

## *INSS Insight* No. 1279, March 24, 2020 <u>The Coronavirus Crisis: A Failing Grade (So Far) for the International</u> <u>System</u>

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It is no exaggeration to say that this is the first time since World War II that such large parts of the world's population have faced a multi-system crisis with severe and long term consequences as those of the coronavirus pandemic. In the early days of the spread of the virus it was already clear that even though the world is aware of the dangers of nuclear, chemical, and biological war and has even adopted treaties and conventions with the purpose of restricting the production and proliferation of such weapons, it is not equipped to muster regional and international cooperation to wrestle with natural disasters such as a pandemic. In addition to confronting the immediate and long term implications of the current crisis, Israel and other countries must adopt an approach to cope with crises through regional and international coordination and cooperation.

The lessons of World War II prompted the world's leading countries in the period thereafter, chief among them the United States, to recognize the need to create a global regulatory order through international systems that would be able to prevent political, military, and economic crises. The UN agencies and economic institutions – the World Bank and the International Monetary Fund (IMF) – were established and joined by additional international institutions targeting specific issues. Concurrently, regional, political, and economic organizations were strengthened, some of them in the framework of the Cold War between the superpowers, and some of them due to the understanding that many problems cannot be solved on the level of the individual state and require broader cooperation and coordination.

Even if a medical formula for coping with the coronavirus is found soon, recovery from the deep and complex crisis that the outbreak has caused will take a long time. Not all of the consequences of the crisis are evident yet, nor are the depth and the breadth of those that are known. At the same time, it already appears that many countries, especially the largest, prefer to cope with the crisis themselves, especially with its broad economic consequences, relying on their own capabilities and resources rather than relying on the assistance of the international system. When China decided how it would cope with the epidemic, it did not approach the World Health Organization (WHO) or any other international agency. Only at a later stage did Beijing agree to allow a WHO delegation into China. This was also true of the European Union states, each of which acted differently regarding border closure, even though most of them are parties to the Schengen Agreement on free movement across borders. Germany and France decided separately to prevent the export of certain products essential to the effort to prevent the spread of the virus, contradicting one of the basic principles on which the European Union was founded, namely, the free passage of people and goods. The major oil producers, which are organized in two cartels, have not succeeded in reaching understandings between them regarding export amounts. These are only some examples among many, but all show that the idea guiding international and regional institutions in the post-World War II era, whereby nation-states are willing to give up some of their powers and capabilities in order to cope with challenges and problems that cross borders, has not weathered this serious crisis.

Perhaps the expectations that the international system would be able to cope with the epidemic and its results are unfounded, but it is hard to avoid the conclusion that if what has occurred so far remains the norm, the process of overcoming the crisis will also be problematic. The recovery process will take many long months, perhaps years. At this stage, it is difficult to estimate the dimensions of the immediate and future damage to economies worldwide, and especially to the industrialized states and major oil and natural gas producers, but it is likely that actions to repair the damage will also be taken primarily on the level of individual states and less via the framework of the international system. It is also possible that unrestrained economic competition will develop. The World Trade Organization (WTO) was established in part to prevent unfair competition in the production, export, and import of goods and services. It is quite possible that various states will ignore most of the rules and regulations that they themselves adopted as members of the WTO, in an attempt to overcome the crisis sooner than competitor states. Certain states have a built-in advantage in their ability to recover, due to their diversified economies. This is not the case for others, which rely on a single main industry, and even without a global crisis are in an ongoing state of economic hardship. It is probable that the current crisis will even deepen their socioeconomic lag behind the majority of the industrialized states.

This is also a test for the International Monetary Fund (IMF), which is meant to help countries stabilize their financial system. Its management has already declared that it is willing to raise a trillion dollars, mainly from the states that hold the majority of its shares. Three states lead the list: the first two, the United States and Japan, are in competition with the third – China. In any case, most of the efforts of these states to extricate themselves from the crisis will be directed inward. All three have independent means of international economic aid, and it is likely that they will prefer to use them before turning to the IMF.

Two months after the discovery of the epidemic, the European Union, which is coping with severe internal problems and with the consequences of Brexit, launched an initial economic aid package worth 37 billion euros, but it will need to raise larger sums once the scope of the economic aspect of the crisis becomes clearer.

The United States had a central role in creating the global multilateral system of institutions that was established in the post-World War II era. In some of them, such as the financial institutions, American dominance continues to this day. However, during the last two decades, American influence has faded, and this could have a negative impact on the willingness of other central actors in the international political and economic arena to cooperate with it – even if the United States were to display leadership in the process of recovery and rehabilitation. But the approach of President Donald Trump (whose conduct challenges the multilateral order) and the fact that the US is in the midst of a presidential election campaign do not encourage multilateral cooperation. The lack of a substitute international player such as China (which is trying to enter the vacuum left by the United States, especially in relation to the coronavirus crisis) or Germany will likely impede the speed and results of recovery efforts.

The lack of international leadership could also have consequences for the conduct of various states in relation to issues on the agenda of the international community in recent years, including the challenge of the Iranian and North Korean nuclear and ballistic programs, and conflicts arising from countries' policies toward territories adjacent to their borders (for example, China and Russia) to which they have claims. The efforts on the national and international level to cope with the consequences of the crisis raise the glass ceiling, allowing states to exploit underhanded opportunities that in "regular" times they would hesitate and even refrain from taking. The leaders of states that for a long time have been coping with sanctions imposed on them due to their policies could reach the conclusion that the international community is not currently capable of coping with violations of the status quo. It is possible that defiant actions towards the international community will be taken by these leaders in order to distract critical domestic public opinion from their failure to deal with the coronavirus crisis, with all of its economic and social consequences.

The longer the crisis continues, the greater the adverse impact of the failure of international and even regional systems with respect to the coronavirus crisis could prove to be, even in relation to more severe global crises – climatic, for example. At this stage, the supply of water, electricity, and food have not been impaired in all of the regions hit by the coronavirus and its consequences. However, potential phenomena against the backdrop of the current crisis – e.g., social tension, economic collapse – will appear with greater intensity if these systems are impaired. The extent of crises such as the coronavirus crisis

and those more severe require the establishment of supranational regional and international institutions, or the adaptation of existing entities, such that they have the authority and the ability to prepare for optimal solutions to challenges that would clearly emerge. However, the conduct of many countries in face of the pandemic displays disregard, reluctance, and even opposition to the institutions intended to create a global multilateral order. This is a weighty challenge that joins the direct challenges arising from the spread of the virus.

Israel's geopolitical situation also has implications for its ability to cope with crises on the scale of the coronavirus crisis. At present, each state or political entity in the Middle East is dealing with its problems separately within its territory. Hence, the false impression could arise that they can cope with the next cross-border crises without regional coordination. These could be even more severe than the current one. Therefore, when the Israeli political system stabilizes, its agenda must include planning for coping with future severe regional crises in coordination with neighboring states.