

## **Humanity vs Capitalism: Political Economy of Coronavirus**

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Political economy is the study of the interaction of politics and economics, which asks the question “How can optimal policies be achieved given the existing political constraints?”. Calculating what is best to do is in the field of economics, and implementing those calculations according to the political landscape in the most efficient way is the political economy’s work. Political economy is a significant part of daily life even when there is not a pandemic, but the importance of political economy crucially increases during such crises. In this paper, I will explain the best possible scenarios that could happen by implementing optimal policies and evaluate the political responses of the countries to coronavirus. Finally, I will interpret the outcomes of these responses and what kind of a future is awaiting us. (As a side note, I will not be interpreting the ridiculously over-complicated case of Turkey at all.)

The first scenario, what could be done before the breakout in China? According to an article published on World Economic Forum in 2018, “a life-threatening global pandemic” was foreseen by scientists.<sup>1</sup> If the right investments were made to develop a vaccine at that time, thousands of lives could have been saved and there would not be a need for world-wide quarantine. Since the over-privatized health sector in scientifically advanced countries did not find it profitable enough to spend money on a possibility, coronavirus caught us vaccine-less.

The second scenario, what could be done when coronavirus broke out in China? China could be faster to respond and could have slow the spread by canceling international flights and put cities on quarantine before it became a threat. But that would require stopping the production country-wide which would damage not only China’s but the global economy. Breakout’s recognition as a global threat by WHO was also late, instead of warning other countries and telling them to “be prepared”, WHO could suggest canceling all international flights and make testing accessible for everyone. Doing as such would cause profit loss for airlines and many other multi-national corporations for a non-threatening virus at the time, so they waited to see if it would become a danger to the world. Miscalculation of how fast the virus can spread cost dearly to 210 countries at this point. If the threat was calculated correctly and responses were accordingly, the fatalities could be minimized.

Third and the last scenario, what should we do from now on? As we have seen to this point, expecting healthcare or welfare from the market is useless. Thus, governments have to make sure the public needs are met by suspending bills (electricity, gas, etc.), taxes, and rent payments; making the food and hygiene products delivery organization sufficient; making sure the people are staying at home, and their jobs are safe. Likewise, safety, health, and the comfort of the essential workers are crucial to obtain in order to achieve public stability. Research for a Covid-19 vaccine is also an urgency that needs to be funded. Governments need to expand government spending to fund all of these which will bring us to a point some of the states would eventually over-borrow and find themselves deep in debt. The aftermath of these actions is expected to be a global economic crisis; however, this is a cost we need to accept bearing in order to survive this pandemic with minimum human lives lost.

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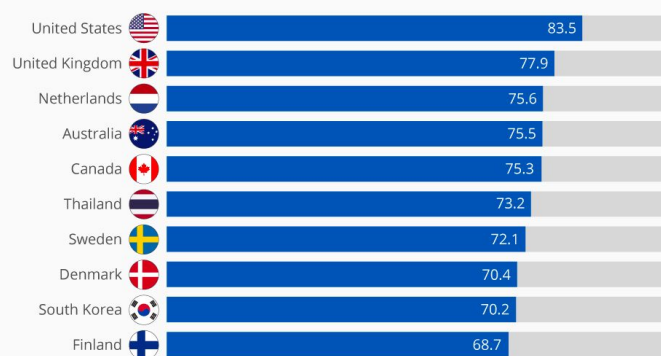
[https://www.weforum.org/agenda/2018/02/we-re-officially-on-the-path-to-a-global-pandemic?utm\\_content=buffer08434&utm\\_medium=social&utm\\_source=twitter.com&utm\\_campaign=buffer](https://www.weforum.org/agenda/2018/02/we-re-officially-on-the-path-to-a-global-pandemic?utm_content=buffer08434&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer)

Some of the best responses were delivered by Taiwan, New Zealand, South Korea, Israel, and Germany (not in that particular order). Common points they achieved include responding early and distinctly and prioritizing public health. Most of them already had a state-owned healthcare system, so implementing the urgent policies such as making testing for Covid-19 accessible for everyone was fast and efficient. Most of the European countries created budgets in order to provide full-capacity service at hospitals and make people stay at home. An additional mutual characteristic that most of the early-responder countries have women leaders; with their honesty, decisiveness, and efficient way of using sources, they showed great crisis management around the world.<sup>2</sup> The biggest achievement of all, they kept the number of cases minimum in their country.

As I mentioned in the third paragraph, China was a late-responder and it cost thousands of lives and nearly stopped daily life around the globe. Some of the other late responders were Italy, the USA, Spain, and the UK. The mutual mistake they all made was waiting for the situation to become a threat to act on it. The main reason for these late responses is the

### The Countries Best Prepared To Deal With A Pandemic

Index scores by level of preparation to respond to an epidemic/pandemic\*



\* 2019. 100 = greater level of preparation. Index benchmarks health security on factors critical to fighting disease outbreaks.  
 @StatistaCharts Source: 2019 Global Health Security Index

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governments saw the most affected demographic -elderly- as disposable and did not want to risk the stability of the economy. All except for China, a huge part of their economies depend on the people being on the streets which means the service sector. In the case of Italy, with an ambiguous first response, the government advised people “not to change their habits” that ended up causing the virus to spread rapidly.<sup>3</sup> Likewise, Spain could not foresee the rapidity of the threat and ended up having the world’s fourth-largest

outbreak<sup>4</sup> on March 20, second-largest at the moment.<sup>5</sup> As we can observe from the table US and UK rank top for preparedness, however, their responses did not match the expectations.<sup>6</sup>

At this point, we need to look at the numbers to see how bad it can get. The April issue of World Economic Outlook estimated “global growth in 2020 to fall in -3 percent”<sup>7</sup> and called the world-wide quarantine The Great Lockdown. Compared to Global Financial Crisis (global growth was -0.1 in 2009), the aftermath of this quit in production is expected to be more devastating. IMFBlog states, “This makes the Great Lockdown the worst recession since the Great Depression, and far worse than the Global Financial Crisis.”<sup>8</sup> which makes decision

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<https://www.forbes.com/sites/avivahwittenbergcox/2020/04/13/what-do-countries-with-the-best-coronavirus-reponses-have-in-common-women-leaders/#4613701d3dec>

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<https://www.vox.com/science-and-health/2020/3/22/21189889/coronavirus-covid-19-pandemic-response-south-korea-phillipines-italy-nicaragua-senegal-hong-kong>

4 <https://www.vox.com/2020/3/20/21183315/coronavirus-spain-outbreak-cases-tests>

5 <https://www.worldometers.info/coronavirus/>

6 <https://www.weforum.org/agenda/2020/02/these-are-the-countries-best-prepared-for-health-emergencies/>

7 <https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020>

8 <https://blogs.imf.org/2020/04/14/the-great-lockdown-worst-economic-downturn-since-the-great-depression/>

making in the current state even more difficult. Certainly, we cannot prioritize the state of global economy, because the issue at hand is literally a matter of life or death. As far as the lockdown stretches, it will be harder to return to the usual condition of the global economy. The best way to avoid the worst of the worst is by using our resources in the most efficient ways to keep the global lockdown as short as possible. In the end, humanity will eventually win, but the concerning point is how long it will take.