

# The coronavirus is not a global game changer - but rather a catalyst

Text: Walter Feichtinger

“Nothing is ever going to be the same again” was a statement that was often repeated by both experts and laymen alike in the early stages of the coronavirus pandemic in the beginning of 2020.



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graduated from the Theresian Military Academy in 1979, was in command of Panzer Battalion 10 and received his doctorate in political science from the University of Vienna in 2002. From 2001 on, he was security and defence policy advisor in the Federal Chancellery, Secretary General of the Austrian Officers Association and most recently head of the Institute for Peacekeeping and Conflict Management. The retired Brigadier now runs the Center for Strategic Analysis (CSA) in Vienna with a team, founded in 2008 as an informal platform for topics of geopolitical and security policy relevance. [csa-austria.eu](http://csa-austria.eu)

In retrospect, this assessment may have been a little hasty and ill-considered, because, as it turns out today, the world really hasn't changed all that much. Many existing trends, however, have indeed been amplified and even accelerated, as can be demonstrated in several different areas.

## Let's start with geopolitics

What was the situation at the end of 2019, and where are we now in mid-2021? At the turn of the year 2019/2020, the rivalry between the USA and China had already been dominating international affairs. The trade war began in 2018 and started as an expression of President Trump's own general political assessment of now-rival China. This rivalry has only been intensified by the pandemic, with both sides trying to use the fight against the virus to further their own interests. Now, both Washington and Beijing are striving to consolidate and expand their zones of influence. Narratives such as China's "community of common destiny for mankind" or the "Alliance of Democracies" are increasingly being used to send messages and forge new alliances.

Russia, which is still suffering severely under the pandemic, has also stuck to its interests-driven foreign policy. This is evidenced, for example, by its support for the Belarusian president after the disputed presidential election of 2020, its involvement in Syria and Libya or, most recently, the peace brokerage between Armenia and Azerbaijan. At the same time, we have seen an increasing number of countries distancing themselves from the West and turning to China instead. President Erdogan, on the other hand, is determined to turn Turkey into a regional power and the EU is struggling to find its role in all of this. The clash with Iran over the nuclear agreement and its influence in the Middle East also continues unabated. In short – same old, same old, only more accentuated and intensified.

## Let's move on to geoeconomics

According to estimates by the International Monetary Fund (IMF), the global economy shrank by 3.3% in 2020. This is significantly more than the 0.1%

recorded in the aftermath of the 2008/2009 financial crisis. However, the overall loss is likely to be much smaller this time, with a projected deficit of 3% by 2024, since the pandemic is an external trigger and not a failure of the financial system. Despite the fact that there has been a lot of pressure on government budgets and public debt has increased, the pandemic does not pose an insoluble financial problem. However, what has become clear is that emerging and developing countries have been more severely affected and that the income gap between the world's regions is continuing to grow.

Another aspect is supply chains and production locations. During the pandemic, the consequences of outsourcing production to countries such as China or India, as well as the blind faith in the seamless functioning of supply chains, have been brutally exposed. A globalisation which is entirely focused on keeping costs down thus has a downside with serious consequences. That is why demands were quickly made in the USA and in Europe in particular to produce critical products such as medicines domestically and to reduce dependencies. A few things really seem to be happening in this area, but only a stock-take in five years' time will show how much of this has really been implemented – a bit of scepticism seems reasonable here.

## Have global conflicts changed over the pandemic course?

As early as March 2020, UN Secretary-General Antonio Guterres called for a global ceasefire and appealed to all parties involved in conflicts to show moderation and use their energy in the fight against the pandemic. The appeal does not appear to have had its desired effect, however, as fighting has continued in Yemen, Afghanistan, Mali and Syria. The fierce fighting over Nagorno-Karabakh has even added a war between Armenia and Azerbaijan to 2020. COVID-19 has only exacerbated existing circumstances; there has been no sign of a willingness to curtail fighting for humanitarian reasons. "War logic" has dominated over all other aspects, reaffirming experiences of the past.

Another issue that caused a stir in the context of the fight against the pandemic: What is the responsi-

bility of governments, to what extent can they impose restrictions on daily life? Extraordinary measures have been taken by calling in states of emergency or imposing months-long closures of entire sectors of the economy. Governmental crisis and disaster management often became a political tightrope; the pressure to act was enormous. However, the challenges brought back into consciousness – especially in welfare states – the core responsibilities of the state: to guarantee security and to ensure a fair balance between all factions! In the course of the pandemic, many governments reached the limits of their abilities, becoming dependent on international cooperation and support. Even EU member states, after first going it alone, soon realised that health issues are best tackled together. Be it open borders, joint procurement of medical supplies and vaccines or the creation of production facilities in Europe – the EU framework, despite all problems, proved to be both expedient and advantageous and will further strengthen solidarity.

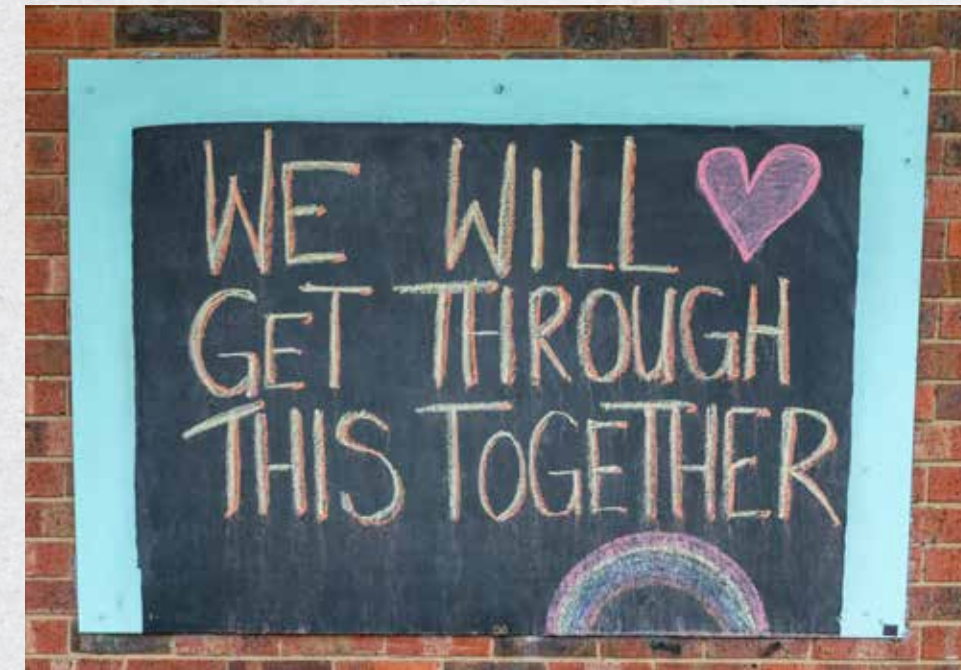
## The biggest shifts probably in globalisation and digitisation

For one thing, the blind trust in the unimpeded global flow of goods seems to have come to an end. This is based, on the one hand, on the experience that in times of crisis governments put their own nation's interests first, so that export bans may suddenly disrupt existing processes and plans. On the other hand, rising costs in low-wage countries and geopolitical tensions could also bring free trade to a halt. A shift away from the global market appears to be in the early stages, exemplified by China's increasing focus on technological independence as well as regional markets and its own domestic market. The USA and the EU are also striving for more self-sufficiency in critical technology and business areas.

In contrast, digitalisation saw a massive surge around the world. Video conferences, working from home and virtual schooling have kept hardware manufacturers, software developers and planners busy. Daily and professional life were suddenly turned upside down and many things that had previously been considered unthinkable were suddenly possible. The medium-term effects, especially on the labour market,



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remain to be seen, but in many areas, it will no longer be possible to return to the status quo ante. This is likely to lead to increased competition in the construction of 5G networks – along with all strategic implications (current heading: "HUAWEI approval").

## So, is everything going to stay the same?

Definitely not, because the coronavirus pandemic is, as the UN secretary-general has said, "the greatest crisis since the Second World War", exerting a major toll on everyday life across the globe. But despite the extraordinary strains on governments, economies, societies and individuals, the pandemic is not a game changer. So far, it has neither led to any radical changes in international relations nor in the global economy. We also haven't seen any revolutions. Covid-19 is acting much more like a catalyst, reinforcing trends and developments that had already been developing prior to the pandemic.

Perhaps, however, the pandemic will lead to thinking and acting in broader scales and contexts. This would be very much desirable in face of the even greater challenge that climate change presents us with. ●