

Liberal Read

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From Democratic Decline to Totalitarianism? Evaluating Responses to the Corona Pandemic

BOOK REVIEW

Velimir Šonje and Kristijan Kotarski

*Corona Economics: The Five Horsemen of the
Apocalypse*

European Liberal Forum, 2021

A series of crises has put many liberal ideas under question. Inspired by a popular commercial concept, Liberal Reads are packaged in an easily accessible format that provides key insights in 30 minutes or less. The aim of Liberal Reads is to revisit and rethink classical works that have defined liberalism in the past, but also to introduce more recent books that drive the debate around Europe's oldest political ideology. Liberal Reads may also engage critically with other important political, philosophical and economic books through a liberal lens. Ideological discussions have their objective limits, but they can still improve our understanding of current social and economic conditions and give a much needed sense of direction when looking for policy solutions in real life problems.

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From Democratic Decline to Totalitarianism? Evaluating Responses to the Corona Pandemic



Introduction: Liberal values vs. authoritarian measures

When the pandemic was first confirmed, self-preservation instincts kicked in. In a global communication environment defined by the real-time free flow of information, fear spreads faster than any virus ever could. Combined with the fact that scientific knowledge of the virus was limited, the fear of infection eclipsed every other argument in the public debate. Naturally, the call to protect ourselves and others from infection was prioritised.

It may be argued that the combination of fear, lack of information, and shallow moralising did nothing to help our societies deliberate or develop adequate public health policies. On the contrary, downgrading dissenting voices *prima facie* suppressed public discussion and encouraged a continuous sense of panic in society.

In this context, the authors—economist Velimir Šonje and political scientist Kristijan Kotarski—examine the external and internal factors placing pressure on the decision-making process and the very fundamental values that underlie liberal democracy in Europe.

Content and scope of the book

In the first and second parts of the book, the discussion focuses on the roles of fear, ideology, and China during the pandemic. Although it may not be apparent at first glance, these issues are actually intertwined: the initial Chinese response to the outbreak of the virus in Wuhan influenced public policies in Europe. Here, the uncomfortable truth is that European liberal democracies copied from the playbook of a totalitarian, dictatorial government that required complete subservience to the state. The second part of the book provides a detailed account on how this state works, presenting its internal paradoxes and external perceptions of its power. It is about the general view that modern China is much stronger and better organized than it really is. The same false perception plays a role in contemplating China as the global engine of growth in the post-pandemic period, due to its relatively fast economic recovery in 2020 and 2021. Therefore, depicting China's internal socio-economic imbalances is important both for understanding the rapid spread of the radical lockdown idea and for overestimating China's role in the global recovery after the pandemic.

In the third part—which lends itself to the somewhat sarcastic title of the book—the authors then identify and highlight five risks associated with the adoption of public policies modelled on the Chinese totalitarian approach. By observing the links between the pandemic, on the one hand, and economic and political changes, on the other, one could notice the rise of five bad ideas that have been catapulted to the social surface by fear of the coronavirus.

These bad ideas are: first, “helicopter money”—the idea that the economic problems during the pandemic and periods of radical lockdowns can be solved with the distribution of fresh money; second, the “discredited European Union”—the idea that we are witnessing the end of the multinational framework of international cooperation and exchange, which particularly refers to the European Union, allegedly discredited for failing to offer a common response to the crisis and help the most threatened Member States; third, “self-sufficiency”—the idea that the economic paradigm of global capitalism is now giving way to the reestablishment of national development frameworks, which allegedly represents a new opportunity, particularly for agriculture; fourth, the “nanny state”—the idea that re-establishing the nation state as a political framework to contain the virus will reincarnate socialism or create even more robust state or political capitalism as an institutional framework for future economic and social development; and, last but not least, the “suspension of democracy”—the idea that China’s “success” in the fight against the virus shows that too much individualism and excessive reliance on the

liberal model of civil control over government can threaten survival during the pandemic, which is why new models of social organisation should be considered, ensuring firm control and coordination from a single centre and including the collection and processing of large quantities of citizens’ personal data.

These five ideas are closely connected. They constitute an entire worldview towards humankind and the future of Europe and Western civilisation. This spirit—described with the metaphor of “the five horsemen of the apocalypse”—skyrocketed like a genie from a bottle during this crisis and has sent many Western liberal democracies precariously close to the edge of autarchy.

While there is enough evidence that a narrow set of measures involving, for example, hygiene, masks, distancing, and the banning of mass gatherings have been effective and have not produced great social losses, the social cost-benefit balance of more restrictive measures such as closing down schools and institutions has not been so clear.

The authors write about various ethical dilemmas and the inadequacy of models and ideas developed within the social sciences in an effort to embrace the economic, emotional, and philosophical nuances that are so important for determining right and wrong policies during the pandemic. Although title of the book contains the word economics, it is much more than an economic analysis of the pandemic’s consequences.

The authors draw on real-life examples from their own national context (Croatia). However, albeit not similar in every detail, the same basic argumentation has underlain public

debates about the pandemic everywhere in Europe. Hence, readers in Greece, Belgium, and elsewhere will be able to recognise both the timeline and examples put forth.

Coping with the challenges: Social trade-offs

Corona Economics is an attempt to provide a social cost-benefit analysis of the pandemic period. Some of the key variables in this social calculus still cannot be quantified because measuring many consequences will only be possible in the long run. However, Šonje and Kotarski offer a taxonomy of the short-term and long-term consequences of both the pandemic and reactions to it, including the unknowns that may confront each other as social trade-offs, such as: consequences of COVID-19 vs. consequences of poorer prevention and treatment of other diseases, fewer expected opportunities for children from poor families who could not ensure quality online schooling from home, consequences of economic recession, exploding public debt, psychological problems such as domestic violence, depression, and suicidal tendencies, and the influence on our beliefs and institutions. Taking the final account of these complex trade-offs will take years of thorough research, but decisions about fighting the pandemic had to be made more quickly.

The authors' approach to assessing anti-Covid social measures is a pragmatic one, based on an attempt to avoid ideological traps and search for facts that might inspire evidence-based policies. Copying best practice has limited potential, as there is no set recipe of measures that could be used effectively in all countries at all times. Despite the importance of imitation in policy design, no country could reliably resort to the conclusion: "Do whatever Germany or Iceland have done, and you'll have the same infection and mortality dynamics as Germany and Iceland." Local dynamics are always notably different and can be confusing. While there is enough evidence that a narrow set of measures involving, for example, hygiene, masks, distancing, and the banning of mass gatherings have been effective and have not produced great social losses, the social cost-benefit balance of more restrictive measures such as closing down schools and institutions has not been so clear.

There are countries like Belgium and some Eastern European countries where very restrictive measures did not produce the expected outcomes, but there are also countries in Northern Europe where the infection and mortality rates were successfully contained without extreme restrictions. There is much we still do not know about the fundamental causes of spread and mortality, but one of the explanatory factors may be hidden in cultural traits and individual behaviours related to our trust in institutions. Although extreme forms of lockdown inspired by China's Wuhan experience may be efficient by definition (where social atomisation is implemented by the brutal force of the state), their unintended results may destroy the social fabric of the West as we know it, with many unforeseen consequences, including loss of life perspectives or even lives as such. Society is fragile, and the social fabric is woven from the threads of our cultural norms and institutions, which is why no policymaker should focus on one problem only and disregard the entire social network.

In this pandemic, one could occasionally get the impression that these principles have been forgotten about and that intrinsic uncertainty and fear are what nurtured early measures that were hasty and unverified. Even when it turned out that some restrictive measures did not work, many of them were retained or even strengthened, thus deepening social gaps without visible benefits in terms of eliminating or mitigating the consequences of this objectively grave disease. Responsibility has often been passed onto citizens, who are

allegedly undisciplined and irresponsible. But the truth is that political decisions can be like a wheel falling into a rut: its driver not having the strength to change course, afraid of losing any remaining credibility.

Democracy and freedom are the only corrective factors that can institute change under such conditions. And without change, no best solutions can be found. This is why preserving democracy and freedom is essential: not just because democratic societies are more pleasant to live in but also because it is very likely that such societies will turn out to be more capable of facing the challenges of this century.

Further research and concluding remarks

From the point of view of economic analysis and the political economy, the authors pose three main concluding questions for further consideration. First, whether it be by coincidence or some new pattern, the first two crises of the 21st century have caused much more intensive fluctuations in economic activity than the economic crises that followed World War II. The question is twofold: are our institutions and knowledge adapted

enough to respond to these increasing economic fluctuations if they will persist throughout the 21st century? And what will the implications be for the relationship between the state and society at large?

The triumph of the “Chinese approach”, would mean the swelling of the public sector to proportions beyond democratic control.

Croatia is not the only European economy where the following simple calculation can be applied: general government budget expenditure before the crisis accounted for 47% of GDP; if state-owned enterprises and agencies outside the general government were added to it, the public sector share would have accounted for 55–60% of GDP. After the COVID-19 crisis, this share could reach nearly 70%. Can we just shrug off the question about the future of such

an economic and political structure? Does this not pave the way to the private sector’s serious dependence on the public sector—something that will hinder the development of European economies’ competitiveness, weaken impulses for innovation and growth, and possibly endanger the future fiscal capacities we will need for future crises? Finally, is it not true that the sharp shock of 2020 and the recovery of the European economy expected in 2021 (slower than the recovery of the American economy) is partially a consequence of the structural weaknesses of the European economy, which could be linked to the suppressed dynamics of the private sector?

Another question relates to the heightened volatility that may become the main feature of this century, together with an ageing EU population. What, then, should we do to mitigate its impact? It is well known that ageing leads to greater demand for public healthcare services because the number of people in the age group 60+ is constantly growing. However, besides long-term growth of demand for health services, short-term fluctuations around other growing trends may also occur. So, our social problem does not boil down to mitigating one long-term rising trend alone; it is also about mitigating wider short-term fluctuations by increasing the supply elasticity of health services and adapting institutions in such a way that the elderly will be protected and that closing down

our whole society can be avoided. It is not clear if this solution will require a larger or smaller public sector, but it will by all means require a better organised and more efficient public sector. But is this achievable, irrespective of the size and scope? Can the private sector and a truly independent civil society effectively control the overwhelming leviathan?

Authoritarian ideas conquer the world slowly, growing gradually and moving from the zone of the unacceptable to the zone of the acceptable under the cover of panic and fear.

It is also possible that this brave new world will win support among the general public and drag Europe all the way to political capitalism. It would be a historical triumph of the “Chinese approach”. In this scenario, Europe and China would become more similar in this century—not identical, because they have very different histories and political systems, but the swelling of the public sector to proportions beyond democratic control would have to mean the convergence of these two systems.

Second, all external shocks fit into the existing geopolitical and political-economic framework. They disturb it, challenge it, and change it. When it comes to the pandemic, on the global level, this framework

has been defined by the relations between China and the West (in other words, between totalitarianism and liberal democracy). On the European level, it has been defined by the growing differences between EU Member States as well as attempts to find a delicate European balance that may somehow reconcile these differences with various interests. The question is whether the pandemic has increased or decreased the probability that political conflicts will escalate, especially those between authoritarian and liberal ideas, on both the global and European levels.

This is related to the third idea: the pandemic has brought to mind the latent presence of authoritarian economic and political “sleepers” in democracies—the five horsemen of the apocalypse. Sleeper ideas are not imported exclusively; they are constantly with us, and they wake up when the context, usually stirred up by an external shock, makes space for their establishment. Helicopter money, a discredited EU, self-sufficiency, the nanny-state, and the alleged superiority of undemocratic societies in dealing with sudden crises have all crawled out of Pandora’s box. It is as a warning that this is neither the first nor the last time for the horsemen of the apocalypse to be offered as solutions to social problems; the question is what can be done to convince citizens that these solutions are based on dangerous misconceptions.



Looking back on the events from 2020 brings up a good lesson that bears repeating: authoritarian ideas conquer the world slowly, growing gradually and moving from the zone of the unacceptable to the zone of the acceptable under the cover of panic and fear. When such things start happening, it is useful to remember what Austrian writer Stefan Zweig said in his masterpiece, *The World of Yesterday*: “It is an iron law of history that those who will be caught up in the great movements determining the course of their own times always fail to recognize them in their early stages.” The pages of this book are a testimony to the early stages of the development of these bad ideas that awakened in the time of the pandemic.



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The European Liberal Forum (ELF) is the official political foundation of the European Liberal Party, the ALDE Party. Together with 47 member organisations, we work all over Europe to bring new ideas into the political debate, to provide a platform for discussion, and to empower citizens to make their voices heard. Our work is guided by liberal ideals and a belief in the principle of freedom. We stand for a future-oriented Europe that offers opportunities for every citizen. ELF is engaged on all political levels, from the local to the European. We bring together a diverse network of national foundations, think tanks and other experts. In this role, our forum serves as a space for an open and informed exchange of views between a wide range of different EU stakeholders.

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