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Focus : **COVID-19**

Impact on World Geo-politics and Economy

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: Impact on World Geo-politics and Economy

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By 2050, I see a tri-polar world with China, India and the US (I have serious concerns regarding China's domestic political, economic and political stability).

5. Do you see an enhanced role for India in the post-COVID-19 World Order?

That depends on the Indian leadership. There are too many variables to take into account. First and foremost, India needs to revive the economy asap. But focus on protectionism will be a major barrier. India must realize that it grew at the fastest rate when it espoused globalization, liberalization and privatization. Ideology or domestic political compulsions will stymie economic growth. India should use COVID-19 to take measures to increase exports and also FDI. This needs a change in ethos in the Indian government.

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Questionnaire Response

All responses remain somewhat provisional as this 21st century pandemic puts us in uncharted territory. India and Israel, for example, did an effective job of containing the outbreak with severe restrictions. Yet, as soon as they felt it was safe to ease them, both saw significant spikes in COVID-19 cases. What will a “second wave” (or renewed first wave) of infections mean? Will it take us back to square one, or will it pass with little impact? Will we develop an effective vaccine, when will we do that, will it be made universally available?

1. Misplaced priorities - Expenditure on Armament vs Public Healthcare have been exposed in the context of COVID-19 pandemic. Do you agree?

While COVID-19 has exposed misplaced priorities, this is not one of them. The issue is not whether or not we want war and killing; let's hope none of us do. Yet, we know that the worst actors on the planet will continue to threaten peace and freedom. That makes it suicidal to find money for healthcare by taking it away from the defense we need against those bad actors. The real issue is how we find and allocate funds for needed expenditures, and it does not make sense to look for it in military spending cuts while there are targets with greater expenditures. For instance, the United States (US) spends more money on defense than any other country; according to Stockholm International Peace Research Institute, 2.8 times the amount spent by China, second in military expenditures; and 10.3 the amount spent by India, third in military expenditures. In

fact, the US spends more on the military than the next ten countries combined. That leads many to assume that defense is the largest part of the US budget. Not true; in fact, in 2019, 29 other countries (including Pakistan and Bangladesh) gave a greater share of their government spending to the military than did the United States. Moreover, that percentage has stayed the same or fallen in the US every year since 2011; and the US Congressional Budget Office projects it to continue dropping through the next two decades. Let's not cut it further as long as countries like Iran need to know that others will prevent them from carrying out genocidal designs.

Defense is the largest part of US "discretionary spending," which receives disproportional attention because it is the subject of heated Congressional debates annually. In reality, though, discretionary spending leaves out about two-thirds of the money spent by the US—and almost all of that already goes to healthcare for the poor, plus income and healthcare for the elderly and disabled. The greatest factor limiting funds for healthcare is not large defense expenditure but *how* we spend our money in all categories. Finding more money for healthcare anywhere, requires us to identify existing inefficiencies, sweetheart deals, overpricing, and most of all corruption and cronyism. Getting a handle on those issues will free up more money than a dozen anti-military spending bills ever could.

Still, the almost \$2 trillion spent by countries on defense in 2019 is a lot of money. Do I wish nations did not spend money on arms? Of course, but unless the nations of the world have a backbone that they consistently fail to show, it takes only one bad actor to make that a wrong-headed and deadly decision. And there are all too many bad actor candidates today from Iran to North Korea to Cuba. In the 1920s, the world's war-weary democracies chose to do just that. Between 1919 and 1924, the US cut its military spending by 95 percent from \$87.16 billion to \$4.55 billion. The other World War I allies cut even deeper, leaving them unprepared for bad actors Adolf Hitler, Hideki Tojo, and Benito Mussolini. Had the western democracies not reversed that trend, World War II would have ended differently. Then what? We're living under Nazism and people are being slaughtered, but at least we have good healthcare? That's certainly a tradeoff I wouldn't make. You can't disarm without resolving the issues that cause nations and groups to take military action or resort to violence. We're not even close to addressing them and until we do, I take comfort in the military superiority of nations like the United States, Israel, and India. What would happen if the United States reduced its military expenditure and China did not; or India reduced its and Pakistan did not; or Israel reduced its military spending and Iran did not? These are life and death matters every bit as much as is stopping a pandemic. Military spending remains a priority, and should not be seen as the source of increased public health funds.

Moreover, even if a glut of money suddenly appeared, governments have shown a decided *incompetence* in spending such funds. What sort of healthcare safety net do we buy, who runs it, who oversees it, and so forth? And regardless of that answer, whether we are addressing defense, public health, or any other spending category, there are serious self-interests, corruptions, and cost overruns. How do we prevent them from illicitly funneling money that otherwise would be used to help people? If we really are serious about increasing healthcare coverage, we must go beyond good intentions and

commit to *act resolutely*, no matter whose personal wealth is affected by it. No public health scheme anywhere effectively addresses costs, cronyism, or corruption, and if COVID-19 taught us anything, it is that we cannot afford to accept these unwarranted costs at the expense of pandemic preparedness and public health. We cannot look the other way while we are overcharged because people have connections or because doing what's needed angers the "wrong" people. Nor can we go back to business as usual and be unprepared for the next crisis—pandemic, environmental, or military. It rests with us to hold accountable the decision-makers and political leaders; and not just the ones we don't like; something we can do in a democracy. If we need more funds for any use, we can find them in those inefficiencies and self-interests, not by slashing needed defense spending.

2. Do you believe the efficacy of International Organisations--UN and WHO - is at stake in the light of COVID-19?

Even before the COVID-19 crisis, almost all of these international organizations demonstrated a passion for ineffectiveness and soiled credibility. What have they actually accomplished in their seven to eight decades of existence? Peacekeeping forces turn tail and run when told to by the countries they are supposed to defend against (e.g., the Sinai 1967); and even while on the job, they avoid confrontations that might actually help keep the peace. Their deliberations in New York are driven by short term geopolitical considerations and personal gain to the exclusion of real achievement. And UN groups like UNESCO, UNRWA, and UNHRC have exacerbated the problems they were created to solve due to their leaders' bias and disregard of facts. The misnomered UN Human Rights Council has spent more effort condemning India for its recent citizenship law than it has Pakistan and Bangladesh combined for their decades of human rights atrocities against Hindus and other minorities. These organizations and their members, who include the world's most repressive regimes, are more committed to trashing democracies like India, Israel, and the United States than to the principles that are their *raison d'être*. In other words, their sad performance has done more to reduce their efficacy than did COVID-19.

The corruption and ineffectiveness of these and other international organizations during this crisis highlighted their incompetence further. Instead of operating on principle, they consistently choose politics and their own creature comforts. Some will continue to support them nonetheless because they are aspirational as a model for international relations; and some because they reflect their particular set of political or economic interests. Additionally, the UN represents a gigantic transfer payment device without conditions or consistent principles. The United States pays for about a quarter of all UN expenditures. China, Japan, and Germany together provide about the same amount; and the other 189 member nations make up the rest. But those top nations are not recipients of UN largesse. For instance, the US provides almost 30 percent of UN peacekeeping force money, even after President Trump's UN funding cuts. Bangladesh, on the other hand, paid a total of \$278,000 to all UN programs in 2019, so far has paid nothing in 2020; yet has received between \$200-300 million annually for decades (about half of which goes to the troops and the other half into someone's coffers). The more that UN organizations show themselves to be corrupt and inefficient, the more

that US taxpayers will question their contributions, which are necessary for the groups' viability.

The World Health Organization (WHO) has become the poster child for that anger. WHO's role in promoting China's false narrative about COVID-19, and its contribution to the international pandemic has become an explosive issue in the US. Far from reflecting an organization that promotes better healthcare, WHO's corrupt actions have caused untold costs, suffering, and death. Hillel Neuer, Executive Director of UN Watch wrote in the American newsmagazine *Newsweek*, that WHO appointed James Chau as a goodwill ambassador in 2016 and re-appointed him twice since then. According to Neuer, Chau is "a Chinese government news presenter who has broadcast forced confessions and... armed with his U.N. badge of legitimacy, has been mobilized from the start of the pandemic to spin for Beijing on [social media], abusing his WHO title to whitewash China's record and legitimize the regime and its officials." The most recent intelligence and investigative journalism show that China knew about the deadly virus as early as last summer but kept it quiet with WHO's blessing. At the same time that China was covering up its role in spreading COVID death and destruction, WHO was praising its actions. Many people have told WHO that it can its funding by sacking Tedros Adhanom Ghegryesus as its head; others are not sure even that will save the organization. At the very least, structural changes will be needed to prevent similar distortions from an organization that exists to *do the very opposite of what it actually did*. When the crisis passes and Americans have to make some tough economic choices, there will be little appetite to send their hard earned tax dollars to an organization that had a role in the nightmare of pandemic. We can get a glimpse of what that will look like from Trump's withdrawal of funds from WHO, which both heartens and trouble me. As an American taxpayer, I am tired of funding people and groups who are antithetical to my country and values. In this instance and others, Trump has made it clear that those days of easy US funding are over. My advice to multi-national organizations: *Believe that, especially if Trump is re-elected*. Despite our economic success, we have doubled our national debt during this crisis and cannot, for the sake of our children's futures, continue to spend money willy-nilly while others feed off our largesse when they can do more themselves. In fact, I think it is quite appropriate that, given WHO's complicity with China, Trump is restoring our contribution to the same amount as China's (about ten percent of what we gave previously). Why am I troubled? Because no organization will succeed if nations can withdraw when they don't like what they are doing. The US action correctly told WHO there are consequences for its bad actions, corruption, and refusal to be answerable for them. As long as any nation can do that, however, the reality of a supranational organization is a mere chimera.

3. COVID-19 and the Environment: Is There a Relationship?

Issues that deserve urgent attention.

There has been no serious correlation between climate change and the COVID-19 pandemic; nor are there any credible data linking the two. What the crisis has done, however, is expose our general unpreparedness for major threats like this one, on the one hand, and our almost blind faith that technology will overcome it. The pandemic

has made it clear that there are things in this natural world that threaten our ways of life, perhaps even our lives themselves, and we ignore them at our peril. Additionally, even if technology helps us this time, should we be oblivious to these threats once the immediate crisis has passed? We do that at our peril as well.

The crisis also exposed our interconnectedness as a species; that these events have a global impact and cannot be confined to a single country or region. We need a global response; and we won't get one as long as those involved are more committed to their particular ideology than to helping the planet. All of them—left, right, and center—must acknowledge that there are different and equally legitimate understandings of the phenomenon and how to fix it. Without that flexibility, there will not be a global consensus. Even as our world is being wracked by the COVID-19 pandemic, we have not built consensus over what it will take to defeat the virus, what criteria make it safe to ease up on restrictions meant to slow or prevent contagion, and what it will take for economies to recover. We simply have to abandon political divides and focus on the science, the threat, and reality; even if we don't like the politics of others at the table. We must build that general consensus recognizing climate change as a threat, regardless of its cause. The extent to which it is a cyclical phenomenon or something caused by human actions does not lessen that threat. It's also a threat regardless of whether we believe the solution has to come from government or private industry.

We saw what can happen when we don't do this. Despite all the European Union's stated values about a united continent, many of its constituent nations blocked needed supplies from being shipped to Italy early in the crisis, even though it might have reduced the plague's virulence. Instead, they saw the Italians as "others" and kept the supplies for themselves. In the end, their cowardice did not help them avoid COVID-19's destruction. We cannot afford to repeat that.

4. How do you visualise the shape of the Geopolitical Future? Bipolar or Multipolar; Impact of US-China rivalry

We know that the post pandemic world will be different, but despite talk of "flattening curves" and easing restrictions, we are far from being out of danger. Though today's predictions might not be likely once the pandemic runs its course, we can be confident of some things already that will alter the geopolitical landscape dramatically, beginning with a radical change in the global economy to China's disadvantage with immense geopolitical implications, especially in its epic battle with the United States.

For some time, I have called the Chinese economy a "house of cards"; unsubstantial because it depends on consumer spending from countries half way around the world. If they stop spending for whatever reason, China is in trouble because it does not control its own economic destiny. About half of China's exports go to the United States and Europe, both of which have seen a significant drop in business and consumer spending during the pandemic, and likely will see it continue in the post-COVID-19 world. That's bad news for China. With many Americans now working from home, they have less need for consumer items that they used while spending five days a week in the office social setting. For instance, they have found that they don't need a variety of dressy clothing and accessories and even prefer a casual and less expensive form of dress. The US is the

largest importer of Chinese textiles and apparel—Bangladesh better watch out, too. China was already hurting because of its trade war with the US. Increased consumer demand—a gift to China from the US boom economy—helped soften the impact; but that mitigating factor is gone now. Nor can China expect American workers to return to offices once the lockdowns end. Some years ago, I was engaged in corporate discussions measuring the economic impact of more workers working from home. The economic benefit was significant, and we made a lot of changes because of it. Because of COVID-19, more American companies now see those advantages, are used to remote workers, and will not forego them, especially in a changing economy. Additionally, consumer spending is scheduled to take another huge hit with sellers unable to meet required time lines to stock shelves and advertise goodies for the winter holidays, a period that makes or breaks producers of consumer goods. This is especially damaging for China because its economic niche is selling inexpensive versions of consumer goods to people who otherwise might not be able to afford them; and that niche has fueled China's economic footprint in the West. Also expect consumers to be overall more conservative in their holiday purchases after months of reduced or missing income. Businesses lost income, too, and will be watching their expenses more closely. That reduced consumer demand could have a disastrous effect on sellers of electronics, especially phones and computers, with buyers having a much lighter appetite for the latest iterations. In 2018, these goods represented 27 percent of all Chinese exports worldwide. Not incidentally, India is the sixth largest importer of Chinese goods, and the recent India-China border clash has seen renewed calls for Indians to eschew Chinese imports and look instead to domestic production. While a full shift will not be practicable soon, expect reduced Indian imports from China, too.

On the other hand, the US economy entered the COVID-19 era in very strong shape. The country was at full employment, consumer optimism and therefore spending was robust; even manufacturers were returning to the US, growing by almost half a million jobs in Trump's first two years in office. And in a reversal of previous trends, US companies overseas returned to the United States, which also enticed many foreign firms with new tax structures and low energy prices to locate there. According to *Forbes*, "manufacturing output in real dollars reached an all-time high in mid-2019, capacity utilization is back to post-war norms, and exports of goods...have increased by about 15 percent since [Trump took office in] January 2017." Despite lockdowns closing much of the US economy, expect it to be as strong or stronger when the crisis has passed. Even with much of the economy still shut down at the time of this writing, the stock market was only six percent off its all-time high.

COVID-19 rocked previous economic relations by seriously disrupting supply chains for companies in the United States, Canada, Europe, and Australia; where manufacturing sectors had been outsourced to China. US manufacturing jobs, for example, were eleven percent of all jobs in 1998 but only 6.7 percent 20 years later. They were 28 percent in 1960. Now, according to the *Harvard Business Review*, American corporate heads "are confidentially asking their supply chain teams to develop additional sources that are completely independent of China"; a sentiment echoed by Chinese billionaire and industrial kingpin Cao Dewang who acknowledged that "the global industrial chain will reduce its dependence on China." The airline industry's uncertain future is more bad

news for China. US-Chinese business ties require extensive travel to China that will lead travel weary businessmen and cost conscious businesses to look elsewhere. The industry will not be able to support the current number of carriers, and fewer carriers mean less travel options, greater travel times, and higher fares. Social distancing requirements will mean lower occupancy that airlines will try to make up for with, again, higher fares; all of which makes Chinese goods more expensive than the cheap price points that were their selling feature to US businesses. Add to that China's dissembling about the virus, which only heightened Americans' concerns about safety and the quality of goods from a country whose low costs come from skirting safety, labor, and environmental regulations. Seizing on the advantages that brings, the Trump administration has sensed an opportunity for geopolitical advantage and economic independence, and is pressuring US companies to decouple from China.

The geopolitical implications could not be greater. Since 2013, China has financed up to \$8 trillion (according to some estimates) through its Belt and Road Initiative (BRI). Although it is billed as an infrastructure initiative, BRI's real objective is geopolitical. Its upshot would be to make trade with China simpler, quicker, and less expensive, something I've written about extensively elsewhere. Not only does a projection of reduced income for China put its ability to fund such projects in doubt; the borrowing countries frequently do not have the means to repay BRI loans, which has led to China seizing control of strategic ports in Sri Lanka and the Horn of Africa. Other borrowing nations have been tagged as seriously in danger of defaulting on their loans, and while that has given China geopolitical benefits in the past, the future is far murkier. Even Pakistan, whose China-Pakistan Economic Corridor is the headline BRI project and has brought Chinese military vessels to Gwadar port in Baluchistan, has canceled some BRI projects recently. It is doubtful that China will be able to maintain BRI in the future, especially through loans to countries almost certain to default. Moreover, the US sensing blood in the water, has been active and recently prevailed on Israel (one of the few BRI clients capable of loan repayment) to reject China's bid for a massive de-salinization plant.

In 2019, Chinese exports to the United States amounted to almost half a trillion dollars, equal to just under half of China's GDP (gross domestic product). On the other hand, US exports to China that same year came to less than one half of one percent of US GDP. That places other expensive Chinese geopolitical projects in doubt—from its arms buildup to its imperialistic moves in Hong Kong and Taiwan to its expansion in the South China Sea. Will current events completely upset prior geopolitical realities? To be sure, the United States is not without its question marks. Legislation passed during the COVID-19 crisis to help citizens and small businesses have added dramatically to the growing debt; and regardless of anything else, no one knows how the United States ultimately will deal with it. Now over \$26 trillion, it has gone from 57.51 percent of US GDP at the turn of the century to 131.07 percent now. Americans count on overcoming a lot of challenges through the same kind of strong economic activity that prevailed before the pandemic. But no one is certain how many of the 30 million US workers who lost their jobs because of COVID-19 business shut downs will be out of work permanently. While Americans can anticipate a strong economic response from the Trump Administration, his re-election is not at all certain, and we do not know how a

President Joe Biden would respond. Additionally, President Trump has shown a distinct preference for bi-lateral agreements that reduce the number of variables that have to be resolved to reach agreement and also favor strong negotiators like Trump. As Vice President and on the campaign trail, Biden has been consistent in supporting multi-lateral compacts, which tend to dilute the interests of any one country, including the United States.

Regardless, in calculating geopolitical dynamics, it is important to recall that American economic might was a major factor in victory in World War II, and over the Soviets in the Cold War. Even before it became a combatant in the Second World War, President Franklin Delano Roosevelt dubbed the US the “arsenal of freedom” and sent massive amounts of war supplies to help the British, Soviets, and Chinese in their struggles against Axis powers. Will it prevail again in this geopolitical struggle with China?

Many around the world are encouraged as well by what they see as a more recognition of democracy’s superiority over autocracy. The greatest factors separating the two during this crisis have been transparency and the vibrancy of dissent and debate. The lack of both were most prominent in China and Iran—two decidedly autocratic states with unbroken histories of crushing *any* dissent. Iran continued to deny its extensive COVID-19 problem for weeks in ways that exacerbated the problem (e.g., maintaining flights between Iran and China well after other countries banned air travel; travel between it and vassal states like Lebanon; encouraging large religious gatherings). That government seems less capable today of stopping the groundswell of unrest and calls for regime change that were growing even before the crisis. The most recent evidence from China is that COVID-19 was a problem in Wuhan as early as last summer. A study published by Harvard University references August 2019 surveillance photos showing a large increase in cars parked at hospitals, and jumps in queries about things like “cough” in Chinese search engines. Yet, *The People’s Daily*, a Chinese government mouthpiece, did not mention “the coronavirus epidemic” until 21 January 2020—the same day that the first case was confirmed in the United States. Ten days later, the US declared a national health emergency and banned almost all travel from China. But the Chinese cover up already allowed the virus to make the US number one in COVID-19 cases. India also suffered from the cover up, having the fourth most cases as of this writing. Democracies, on the other hand in large part due to a free and active media, did not feel (or didn’t care) that the virus somehow made them look bad, admitted the problem right away, and began taking action to slow the contagion.

So whether it is the US-China cold war or a global move from autocracies to free societies, the pandemic’s aftermath is certain to look different than things looked before it arrived.

5. Do you see enhanced role for India in the post-COVID-19 World Order?

Events always can change predictions, and we recently saw the India-China border clash in the Galwan Valley. Even if both sides really do prevent it from escalating, it is likelier than not that the fight will affect everyone’s geopolitical calculations. The statement by Indian Prime Minister Narendra Modi that the Indian soldiers’ deaths “will not be in vain,” might have as much to do with an enhanced strategic role for India in

containing China as with any military response. What India's role in the world ultimately looks like also could change depending on what happens with the second wave of COVID-19 cases there and elsewhere. Regardless, India is well-positioned to conquer new territory in its international profile, both economically and geopolitically. The strategic conflicts between China and the West (especially the US) have never been so clear. Decision-makers have taken notice and see India as the best counter weight to China.

India's chance to change the world's economic balance is also clear. More than a decade ago, I was on a panel with Rajya Sabha MP Subamanian Swamy, who is also a world class economist. During the session and in subsequent correspondence, he noted that China's economy depends on importing goods from third world countries, turning them into finished products, and exporting them to the West; and he made the case for an Indian alternative: India is a democracy, China is not; India shares strategic goals with the West, China is in conflict with them; more Indian workers and managers are fluent in English than are their Chinese counterparts; and so forth. With those importing nations now looking to diversify supply lines and reduce their dependence on China, India is even better positioned today to pursue that agenda. Moreover, because COVID-19 helped western nations realize that they could not become too dependent on *any* country, India's opportunity therefore is not to replace China in its entirety but to take over a sizeable portion of that market with an aggressive program that capitalizes on India's shared values with the West and the strategic importance of strengthening India as a firewall against Chinese economic and geopolitical expansion. That's a far more achievable goal. India is also well-positioned to help the United Kingdom replace what it gave up through Brexit with the additional trading advantages it has as a Commonwealth nation. The new tripartite of Prime Minister Narendra Modi, US President Donald Trump, and Israeli Prime Minister Benjamin Netanyahu also makes India an especially attractive and strategic trading partner with the US; as does the growing Indian diaspora of US citizens and their influence on corporate and political decisions. This also might be the time that India achieves its coveted goal of a permanent UN Security Council seat. It's certainly something for which India and its strong Prime Minister should push for hard.

In the end, results will depend more on how well India capitalizes on this than on actions from anywhere else. If India plays its cards right, its new relationship with the West will be *mutually beneficial*—something that in and of itself should change how westerners view and interact with India.

I wish to thank the Foreign Policy Research Center and particularly its Director and Founder Dr. Mahendra Gaur. Professor Gaur and FPRC have long supported my human rights efforts and I value their relationship and opportunities like this to engage in issues-oriented debate. They also have allowed me to give my unvarnished views, looking only at the quality of my scholarship and not how others might react.
