

# The Global Crisis of Our Time: The Long-Term Impacts of COVID-19

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# **Summary**

The world is now feeling the impacts of the COVID-19 pandemic. In addition to causing a substantial death toll, the crisis is putting considerable strain on the economies of states across the globe. Though the virus will eventually be contained, its effects will last for years. In a post-coronavirus world, patterns of global inequality will likely be even more extreme than they are now, potentially causing substantial future unrest. As such, it will be crucial to work towards fairer economic and political systems in states across the globe.

#### Introduction

The March briefing, *Austerity in the Age of COVID-19: A Match Made in Hell?* assessed the rapid development of the COVID-19 pandemic and explored whether the current global economic system, with its strong leaning towards the neoliberal model, was likely to prove an effective part of the response. At the end of that month, the world-wide spread of the pandemic had mainly impacted China but was starting to develop rapidly in some European states, notably Italy, Spain and France. Global deaths were estimated to be 24,000.

The growth of the virus' impact during April has been alarming with the UK close to the global figure for March by the end of the month, and a world-wide pandemic of over three million cases of infection and over 210,000 deaths. The worst affected European states were Italy, France and Spain with estimates of up to 27,000 deaths but in all cases, there was some evidence of a peak being reached or even passed by the end of the month in terms of numbers of

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new infections. Some easing of the lockdowns was under way, but they were tentative and readily reversible if, as feared, there were further waves of infection.

Meanwhile, the situation in the United States was especially dire, made worse by President Trump's initial rejection of the risk, however obvious it was to many of his medical and scientific advisors. By late April, estimates suggested that there had been over 58,000 deaths, exceeding US losses throughout the 20-year Vietnam War, more than a million confirmed cases and a daily death toll averaging over 1,500.

In the midst of a welter of information this briefing will concentrate on three elements: the experience in the United Kingdom and its response to the crisis; the global emergency which is becoming apparent across the Global South; and some early indications of the longer-term impacts of the pandemic.

# **The UK Experience**

The UK came to experience COVID-19 later than other European countries but was still slow to respond and by the end of the month the number of deaths was approaching that of France, Spain and Italy meaning that the UK would probably end up with the worst death toll in Europe. Moreover, the deaths recorded and published in the UK were of people dying in hospital. Even by mid-April deaths in care homes due to COVID-19 were thought to be 7,500 with many more people dying at home. That this could happen when the evidence of the danger of the pandemic was clear from the Italian experience has been due to a slow political reaction initially in January.

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Remote Warfare: Lessons Learned from Contemporary Theatres One of the earliest indications that a serious problem was developing in China came in late December when Taiwan started checking incoming visitors from Wuhan, the epicentre of the outbreak. Even so, the first information to be received by the UK Health Minister did not come until 4 January and the Prime Minister, Boris Johnson, was not informed until 7 January. The first meeting of the relevant national emergency committee (COBRA) was not held until 24 January, without Johnson attending. By that time there had been 26 deaths and 870 people diagnosed in China, the rate of spread was accelerating by the day and cases were being reported in Hong Kong, Singapore, Thailand and the US. Even in the UK fourteen people were already being tested for the virus. Furthermore, in the past month, more information has come to light indicating that NATO member states were alerted to the problem in China back in November, making it even more surprising that action was not taken earlier.

By late February, there were huge problems in the Lombardy region of Italy as medical facilities struggled to cope, and a regional lockdown was instituted early in the crisis which was extended across the country in early March. In the UK the initial response appears to have been dominated by the view that it would be best to allow the pandemic to spread so that "herd immunity" was acquired by a sufficient proportion of the population to limit the further spread of the virus. The thinking was that the number of people seriously affected could be treated by the NHS and that major economic disruption would thereby be minimised.

This was suddenly reversed late in March and a full lockdown rapidly implemented. Huge efforts were put into preparing the NHS, including the opening of large emergency treatment centres but staff struggled to cope, not least because of persistent shortages of key protective equipment. Fortunately,

the experience in April was of a Service with exceptionally hard-working staff managing to stay on top of the emergency, but with well over a hundred losing their lives in the process. The status of the NHS rose across the whole country and there were also several examples of communities working together in neighbourhood initiatives, including thousands of local COVID support groups being rapidly established.

More generally, and in addition to responding directly to the virus, there are now three issues of considerable concern:

- 1. Far too little attention was being paid in the first month of the lockdown to the experience of elderly people in care homes or in their own homes, circumstances made far more difficult by serious shortages in personal protective equipment and the availability of testing.
- 2. There has been criticism of the failure of the Government to recognise the impact of the pandemic on poorer people. The UN rapporteur on extreme poverty, Professor Philip Alston, said "my thoughts of course hark back to the sense of how utterly hypocritical it is now to abandon 'austerity' with such alacrity, after all the harm and misery caused to individuals and the fatal weakening of the community's capacity to cope and respond over the past ten years".
- 3. The costs of the economic measures being taken to support the lockdown are massive, much larger than those that followed the 2008-9 financial crisis. That led on to a decade of austerity and there is considerable concern that the same will happen when the crisis eventually abates. What tends to be forgotten is that the UK is a country of considerable wealth but much of it is concentrated in few hands. Estimates for additional government borrowing are just under £200 billion but the richest thousand people alone

have collective wealth of £771 billion, the wealth of that cohort having increased by £196 billion in the past three years.

Much of the reasoning for the slow response in the UK may have to wait for a full public inquiry when the crisis finally recedes. But, in the meantime, a recognition of the evident faults so far might help in injecting greater wisdom into current policies.

## **Global Issues**

The main impact of COVID-19 has so far been felt in China, much of Europe and the United States, with less in the way of problems in the Global South. This is highly misleading and has much to do with the intensity of international air travel between Eastern Asia and Europe and North America, ensuring the rapid spread from the origins to those regions. Three months after the initial spread of the virus from China to these regions, it is now clear that the pandemic is developing rapidly across many other countries in the Middle East, South Asia, Africa and Latin America and is already a serious health problem in many of them.

There are early indications that one of the worst of all aspects of the impact of COVID-19 in the Global South is a world food crisis that will develop over the rest of the year. This is likely to exceed anything seen for more than forty years with the UN World Food Programme expecting that the number of people directly facing shortages will almost double to 265 million. Major food shortages are still regular occurrences and in the worst cases will lead to famine conditions, but the great majority are regional and often due to natural phenomena such as droughts or storms. In most cases, though, these may be quite localised, and the actual shortages are due to people being too poor to

buy food at often inflated prices. It is almost never the case that there is not enough food available from somewhere. Occasionally there is a global problem, the last being in 1973-4 when droughts in some regions and floods elsewhere combined with rapidly rising demand in richer northern states, huge hikes in energy and fertiliser costs, inadequate investment in rural developments and a specific grain shortage in the Soviet Union. These led to a potential famine across 22 countries which put over 40 million people directly at risk. It was partially avoided by emergency aid but what is now being faced could be on a much larger scale and with richer states looking far more to their domestic circumstances. There have been calls for re-allocation of resources in these states, not least away from military spending but that would be bitterly opposed in some quarters.

In any case, the food issue is part of a wider problem. Many majority world countries have very limited health systems and frequently have mega-cities that include areas of immensely dense living. Social distancing is deeply problematic, if not impossible, and the situation is being compounded by countries trying to bring in a lockdown that includes closing schools where children do at least normally get nutritious meals each day. Instances of rioting and looting are being reported in many countries even though there is not yet a global food shortage issue. As in 1974, it is much more a consequence of poverty made suddenly worse by a lockdown removing even the low wages that come from labour-intensive occupations.

In this environment, the poorest and most marginalised are suffering the most, along with migrants, refugees and internally displaced people.

Reasonably effective emergency problems after the much more limited 1974 crisis were followed by some increase in funding for rural development but the

global problems this time are substantially greater and will require huge emergency assistance. This, though, is at a time when the attention of political leaders is elsewhere unless they show impressive international leadership while being subject to intense domestic campaigning across the Global North.

#### **Indications of Trends**

Although the full impact of COVID-19 is only now being felt in Europe and North America and not yet across the wider world, some changes in policies and approach are already becoming clear. Within the specific area of health, there will be far greater investment in vaccine research and development combined with improved diagnostics and early warning systems. There will also be a much-increased interest in anti-viral treatments. This will all be to the good, but it is worth remembering that the great majority of the world's pharmacology industries are private entities. For the most part they tend to look to new drug therapies and, for them, the therapies that treat rather than cure or prevent diseases are financially more attractive.

More generally, there are likely to be changes in work patterns including more remote working and e-commerce, less travel and less personal interaction in business and labour markets. There will certainly be major supply-train reforms and reconsideration of location of production bases with knock-on impacts on employment. There are early indications that the power of transnational corporations will increase further still on top of the huge consolidation of the economic power and political influence of the last four decades.

This is likely to be especially true for transnationals in the information and communications industries and in distributive industries that can innovate readily to take advantage of changing patterns of work and travel. Given the

remarkable abilities of transnationals to limit their tax liabilities and the conspicuous failure of governments to address the issue, there will be substantial opportunities for wealth acquisition and the political power that can follow.

The danger, though, is that this will be in an environment of deepening inequalities world-wide as the neoliberal economic model becomes even less fit for purpose, with all the risk and uncertainties that revolts from the margins imply, especially when the "margins" are in the majority.

#### **Conclusion**

The COVID-19 pandemic will eventually be contained but the effects will last for years. In the process the risk is that the resulting patterns of deeply inequitable wealth distribution and political power will be even more extreme than now, a development analysed in last October's briefing. The risk is that this will lead to even greater anger and resentment than we see now, coupled with the rise of extreme movements of revolt. If that is to be prevented, we have to work even more intensely for a fairer social and economic order. In the process, there is a chance that a more effective system based on cooperative policies can evolve, a system that will also be essential in responding to the issue that is even more important than COVID-19 – the risk of climate breakdown.

Image credit: chris rogers/Flickr.

## **About the author**

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