COMMENTARY

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Will the World's Glass after the Coronavirus Pandemic Be Half-Empty or Half-Full?

Abstract. The author comments on the political and economic options in the wake of the coronavirus pandemic that started at the beginning of 2020. She revisits responses to the crises of the First World War, the Great Crash of 1929, and the Second World War, sorting them into 'pessimistic' and 'optimistic' responses, and outlining their respective consequences.

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'When Corona is over, nothing will be the same.' That has been one of the most often heard and read phrases over the last months. How can I, as a historian, help to predict what might happen? I am not qualified to deal with the future. I am qualified to assess the past. In addition, I am always repeating that history is not a good teacher of life. Simply, nobody has ever listened to it.

Nevertheless, shall we have a go and see whether previous historical experiences offer elements that can help us to analyse the present situation? Hardly so, one would think, because the coronavirus pandemic has never had any historic precedent. It is a unique experiment. No earlier epidemic touched absolutely every point on earth, nor was monitored on the Internet, nor was followed, at every second, via smartphones and other devices. All preceding epidemics occurred in a much bigger, and far slower, world. So, recent historical experiences of large world crises cannot easily be applied to the world's present situation. However, what history can offer are analyses of how states and societies responded to earlier crises, foremost to the two world wars and the economic crisis of 1929, and what consequences the respective responses yielded.

These responses are important today because they were an expression of universal dilemmas, and thus the dilemmas were of an analogous nature to what we are confronted with now.¹ In the following, I separate those responses

¹ An excellent book to explore the global significance of these earlier crises is Holly Case, *The Age of Questions. Or, a First Attempt at an Aggregate History of the Eastern, Social,*

into pessimistic and optimistic ones, and you, as readers, may choose which appeal to you more. Of course, that applies only to the well-meaning among you who are concerned about the future of the world after this crisis. Because, unfortunately, there are many people who revel in these circumstances, who shout and threaten, who scare people. And no, I am not only talking about the handling of the crisis by certain politicians. I am talking about ordinary citizens venting their sentiments on the street, in queues, in shops, in front of ATM machines, at protest gatherings ...

My attempt to draw a 'historical lesson' is not directed towards these people. They could not care less anyway. My commentary is aimed at those who feel suffocated by the present situation, afraid of what the future might bring, and in whom pessimism and optimism are interlaced. In the following, I offer these readers two versions of the future, a version for pessimists and a version for optimists, based on what historical experiences may tell us.

The Version for Pessimists

According to pessimists, the world we are familiar with will completely fall apart, and that has been brought upon us by globalisation. The rapid spread of this epidemic is due to global connectivity. All those trips around the world, all those cheap flights, and all those apartment rentals have contributed to escalate the spreading of the infection.

Consequently, pessimists conclude that the pandemic marks the definite end of global integration processes, that in the future everyone will look after their own interests alone. Everyone will make efforts to fence themselves off, to permanently separate and protect themselves from others. Trust in global institutions will be lost: the World Health Organization (WHO) has fallen short; the United Nations (UN) are unable to help; the International Monetary Fund (IMF) is delaying. Subsequently, the rich and important will seclude themselves, keeping their wealth to themselves even more, stashing it away. Isolation will become perpetual; everyone will be in a quarantine of their own making. The poor will be abandoned even more; inequality in the world will become insurmountable. Both the rich and the poor will give up on any attempt to redistribute wealth towards a more balanced state of affairs. All hope will fade.

Pessimists also say that the pandemic surely marks the end of the European Union (EU), as borders have been re-erected and the movement of people and

Woman, American, Jewish, Polish, Bullion, Tuberculosis, and Many Other Questions Over the Nineteenth Century, and Beyond, Princeton, Oxford 2018. Case astutely analyses the universality of the 'questions' that confounded the world of the 19th century. The combined effect of not solving them, or of solving them inadequately, played a major role in the catastrophic events of the 20th century.

goods has effectively been stopped. Following this precedent, everyone will snuggle into what they perceive as the security of their nation state. This is the end of the idea of cooperation, association, and supranational integration. It is the end of the common market, as protectionist custom duties and tariffs will come to the fore. The idea of free markets will come to a halt. In future, everyone will keep their masks and ventilators only for themselves. The breakdown of trust will be complete. No one will help anyone anymore. Except the Chinese, because theirs is the future.

Consequently, this is also the end of democracy. In a situation in which thousands are dying every day, there is no time to put institutions into motion, to discuss, demur, vote... It is clear that an 'iron fist' is needed. Only politics led by an iron fist can be effective; only such politics can shut down everything overnight and frighten people sufficiently into making them grab masks.

So... let us see what history has up its sleeve for pessimists. The 'iron fist' method was exactly the reaction in a large number of states in the face of the crises of both the First World War and the economic crash of 1929. The cardinal mistake was the decision of almost all societies in 1918 to pretend that nothing had happened, that life would now continue unchanged from what it had been before the Great War, that the 'Roaring Twenties' were approaching — the 'Long Weekend', as that decade would become known. Almost all societies chose to ignore that the world had utterly changed. This blunder was fatal. The profound changes that had occurred went unobserved, and no measures of any kind were applied that might have prevented the new catastrophe that quickly showed itself on the horizon.

At that time, a type of liberalism was firmly in place according to which the market alone would resolve all economic problems. The support of the state would not be necessary, while the market alone would regulate salaries, prices, production, and sales. Then, as a response to the collapse of world trade during the war, leaders turned to economic nationalism, concluding that the calamity of war had shown that cooperation was untenable. The way forward seemed to be to abandon the world-spanning trade that had emerged in the 1880s. The First World War had indeed devastated global trade. But to conclude from this that the global exchange of goods would never be renewed was erroneous. The conclusion quickly proved to be erroneous that in the future states would not depend on each other and rather rely only on themselves; that they would close borders, raise customs duties, become self-sufficient, and that each national economy must be safeguarded from global blows by installing protectionist policies.²

² In 1920, John M. Keynes wrote one of the canonical admonitions against this development, including a prophecy of renewed catastrophe in the near future, John M. Keynes, *The Economic Consequences of the Peace*, Cambridge 1920, http://oll-resources.s3.amazonaws.com/titles/303/0550_Bk.pdf. Cf. William Mulligan, *The Origins of the First World War*, Cam-

All analyses of the 1929 collapse underline precisely this steering of the economy as one of the main misled responses to the catastrophe of the Great War.³ Shutting into national markets slowed down and reduced the exchange of trade, thereby leading to decreased production. Subsequently, workers were laid off. In addition, there was a reduction in spending power, unsold goods heaped up, and again workers were made unemployed. The conclusion at the time was that the First World War had marked the end of processes which had connected the world since the last decades of the nineteenth century. Political leaders resorted to promoting reliance on 'one's own resources', insisting that it was important for each state to protect itself. However, as would very soon become clear, such thinking was obsolete. It no longer corresponded to the historical moment: the world had connected, and to attempt to turn things back by force was not a viable idea. It proved impossible to 'de-globalise' the world, to shut off states economically. The states' response to the catastrophe of the First World War very quickly proved very wrong.

Doubts about democracy reinforced the belief in the 'iron fist' as the best solution. In the 1930s, dictatorships emerged in all corners of the world, from Japan to Germany to Latin America. It seemed that dictators would be able to protect the state, to offer fast and simple solutions. Along with the dictators, ideologies swept in that were to 'console' enfeebled and disappointed citizens by convincing them that they were superior to others. That they deserved more. And could get more. Through war. The first of September 1939 derived directly from those mistaken responses to the preceding crisis. The rest is history.

The Version for Optimists

Today's optimists see this terrible crisis as an unprecedented and totally unexpected opportunity to make a better world. They conclude that this will finally bring about the collapse of neoliberalism, as it is clear that societies cannot master this crisis alone, no better than individuals.⁴ The state is needed. It must help citizens with social measures, must protect the unemployed, enable general health care, and provide support to all who need it. Optimists say that precisely the recent austerity measures have led to the poor equipment of hospitals, to the fact that hygiene supplies are insufficient, and to the lack of doctors and

bridge 2017, esp. Chapter 5: The World Economy and International Politics, 180–209; Stefan Berger / Thomas Fetzner, eds, *Nationalism and the Economy. Explorations into a Neglected Relationship*, Budapest 2019. All internet references were accessed on 25 June 2020.

³ Cf., for example, Charles R. Morris, *A Rabble of Dead Money. The Great Crash and the Global Depression, 1929–1939*, New York 2017.

⁴ Cf. Giandomenica Becchio / Giovanni Leghissa, *The Origins of Neoliberalism. Insights from Economics and Philosophy*, London, New York 2017. The authors make it quite clear how neoliberalism is distinctly different from original economic liberalism.

Fig. 1: One of a number of posters created by the Economic Cooperation Administration, an agency of the U. S. government, to sell the Marshall Plan in Europe. This one was published in 1950. It included the flags of those Western European countries that received aid under the Marshall Plan (clockwise from top: Portugal, Norway, Belgium, Iceland, West Germany, the Free Territory of Trieste, Italy, Denmark, Austria, the Netherlands, Ireland, Sweden, Turkey, Greece, France and the United Kingdom). The poster did not explicitly depict Luxembourg, whose flag is very similar to the Dutch flag, which did receive some aid. (Source: E. Spreckmeester, also credited as I. Spreekmeester, published by the Economic Cooperation Administration / Public domain, https://commons.wikimedia.org/wiki/File:Marshall_Plan_poster.JPG)

medical staff. The crisis has made unequivocally clear what precarious work conditions really mean, as all who worked on temporary contracts are now jobless and lack the resources for a bare livelihood. They can no longer spend money. Yet, if they do not buy, production comes to a halt. If production stops and the remainder lose their jobs, everything comes to a halt. Thus, optimists say, states must intervene in order to protect workers, (re-)install their rights and provide security. A new form of solidarity must be established; we now see that we cannot do without one another. Not as individuals, nor as states in international relations.

Even the president of the United States, Donald Trump, and China's president Xi Jinping have intermittently gone from (threatening) a trade war to talking, the optimists go on. Somehow, it seems clear even to these two politicians that joint action is needed against the virus, that it cannot be overcome if they act in isolation. In the European Union, joint economic action to come to terms with the crisis has the chance to be put into practice for the first time ever in such huge and commonly pursued dimensions. In short, the optimists see a totally new situation rising. A situation of new solidarity, in which inequality will be lessened. Leaders will understand that wealth needs to be (re-)distributed, that social differences must be reduced, that striving for equality must be reinstated among the fundamental political values. Wealthy states will have to help poorer ones in order to ensure their own existence. All these measures mean fighting a different

Fig. 2: The logo used on aid delivered to European countries during the Marshal Plan, between circa 1948 and circa 1953. The logo for the United States Agency for International Development (USAID), the current incarnation of the same program, is descended from this logo. (Source: U. S. Government / Public domain, <https://commons.wikimedia.org/wiki/File:US-MarshallPlanAid-Logo.svg>)

kind of ‘virus’—neoliberalism—that was created over the last decades, and the coronavirus has made evident that the world must jointly destroy it. Otherwise, we will destroy the planet, selfishly milking it dry in our greed, not prepared to give up on anything. The planet is sending us an unequivocal reprimand. We must move jointly to save it, and the coronavirus has only demonstrated once more how the world’s ailments are unconcerned about state borders.

Optimists, too, can draw on historical examples. In the United States, the New Deal hailed positive experiences as a response to the harsh economic crisis in the interwar period. By 1932, Keynesian economics had informed the New Deal programme of newly elected president Franklin D. Roosevelt, which rested on the idea that states have the duty to help both society and those individuals that are unable to cope at a time of total breakdown. States must have at their disposal a toolbox of support measures to safeguard the spending power of all citizens, because in times of crisis this would prove the only way to restart and subsequently to secure the production chain and consumption.⁵

After the Second World War, these ideas were applied also to the global economy. Now, contrary to what was initiated after the First World War, a new global system was forged in Bretton Woods (New Hampshire, USA), resting on the idea that new international monetary institutions were needed with the obli-

⁵ For an overview cf. Jason S. Smith, *A Concise History of the New Deal*, New York/NY 2014.

gation to help underdeveloped states as well as states that had fallen into crisis. Thus, the World Bank and the International Monetary Fund came into being.⁶

The massive aid provided to European economies by the United States in the framework of the European Recovery Program, commonly known as the Marshall Plan, rested on the principle established at Bretton Woods that help was necessary, not only for reasons of solidarity, but also in order to restore the global economy as fast as possible as an open and non-protectionist economy. The idea of the welfare state rested on those principles: thus, a state with the responsibility to care for society, to prevent catastrophes, and to provide for viable solutions when crises occur. This was the kind of response to catastrophe from which the 'Golden Age' of 1950–1973 emerged, the era of the biggest economic growth in history, the highest living standards, the most stable democracies ... In democratic states, the experience of the Second World War strengthened democracy, and these economic measures were at the basis of such reinforcement.⁷

Half-Empty or Half-Full?

Dictatorships, it turned out, after the Great Crash of 1929 were only temporarily able to instil a feeling of security. Regimes very fast proved to be unstable. First and foremost, this was the case because dictators need enemies for self-legitimation. An enemy is a compulsory element in making a society homogenise by flocking around a leader, and the prerequisite for this to happen is an atmosphere of constantly reinforced fear. For this reason, dictatorships by definition produce either internal conflict, state terror against their own populations, or war. More often than not a mix of all three. Dictatorships led to the Second World War. It was the direct result of the pessimistic response to the crisis of the First World War and the global economic crisis a decade later. Dictatorships had a common ideological formula, which, instead of looking for new solutions and diverse responses, offered to stop and turn back history. This led to new catastrophe. As the former Serbian prime minister Zoran Đinđić put it: 'You can take an aquarium and make fish soup out of it, but you can't make an aquarium out of fish soup.'⁸ Once you have cooked the fish—it is over! That is history.

⁶ For a recent critical overview of the legacies of Bretton Woods cf. Elena Sciso, ed, *Accountability, Transparency and Democracy in the Functioning of Bretton Woods Institutions*, Cham 2017.

⁷ Cf. Benn Steil, *The Marshall Plan. Dawn of the Cold War*, New York/NY et al. 2018; Michael Holm, *The Marshall Plan. A New Deal for Europe*, New York, London, 2017; John Agnew / J. Nicholas Entrikin, eds, *The Marshall Plan Today. Model and Metaphor*, New York, London 2004.

⁸ Biljana Vasić, *Metafore Zorana Đinđića*. *Godine gutanja žaba*, *Vreme*, no. 611, 19 September 2002, <https://www.vreme.com/cms/view.php?id=322315>.

Today, states and societies once again face a crucial turning point. At this moment, forces are pulling in opposite directions, suggesting very different ways out of the present crisis. I am an optimist. What about you? Do you think that after the pandemic the world's glass will be half-empty or half-full?

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