invested in 2021 in order to obtain a more accurate picture of the cost of neglecting all those other aspects that were initially mentioned and were sacrificed by the Covid authoritarianism at the altar of medical reductionism. This means that 2021 will be a year of serious analysis and efforts to improve the legal and political framework for addressing the epidemics/pandemics at a global, regional and national level. It is initially necessary to devise a legal framework within the UN that will ensure greater respect for the so-called Syracuse principles in the restriction of individual freedoms and rights.

Calls raised by countries like Australia for initiation of independent and objective investigation into the pandemic, as well as for



the WHO's failure to alert the world in a timely manner for which there is a suspicion that it is caused by political corruption, should be supported by the majority of countries in the world. This, in turn, must lead to thorough institutional reforms of this institution. A clearer UN legal framework, as well as a reformed WHO, will minimize the likelihood of, and opportunity for, authoritarian reactions in the event of epidemic/ pandemic.

All of this also applies at the regional level – for example the legal areas of the Council of Europe and the European Union. As many as 10 of the 47 member states of the Council of Europe, including EU member states, have made derogations from the freedoms and rights guaranteed by the legal regime of the Council of Europe, with notifications and with no accompanying legal-factual elaborations – this is something that should definitely be addressed for the future. The principle of solidarity on which the EU is based failed to work with convincing capacity during the time of pandemic, especially not in the first half of 2020. This has had the greatest impact on Italy as the first country in Europe to experience unnecessary human suffering, including the introduction of radical restrictive measures, which only underscores the need for EU reform in this regard.

Such global and regional efforts should be an incentive, but also a pressure, on each of the countries to reconsider their own weaknesses. For example, the Balkan experience clearly indicates the need to reconsider the role of the health authorities versus political authorities in deciding on strategy and measures. It is also necessary to update the entire legal framework for epidemics/pandemics, especially with regard to voting rights and elections, judicial protection of freedoms and rights, state of emergency and more precise the regulation of curfews, lockdowns and other measures that impose serious restrictions.

Finally, what is missing on all levels is a strategy for better informing and preparedness of

the citizens, but also of the members of the medical professions, regarding other aspects of the epidemics/ pandemics, in order to avoid the manifested medical reductionism in the current pandemic. Overall, the year of 2021 should inevitably commence with “vaccination” against a possible future pandemic authoritarianism.

**ISOP**

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# The Post-Truth Pandemic

TRISH GREENHALGH

*Professor of Primary Care Health Sciences at the University of Oxford*

On July 31, 2020, my college at the University of Oxford hosted a Zoom seminar featuring talks by several internationally renowned scientists. The session was intended primarily for internal faculty, but, owing to the pandemic-inspired practice of disseminating scientific findings as widely as possible, other researchers and interested members of the public had also been invited. When my turn came to speak, I opened my PowerPoint and was immediately assailed with abusive messages in the chat window. To quote one verbatim: “FUCKING PIECE OF SHIT FUCK YOU, YOU FUCKING SHEEP NEW WORLD ORDER PIECE OF SHIT.”

THE TITLE OF MY PRESENTATION WAS, “Explaining international differences in masking policies in the COVID-19 pandemic,” but I could have just as well been speaking about lockdowns, testing and tracing, shielding, or dozens of other related topics. In each case, policymakers had assured us from the outset of the pandemic that they were “following the science,” and yet “the science” on those topics had yet to be firmly established. Almost every new publication was contested, sometimes by fellow scientists, and sometimes – aggressively and even violently – by members of the public.

How had I, a medical doctor and Oxford professor, attracted such a retinue of abusers with the time and energy to pursue me through the (virtual) gates of an academic seminar? Who organized these trolls, and why did they feel the need to fill my inbox with obscenities and threats?

Let’s go back to the spring of 2020, when COVID-19 was sweeping the world, and research was progressing at an unprecedented pace and scale. Scientific databases quickly became clogged with preprints whose provenance and quality were hard to judge. Though a few questions about the virus were quickly resolved, many others were not. Many findings were ambiguous, incomplete, unreplicated, or irrelevant, but each had far-reaching implications for the lives and livelihoods of billions of people.

Those of us who conduct scientific research for a living used to bemoan the fact that our findings drew little notice from anyone but a few fellow academics. Memorable claims that half of all scientific papers are never read, or that it takes an average of 17 years for research results to have any real impact, may be apocryphal, but they nonetheless captured a real



Once you place a fact – however cautiously – into the public domain, it remains there.”



problem. Scientists like me simply never anticipated that we would be catapulted into a mirror-image universe where lobbyists seize on our preprints for their own purposes before we have even responded to peer reviewers' criticisms.

In this *Alice in Wonderland* setting, the public response to science has been so magnified that it is impossible to control. "Facts," even when generated and published in good faith, immediately are run through an ideological meat grinder and beaten into a political mold, while scientific uncertainty becomes a weapon in the hands of elected officials and unelected interest.

Under these conditions, the normal conduct of science becomes a fraught exercise. Once you place a fact – however cautiously – into the public domain, it remains there. There are no take-backs, and the longer that definitive answers to pressing scientific questions elude us, the more that scientists' own flawed assumptions, premature conclusions, academic rivalries, political allegiances, and private lives become the story. To the trolls, we are all "at loggerheads."

The fusillade of abuse, rage, hatred, intimidation, and obscenities directed at me in the Zoom seminar came from an anonymous user who had signed in as a white male. His verbal violence was a classic example of what scholars have termed "toxic white masculinity." This category of behavior also includes aggressive and emotive guardianship of immutable (but unsubstantiated) truths; disparagement of supposedly female traits (including acknowledgement of vulnerability and uncertainty, expressing care for others, and taking common-sense precautions like wearing a mask); and describing opponents with terms like "snowflake" and "sheep."

Misinformation, lies, and twisted half-truths are nothing new. But as the philosopher Jayson Harsin has argued, the post-truth "infodemic" surrounding COVID-19 is both larger and more sinister than anything seen in previous public-health crises. To those seeking to weaponize information for their own ends, the glut of scientific preprints that has accumulated in response to the pandemic is manna from heaven.



We scientists will need to be more self-reflective, developing a heightened awareness of our own identities, values, and ethical commitments..."

▲ A QANON SUPPORTER AT A TRUMP RALLY IN PENNSYLVANIA.





COVID-19 may have already changed science forever. The pandemic and its aftershocks have shaken the pillars of dispassionate inquiry by forcing us to reconsider how academic findings are reported, disseminated, and shared with the public. We cannot climb out of the rabbit hole and return to a status quo of under-attended seminars. For the foreseeable future, science will be a kind of public act, and scientific communication will be a bare-knuckle fight between good-faith actors and the trolls.

How can science survive all of this? For starters, we scientists will need to be more self-reflective, developing a heightened awareness of our own identities, values, and ethical commitments as researchers working for the public good. Embracing this role means engaging – however painfully – with the brickbats and slurs. Through close readings of the criticism and personal attacks we receive, we can make more sense of the current political climate and identify potential methods for safeguarding empirical knowledge. But to be effective, we will have to put in the epistemological work of defending

▼ ANTHONY FAUCI,  
DIRECTOR OF THE US  
NATIONAL INSTITUTE  
OF ALLERGY AND  
INFECTIOUS DISEASES.

our underlying assumptions about the nature of reality and how that reality might be known.

Scientists also must become more adept at deconstruction. To overcome attempts to distort our findings, we need to identify and then circumvent the constraints of particular discourses and linguistic conventions.

Consider the Great Barrington Declaration, a recent public letter and petition released by a group of fringe academics advocating a herd-immunity strategy for dealing with COVID-19. Their proposal – that “vulnerable” populations should be ring-fenced while the “non-vulnerable” go about their lives without restrictions – rests on misinformation, but was presented as respectable science. And while it was immediately countered by mainstream scientists, the most effective rebuttals came from ordinary users who signed the highly polished online petition with names like “Dr. Johnny Fartpants,” “Professor Notaf Uckingclue,” and “Mr. Banana Rama.”

We should take our hats off to Dr. Fartpants. The message for the trolls

is that our gloves are off, and we understand their game. In fact, I will be using my own trolls’ behavior as data in my next paper. **18**

*Trish Greenhalgh is Professor of Primary Care Health Sciences at the University of Oxford.*



# The Cure for Demagogic Populism

**MICHAEL LIND**

*Professor of Practice at the LBJ School  
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Donald Trump is the first true demagogue to have been president of the United States. But politicians who claim to be tribunes of the powerless against corrupt establishments have historically been common in America at the state and local levels. As a form of politics, demagogic populism tends to flourish when large groups of citizens feel that conventional politicians are ignoring their interests and values.

FOLLOWING THE END OF THE post-Civil War era known as Reconstruction, so-called Bourbon Democrats, the elite descendants of antebellum slave-owners and their allies, dominated Southern state governments from Virginia to Texas. The Bourbon oligarchy disenfranchised all black southerners and many poor white ones by means of the poll tax, literacy tests, and other devices designed to suppress the vote. As a result, the Republican Party was nearly eliminated from the South. The Democratic monopoly on political power served to maintain an oppressive version of the plantation economy, based on forms of labor – such as sharecropping and the convict-leasing system (renting out prisoners to employers) – that trapped white and black people alike.

Southern oligarchic politics produced its nemesis in the form of demagogic populists whose political base was among small farmers and working-class whites. Although many southern demagogues came from elite backgrounds, they distinguished themselves from the genteel ruling class with crude language and entertaining campaigns. In South Carolina, Governor Benjamin R. Tillman got his nickname, “Pitchfork Ben,” when he denounced President Grover Cleveland: “I’ll stick my pitchfork into his old fat ribs!” In Texas, 300-pound (136-kilogram) James Stephen Hogg made the hog the symbol of his successful campaign to become governor.

Many Southern demagogues used racism to appeal to non-elite whites who feared black competition. In Mississippi, governor and later US Senator James K. Vardaman dubbed himself “the Great White Chief” and symbolized his commitment to white supremacy by dressing in white and

riding in a wagon drawn by white oxen. But others were opportunists. At the turn of the twentieth century, Georgia’s Tom Watson first welcomed black support, then championed white supremacy. Generations later, Alabama Governor George Wallace did the reverse, making his name as a segregationist before appealing late in his career to black voters from a wheelchair, having survived an assassination attempt.

In addition, many demagogic populists denounced urban merchant and banking establishments, as well as the corporations, often based in the



North, that dominated their states’ economies. Other demagogues, like W. Lee “Pappy” O’Daniel of Texas, a hillbilly music radio star who went on to become governor of Texas and a US Senator, were figureheads for corporations and the wealthy.

Once they won power, southern demagogues typically abandoned their followers and joined the establishment. Sometimes they founded family dynasties in state politics. Louisiana’s Huey P. Long, “the Kingfish,” whose slogan was “Every Man a King,” became governor and then a US Senator. Assassinated in 1935, Long was later succeeded as governor by his brother, Earl, and in the US Senate by his son, Russell.

Outside of the twentieth-century South, American demagogues could be found in northern US cities where European-American immigrant diasporas were frozen out of power by local white Anglo-Saxon Protestant (WASP) elites. Representing low-income Irish-Americans, James Michael Curley called himself “mayor of the poor.” He served four terms as mayor of Boston and a single term as governor of Massachusetts, spending five months of his fourth mayoral



▼ FORMER GOVERNOR OF LOUISIANA HUEY LONG.

► FORMER GOVERNOR OF ALABAMA GEORGE C. WALLACE.



term in jail for corruption before being pardoned by President Harry Truman.

During and after the civil-rights movement of the 1950s and 1960s, working-class “white ethnics” felt threatened from below by black competition for jobs and housing, and from above by the managerial and professional elite. This group provided the constituents for Philadelphia Mayor Frank Rizzo and New York City Mayor Rudy Giuliani. Trump has seemed unusual as an American president, but as a German-Scottish arriviste, it is easy to imagine him as a flamboyant mayor of New York, mobilizing other “white ethnics” from the outer boroughs against Manhattan.

But comparing Trump to fascist dictators like Hitler and Mussolini shows a profound ignorance of history. Both Hitler and Mussolini were backed by military, bureaucratic, and academic elites who despised democracy and feared communism. In contrast, America’s military, bureaucratic, and academic elites, and much of its corporate and financial establishment, closed ranks against Trump. Moreover, the joking, vulgar, back-slapping style of classic

American populist demagogues like Trump, and their European equivalents such as Britain’s Nigel Farage and Italy’s Matteo Salvini, could not be more different from the solemn public personae of Mussolini, Hitler, and Spain’s longtime dictator, Francisco Franco.

Equally implausible have been attempts to reduce Trumpian populism to “white nationalism.” Despite Trump’s history of bigoted remarks, his share of the white vote shrank and his support among non-white voters increased in 2020 compared to 2016. Similarly, in the United Kingdom, between a quarter and a third of black, Asian, and minority ethnic (BAME) voters supported Brexit in the 2016 referendum, discrediting attempts to portray British populism as merely white backlash politics.

As a political style, populism emerges when conventional politicians and party establishments ignore large groups of a country’s population. Examples include white farmers and workers in the antebellum US South, Midwestern farmers in the late nineteenth century, Euro-American “white ethnics” in



▲ BOSTON POLITICIAN  
JAMES MICHAEL CURLEY.

▼ LEAVE VOTERS BEFORE THE  
UK’S BREXIT REFERENDUM.





American history shows that the best way to eliminate populism is to incorporate alienated constituencies into mainstream politics...”

the twentieth-century Northeast, and working-class whites in the industrial Midwest and northern Britain in the twenty-first century.

To be sure, populist demagogues frequently promote crackpot measures to solve real problems. William Jennings Bryan, a three-time Democratic presidential nominee, pushed monetary bimetalism (back the dollar with silver, in addition to gold) as a panacea for suffering farmers. But even if their colorful champions are crooks or charlatans, desperate voters often have legitimate grievances.

Today, industrial offshoring and immigration produce losers as well as winners. The US establishment taboo against acknowledging the downsides of free trade and immigration gave Trump issues he could exploit, just as the bipartisan orthodoxy in favor of the deflationary gold standard did for Bryan in the 1890s. But Trump’s wall along the US-Mexico border and his slapdash use of tariffs, like Bryan’s promotion of silver coinage, have been gimmicks rather than credible policies.

American history shows that the best way to eliminate populism is to incorporate alienated constituencies into mainstream politics and address their legitimate grievances by sophisticated means. President Franklin D. Roosevelt’s New Deal achieved many of the goals of Bryan’s agrarian populist movement. But it did so by bringing farmers and workers into politics and policymaking in an institutionalized way, through farm organizations and labor unions. During the Great Depression, Roosevelt achieved one populist goal by abandoning the gold standard, a system that most economists today agree was economically harmful. But this and other legitimate populist grievances were addressed by New Deal reformers inside the two-party system and the national establishment, not by inflammatory outsiders.

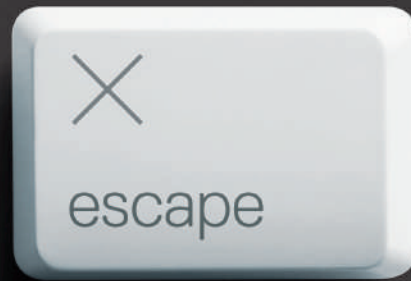
Populists are often scoundrels, but their followers deserve to be respected and heard. Demagogic populism is a disease of representative democracy. Curing it requires democracy to be truly representative. **PS**

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▼ DONALD TRUMP AT A CAMPAIGN RALLY IN INDIANA.







# Getting Back on the Paris Climate Track

**LAURENCE TUBIANA**

*CEO of the European Climate Foundation*

When representatives from nearly 200 countries finalized the Paris climate agreement on December 12, 2015, there were celebrations around the world. But it has now been five years, and the world is in a state of deepening uncertainty. The COVID-19 crisis admits of no quick fixes. The pandemic has ushered in deepening economic and social crises, as well as a wave of increased indebtedness. The geopolitical landscape is as fractured as it has been in decades, and with global supply chains being reorganized, the prospects for achieving deeper global integration through trade are fading.

YET DESPITE ALL THE RECENT TURMOIL, one certainty remains: the climate crisis and the need to stick with the Paris accord, which is the only roadmap that we have for decarbonizing the global economy. Though the agreement initially met with doubts, its primary mechanisms are proving their efficiency and efficacy, and its target of reaching net zero greenhouse-gas emissions by mid-century is now the point of reference for governments and businesses around the world. A growing number of economic sectors – public and private finance, energy, transport, and, increasingly, industry – are setting targets consistent with this objective.

With the 2021 United Nations Climate Change Conference (COP26) approaching, the immediate task for governments is to strengthen their climate plans (following the logic of the Paris agreement’s “ratchet mechanism”) to lock in emissions-reduction targets for 2030. Politically, the world has reached a tipping point. Donald Trump’s infamous June 2017 Rose Garden speech announcing America’s withdrawal from the Paris agreement set off a negative domino

effect, encouraging Brazil, Australia, and Mexico also to temper their climate ambitions. But now, we are on the cusp of a positive domino effect, as more governments and sectors realize that decarbonization is the key to future economic competitiveness.

In 2020, ambitious new net-zero commitments by China, Japan, South Korea, and the European Union were followed by Joe Biden’s election to the US presidency, together marking a decisive shift in the global calculus. In 2021, the G7 and the G20 could both make climate policymaking (not least green finance) the central issue on the global agenda. A majority of members in each group have already established net-zero targets, and thus will need to increase their 2030 benchmarks accordingly. The EU, for example, will need to reduce net emissions by 55% by 2030 in order to meet its 2050 goal.

Beyond the latest developments in the US, the EU, and China, broader economic trends and the mobilization of non-state actors have lent further momentum to climate action. Since 2015, there has been a 22,000% increase in assets committed to fossil-fuel divestments, and many large multinational companies have ►



Far from being just words on paper, net-zero commitments are having a significant effect on the real economy.”



# 22,000%

THE INCREASE IN FOSSIL-FUEL ASSETS COMMITTED TO DIVESTMENT SINCE 2015.

committed to emissions reductions in line with the Paris agreement.

For example, just in late 2020, Malaysia's state energy giant Petronas joined BP, Shell, and Equinor in setting a 2050 net-zero emissions target, and Spain's Iberdrola, the world's third-largest utility, announced that it will invest €75 billion (\$89 billion) over the next five years to double its renewable-energy capacity. Meanwhile, Volkswagen's CEO has acknowledged that the company's survival depends on its ability to pivot to electric-vehicle production, starting with a €33 billion investment between now and 2024.

Moreover, cities, regions, companies, and financial institutions are increasingly working together on climate action, implying that some countries could exceed their national climate goals, while others – such as Brazil and the US – get back on track. These efforts are all underpinned by strong grassroots support for climate action. Even amid a pandemic, polls show that people are as concerned as ever about climate change, and want their governments to do more to protect the planet.

These pressures are creating a virtuous circle. Far from being just words on paper, net-zero commitments are having a significant effect on the real economy. A major trade deal between the EU and Mercosur (Argentina, Brazil, Paraguay, and Uruguay), for example, has been blocked by a number of EU member states over concerns about Brazilian President Jair Bolsonaro's disregard for environmental protections and issues like deforestation. As a result, many Brazilian businesses – including in the beef and soy industries – have been pressuring the Bolsonaro government to change course.

Moreover, in pursuing the European Green Deal, the EU is considering a carbon border adjustment mechanism to put a carbon price on certain imports from outside the bloc. The mechanism will be developed through close engagement with trade partners, and could be the beginning of a new era of cooperation, because other countries committed to net-zero targets will have to push their own industries to pursue decarbonization.

Still, we cannot be blindly optimistic. The fact is that we are running out of time. We know that 2010–20 was the hottest period on record, and that atmospheric concentrations of GHGs have continued to rise fast. We know that emissions from fossil fuels and forest fires reached an all-time high in 2019, and we are now regularly confronted with images of melting glaciers, burning rainforests, streets choked with smog, and small islands battered by superstorms. Even in regions or countries where emissions have peaked, the effort to get to net zero by 2050 will need to be stepped up threefold. Other regions, meanwhile, are not even close to meeting the challenge.

With entire economies and societies changing fast, this is the moment for political leadership to push things across the finish line. The new Biden administration will play a critical part in the global response, but the US alone will not solve the problem. In these times of increasingly distributed global leadership, we all must work together. The international community's next milestones – at the G7, the G20, and COP26 – will be decisive. This is a game of dominoes that we can win. **18**

*Laurence Tubiana, a former French ambassador to the United Nations Framework Convention on Climate Change, is CEO of the European Climate Foundation and a professor at Sciences Po, Paris.*

▼ DEFORESTATION IN THE BRAZILIAN AMAZON.





# Who Is Attacking Whom?

**MOHAMED ELBARADEI**

*Nobel Peace Prize laureate*

The year 2020 demonstrated, once again, that the relationship between the Western and the Arab and Muslim worlds remains muddled, complicated by lingering memories of colonization, wars, and atrocities that date back to the Crusades and, in modern times, to Algeria's war for independence from France and the recent wars in Afghanistan and Iraq.

IT IS A RELATIONSHIP MARRED BY suspicion, distrust, and resentment on the part of many (if not most) Muslims, as well as many in the West. The thin knowledge that both sides of the relationship have of other cultures doesn't lend itself to mutual understanding – a grim fact that radicals (again, on both sides) cynically exploit.

A plethora of recent initiatives have sought to promote intercultural dialogue and foster deeper understanding between civilizations and cultures, particularly Islam and the West. Regrettably, these efforts, including the establishment in 2005 of the United Nations Alliance of Civilizations, have remained mostly confined to the well-educated, and their efforts have had no impact on ordinary people. On the contrary, an extremist attack or utterance overwhelms such initiatives and reinforces the perception of two antithetical cultures locked in inevitable and immutable conflict. The recent renewed uproar in France over cartoons of the Prophet Muhammad, and the shocking atrocities that followed there, clearly demonstrate the deep cultural divide that continues to roil relations between Islam and the West.

Why have these cartoons deepened this fissure anew? Non-secular Muslims perceived these caricatures in a strictly religious framework, and the resulting anger and indignation spanned the entire Islamic world,

from North Africa to Indonesia. Many Muslims regarded the images as another deliberate and vicious Judeo-Christian attack on Islam, a continuation of the Crusades by other means. Why, some ask, are attacks on Islam and its sacred symbols permitted, or even encouraged, while criticizing Israel or Holocaust denial is regarded as anti-Semitic and even punishable by law? Likewise, why are the French flag and national anthem protected against desecration, while the most revered symbol of the Islamic faith is not?

Many in the West, on the other hand, regarded the beheadings in France, and previous and subsequent barbaric killings of innocent civilians in European cities, as outright assaults by “Islamist terrorists” against Western culture and the West's way of life. These infamies, they say, were an attack on the West's defining values and freedoms. In the wake of these attacks, public awareness of the depth of the cartoons' offensiveness has diminished.

With French President Emmanuel Macron at the forefront, Western leaders have argued for a strong and unwavering response to the recent murders in France. Even though the overwhelming majority of Muslims have always denied that murderous extremists represent their faith, these tragic events became yet another opportunity for some on both sides to score political points and promote their own narrow



agendas. While some opined that Islam needs reform, others claimed that the solution is to restrict Muslim immigration to Europe – a course of action trumpeted most loudly, unsurprisingly, by US President Donald Trump’s administration. And some Muslims, in response, want all Muslims to hark back to the Caliphate, a time when the Islamic world was united and powerful.

The truth is that the two cultures have profound philosophical differences regarding the meaning and scope of freedom of expression and belief. Secular Western culture has an expansive view of these freedoms, regarding them as ultimate guarantees against oppression and authoritarianism. The West thus gives precedence to freedom of expression over the sanctity of religious beliefs, regarding the latter as ideas that, like any other idea, should be open to criticism and even derision.

Islamic culture, by contrast, regards religious beliefs as sacrosanct and above the temporal fray, and considers mockery of any Abrahamic religious belief or symbol to be an attack against everything that Muslims hold sacred. The difficult ongoing

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Given all the upheaval, confusion, and polarization in the world today, the last thing that either Islamic or Western civilization needs are new reasons for division and conflict.”

political and social transitions in much of the Islamic world mean that many Muslims feel the need to rely even more on the certainties of their faith as a counterweight to the rapid changes in the world. They are not willing to tolerate an attack on the one constant in their lives that gives them solace, hope, and true meaning.

Given all the upheaval, confusion, and polarization in the world today, the last thing that either Islamic or Western civilization needs are new reasons for division and conflict. What is badly needed, instead, is a wide-ranging dialogue between the two cultures that puts all contentious issues on the table, with the hope of gaining a sympathetic understanding of the other’s perspective and thus narrowing the gap that exists between both. Whatever the ultimate outcome, the goal on both sides must be to agree on some formula of mutual respect and self-restraint that takes into account each culture’s particular sensitivities.

But for any dialogue to succeed, it must confront head-on the larger issue underlying the recent crisis: the distrust that exists between the two cultures. The discussion

should therefore take place at the grass roots and not be limited to the elite. And it should frame intercultural engagement not as an inevitable clash of civilizations, but as an indispensable opportunity to seek mutual accommodation. Only with this shift in perception and mindset will it be possible to build a genuine partnership of equals between Islam and the West. **18**

*Mohamed ElBaradei is a Nobel Peace Prize laureate.*





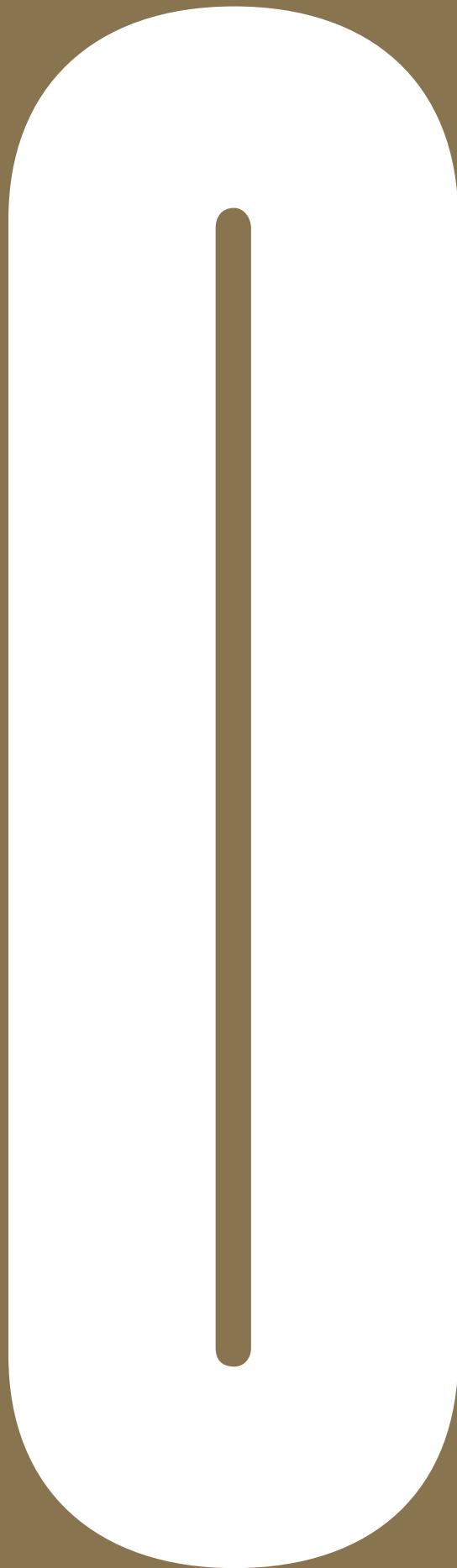
# a new year

**KLAUS SCHWAB**

*Founder and Executive Chairman  
of the World Economic Forum*



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The year ahead could be a historic one – and in a positive way. Seventy-five years after the original “Year Zero” that followed World War II, we once again have a chance to rebuild. The process after 1945 was literal: building anew from the wreckage of war. This time, the focus is on the material world but also on so much more. We must aim for a higher degree of societal sophistication and create a sound basis for the well-being of all people and the planet.



AFTER WWII, WE DEVELOPED A NEW economic philosophy grounded in collaboration and integration, with material well-being as its primary objective. This project gave rise to international organizations such as the World Bank, the International Monetary Fund, and the OECD, as well as the arrangements that would evolve into the World Trade Organization and the European Union. Neoliberalism – a staunch commitment to free markets and limited government – reigned in the West, where it delivered decades of prosperity and progress.

But this model has broken down. While COVID-19 delivered the final blow, it has been clear for at least two decades that the post-war model is no longer sustainable, environmentally or socially (owing to today's sky-high levels of inequality). The English historian Thomas Fuller famously said that “the darkest hour of the night comes just before the dawn.” And yet, we cannot simply assume that a better year will follow an annus horribilis that brought the greatest public-health crisis and the steepest recession in a century. We must act to make it so.

I see three pillars to build on. First, 2021 could be the year when we bring COVID-19 under control. If the recently approved vaccines allow us to beat back the pandemic, we should undertake a reckoning of what we have learned from this crisis. Although vaccines can bring stability, they are not a panacea. Like a peace settlement that ends but does not reverse the devastation of war, stopping the pandemic is merely a first step. The greater challenge will be to fix the structural flaws in our systems and institutions, many of which have failed to provide

the necessary care and services to all those who need them.

It will be up to all of us to ensure that our social-welfare and health-care systems are made more resilient for the next generation. The pandemic has reminded us that we cannot aim solely for higher GDP and profits, on the assumption that maximizing these indicators automatically redounds to the benefit of society. It doesn't, which is why the coming year must bring a "Great Reset" in how we approach economic growth and governance.

Second, 2021 will be the year when every major government, as well as broad private-sector coalitions, commit to a "net-zero" target for greenhouse-gas (GHG) emissions. This means that, rather being stuck in a race to the bottom and fearing a continuous "free-rider" problem, the world can benefit from a virtuous cycle of decarbonization.

Already, the European Union has agreed to "enshrine 2050 climate-neutrality in law," China has pledged to become "climate-neutral by 2060," and Japan has made a similar pledge for 2050. With Joe Biden having been elected president, the United States is expected to rejoin the Paris climate agreement, and aim for 100% clean energy and net-zero emissions by 2050.

These commitments amount to a historic development. China, Japan, the US, and Europe together account for well over half of all GHG emissions, and over half of global GDP. The targets outlined in the Paris agreement are now eminently achievable on a national and regional level. Moreover, a series of industry and corporate commitments now complements government efforts. Never before has the global climate movement been so large and so concrete.

Finally, 2021 will be the year when companies pivot from a strictly short-term-profit orientation toward strategies focusing more on the long-term viability of their businesses, and on the interests and contributions of all stakeholders. To be sure, business leaders embraced the concept of stakeholder capitalism back in 2019, with the Business Roundtable's pledge and then in the Davos Manifesto of 2020. But they lacked the means to translate these principled commitments into measurable targets and non-financial



As in the aftermath of WWII, the building blocks are already in place..."

◀ RECONSTRUCTION IN MILAN AFTER WWII.

▲ DAVID ATTENBOROUGH AT THE LAUNCH OF THE UN CLIMATE CHANGE CONFERENCE.

reporting. That is no longer the case today. With the development of clear "Stakeholder Capitalism Metrics" in 2020, all companies have the tools they need to turn environmental, social, and governance commitments into measurable action.

Again, this is a historic breakthrough that will have global ramifications. The Big Four accounting firms – Deloitte, EY, KPMG, and PwC – all contributed to the new metrics, and can now incorporate them into their own yearly reporting on company performance. And they are joined by a host of large financial institutions, from Bank of America to BlackRock, that have been increasingly vocal supporters of stakeholder capitalism.

These three major developments – a renewed focus on public health and resilience, net-zero pledges, and the arrival of Stakeholder Capitalism Metrics – all but ensure that 2021 will be a new "Year Zero." As in the aftermath of WWII, the building blocks are already in place, providing a foundation on which to construct a new era of improved well-being, inclusive economic growth, and climate action. **IS**

**Klaus Schwab**, Founder and Executive Chairman of the World Economic Forum, is the author of *Stakeholder Capitalism: A Global Economy that Works for Progress, People and Planet* (forthcoming in February 2021).





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