

Carla Norrlof, *Visiting Research Professor, Finnish Institute of International Affairs*

COVID-19 AND THE LIBERAL INTERNATIONAL ORDER

EXPOSING INSTABILITIES AND WEAKNESSES IN AN OPEN INTERNATIONAL SYSTEM

Covid-19 is the latest blow to the ailing liberal international order (LIO). More clearly than the succession of trials the LIO has faced in the post-war era, the pandemic exposes inherent instabilities and enduring weaknesses with open societies connected through an open international system.

The Covid-19 pandemic is threatening the liberal international order in three ways. First, the open nature of the LIO provides favourable conditions for the proliferation of infectious diseases. With the spread of the disease, governments also started implementing political and economic policies inconsistent with the liberal international order. The health crisis presents a second test for the LIO insofar as it undermines political freedoms. Border closures, ethnic differentiation and biometric surveillance have ensued since the outbreak. Third, both coordinated and uncoordinated actions to cope with Covid-19 put economic freedoms at risk as pecuniary activity declines and ‘economic security’ policies consistent with econo-

mic nationalism start to jeopardize liberal policies.

Firstly, the embeddedness of liberal democracies in an interdependent world characterized by relatively free cross-border flows of goods, services, assets and people has amplified the virulent effects of the highly contagious deadly disease. The global number of known Covid-19 cases has increased precipitously since January 2020 along with spikes in the VIX ‘fear index’ and plummeting stock markets. Though we do not know the universe of Covid-19 cases due to inadequate and often non-random testing, advanced liberal democracies have become the primary site for the Covid-19 pandemic. People resid-

ing in open internationally integrated societies face a higher risk of exposure to domestic and foreign carriers of the virus, making such societies more susceptible to viral diffusion.

By virtue of being open, they are also less likely to implement closure. Initially, European countries were less likely than authoritarian regimes to impose quarantine measures and restrict free movement. By contrast, China fenced off Wuhan in January, one month after the outbreak, and soon after Russia closed its border with China. Once European countries started imposing extraordinary measures, policy contagion ensued with swift successive lockdowns throughout March.

Secondly, attempts to manage

the Covid-19 crisis undermine political freedoms in three ways. Many liberal democracies have taken unprecedented actions to contain the virus. The closing of borders for non-nationals and non-residents is at odds with the relatively open borders promoted by the LIO. In addition, the non-discriminatory tenets of the liberal international order that were already under fire due to the advances of far-right populist leaders and parties are being further shaken by linking the virus to China. Many Asians have reported racist incidents and attempts to associate them with the virus based on their ethnicity. References to the ‘Chinese virus’, the ‘Wuhan virus’, and the ‘foreign virus’ by President Donald Trump and his administration have further fuelled Asian stigmatization, adding to the rift with US G7 allies.

Finally, as in the fight against terrorism, surveillance techniques are being used to tackle the pandemic, putting the right to privacy in the balance. China, for example, uses biometric surveillance to track and restrict the free movement of people infected with Covid-19. By monitoring smartphones, China, along with Singapore, South Korea and Taiwan, has also sought to identify the connections between Covid-19 carriers in order to track

and interrupt transmission of the disease. Variants of these surveillance procedures have been implemented in Germany and are being considered elsewhere in Europe, as well as in the United States.

Thirdly, both coordinated and uncoordinated actions to cope with Covid-19 put economic freedoms at risk as a result of declining economic activity and the spectre of ‘economic security’ policies consistent with economic nationalism. In addition to the collapse of equity markets, unemployment rates around the world have spiked and we are likely to see a contraction in world trade during the first and second quarter of 2020, and probably even longer. A protracted health crisis will further shake economic confidence, putting downward pressure on household incomes and savings, further reducing demand and generating more layoffs.

These circumstances present ideal conditions for a debt-for-equity trap with particularly devastating consequences for households financing property acquisition via short-term rentals, equity returns and dividends. Apart from hoarding, much economic activity has come to a standstill. Panic-buying, especially of food and household items and breaks in global supply chains involving both Asia and

hard-hit countries in Europe, particularly Italy and Spain, may lead to calls for greater food security. As international threats to countries’ food supplies and economic welfare start to mount along with job insecurity, economic nationalism emphasizing self-sufficiency with protectionist impulses may crowd out policies consistent with the LIO, long-term prosperity and security.

To mitigate the hazardous long-term effects of Covid-19 on the LIO, governments should renew their commitment to core liberal principles, reducing social and economic inequities including access to quality healthcare. As the main theatre of the epidemic, the recalcitrant leader of the LIO, has neither moved quickly to contain the virus domestically nor sought to stabilize its global spread. Instead, President Trump has withdrawn US funding to the World Health Organization. Possessing multi-dimensional positional advantages – technological sophistication, low trade dependence, dollar and financial hegemony – the United States’ viability as the dominant power may not be at stake. But US hegemony, i.e., US leadership, and the future of the LIO now hinges on America’s ability to secure global health.