

## **‘EVERYONE LOVES A GOOD PANDEMIC’? COVID-19 IS A GOVERNANCE ISSUE**

Koenraad Van Brabant, concerned global citizen 29 March 2020

*Pandemics take place not only in populations but also in political economies.*

### **‘Everyone Loves a Good Pandemic**

Crises bring out the best – and the worst- in people. COVID-19 will not be different and, given its unprecedented scale of impact, provide unprecedented opportunities for both.

There has been plenty of good advice offered on how to remain positive while at home, and how to do more ‘remotely’ and in a ‘virtual space’. Wisdom, practical tips and free learning opportunities have been offered in abundance in recent days.

But have no doubt, individuals, companies and governments will be tempted to gain profit and power from the situation as well. Shall we keep an eye out for that? Try and stop that from happening?

Some examples to make this concrete: For years already, during wildfire season Californians receive on their mobile phones targeted adds for ventilation masks. Private firefighters are available there to protect the houses of the rich.<sup>1</sup> In the UK today, muggers try to snatch the IDs from National Health Service personnel fighting COVID-19, because these are entitled to free food and drinks. On Amazon and E-Bay, various suppliers are now selling hand sanitizers, masks and other sanitary items in high demand - at exorbitant prices. Substandard and dysfunctional ventilators have been delivered in Spain. Miracle liquids and pills to protect you from COVID-19 or cure it, undoubtedly will be on offer in many countries.

The very real economic downturn can also provide a nice excuse to make employees redundant without worries about being sued for unfair dismissal. Or to put on the street tenants who now have even bigger difficulty paying the rent. Or to send migrant workers home without paying them their last salaries.

It is a great opportunity to get hold, for free or at a bargain price, of useful productive assets (e.g. cows, machinery, a truck) or the shop, small business or land, of self-employed people or owners of small enterprises, whose debt quickly spirals out of control as their income dries up. (Expect an increase in suicides of male household heads.) Others in economic difficulty you can pressure into giving you what is politely called ‘sexual favours’.

### **Your Disaster is my Business Opportunity**

There is a long and thriving history of disaster capitalism. In 1996, Indian journalist P. Sainath published his observations in a book ‘Everybody Loves a Good Drought’.<sup>2</sup> As someone told him during the 1993 drought in Bihar state “*We have a great drought going on here. (...) The big people are making much money out of it. And the Block Development Officer has gone to harvest the Third Crop.*” “*But what is this Third Crop?*” “*Drought relief. (...) The money that comes in as relief makes the powerful richer than they were. It’s quite a good business. We like a good drought here.*” (p. 1)

In her 2007 book ‘The Shock Doctrine’, Naomi Klein recounts how the 2004 Indian Ocean tsunami finally provided ‘developers’ in Sri Lanka the opportunity to clean the beaches of the fisher folk and

<sup>1</sup> Disaster Capitalism Won’t Save Us: <https://www.youtube.com/watch?v=F3LrUfUjfi>

<sup>2</sup> Sainath, P. 1996: *Everybody Loves a Good Drought. Stories from India’s poorest districts*. Review books.

replace them with tourist resorts. (Chapter 19).<sup>3</sup> “Because the storm did such an effective job of clearing the beach, a process of displacement and gentrification that would normally unfold over years took place in a matter of days or weeks.” (Klein 2007: 401). A similar land grab occurred in the tsunami-hit areas of Thailand. The Thailand Tsunami Survivors and Support Group said in a statement: “for businessmen-politicians, the tsunami was the answer to their prayers, since it literally wiped these coastal areas clean of the communities which had previously stood in the way of their plans for resorts, hotels, casinos and shrimp farms. To them, all these coastal areas are now ‘open land’.” (quoted p. 402) The same happened in areas in the Philippines after Typhoon Haiyan.<sup>4</sup>

When in 2005 Hurricane Katrina hit the city of New Orleans “The economically secure drove out of town, checked into hotels and called their insurance companies. The 120,000 people in New Orleans without cars, who depended on the state to organise their evacuation, waited for help that did not arrive, making desperate SOS signs or rafts out of their refrigerator doors.” (Klein 2007:408). Two weeks later, free market ideologues and law makers came up with a list of thirty-two policies ‘Pro-Free Market Ideas for Responding to Hurricane Katrina and High Gas Prices.’ They included suspending minimum wage protections and turning the whole disaster-affected area into a free enterprise zone, with tax incentives and regulations waived. The US Federal government followed suit and spent billions on private contractors (including several that had gotten big contracts in Iraq) for the so-called ‘reconstruction’. Most of them did not hire local workers. A private contractor, Kenyon, had been hired to collect the dead bodies in the city but turned out to be very slow. “Emergency workers and local volunteer morticians were forbidden to step in to help because handling the bodies impinged on Kenyon’s commercial territory. The company charged the state, on average, US\$ 12,500 a victim, and it has since been accused of failing to properly label many bodies.” (idem p. 411) Meanwhile, emergency funds were not used to pay public sector salaries, so the City of New Orleans had to lay off thousands of staff. Public schools were replaced by private schools. “New Orleans public sphere was not being rebuilt, it was being erased, with the storm used as the excuse.” (idem p. 415) <sup>5</sup>

### COVID-19: A Governance Challenge

Understandably, and rightly so, the current spotlight remains on the public health impacts of COVID-19: manage morbidity, reduce mortality. Figures are offered by the media on a daily basis about increases and decreases in different countries. The inability to compare them at face value, given different national policies towards testing and reporting, is no longer stressed. Nor is there much attention to the politics behind statistics: The story of how the early alerts in December 2019, by doctors in Wuhan, were suppressed by Chinese government officials, got some global attention. The ongoing silencing of critics of the Chinese government’s handling of the situation does not. Nor the pressure on medical personnel in China to classify the cause of recent deaths as ‘pneumonia’ rather than COVID-19. There is a long tradition of governments around the world trying to manipulate the facts about crises, their impacts and duration, to look in control and effective. Subconsciously, we may be aware of it: for a decade now, we see a global decline in trust in public institutions.<sup>6</sup>

In 2015, in the later period of the Ebola epidemic in West Africa, Bill Gates issued a now accurate warning that we should better prepare, structurally and globally, for the next epidemic.<sup>7</sup> He urged the world to invest in medical research and development, health systems and preparedness of a large medical reserve corps. “The failure to prepare could allow the next epidemic to be dramatically more devastating than ebola.” Globally, we didn’t. For example, three years ago the UK Department of Health rejected high-level medical advice to ensure that protective eyeglasses would be available for all hospital, ambulance and social care staff in contact with infected people during an influenza pandemic.

<sup>3</sup> Klein, N. 2007: *The Shock Doctrine. The rise of disaster capitalism*. Penguin Books. See the documentary of the book: <https://www.youtube.com/watch?v=B3B5qt6gsxY>

<sup>4</sup> Al Jazeera 101 East: Philippines: *Disaster Capitalism Inc.* <https://www.youtube.com/watch?v=wax7wyWwnAU>

<sup>5</sup> For more examples see Loewenstein, A. 2015: *Disaster Capitalism. Making a killing out of catastrophe*. Verso books. For his 2019 documentary, focusing on Afghanistan, Haiti, and Papua New Guinea, go to [https://www.youtube.com/watch?v=2XgWu\\_uL7oY](https://www.youtube.com/watch?v=2XgWu_uL7oY)

<sup>6</sup> See the 2019 of the Edelman Trust Barometer: [https://www.edelman.com/sites/g/files/aatuss191/files/2019-02/2019\\_Edelman\\_Trust\\_Barometer\\_Global\\_Report\\_2.pdf](https://www.edelman.com/sites/g/files/aatuss191/files/2019-02/2019_Edelman_Trust_Barometer_Global_Report_2.pdf)

<sup>7</sup> Bill Gates: *The next outbreak? We’re not ready!* See [https://www.youtube.com/watch?v=6Af6b\\_wyiWI&t=3s](https://www.youtube.com/watch?v=6Af6b_wyiWI&t=3s)

The cost of stockpiling was considered too high.<sup>8</sup> Now, there is a dramatic shortage of protective equipment. How much does the UK spend annually on stockpiling weapons? In the US, tens of millions of citizens can't afford health insurance. Trump urges Europe to spend more on defence and insist on reversing Obamacare that sought to increase coverage. How much do different authoritarian regimes around the world spend e.g. on their 'Presidential Guard', compared to investing in public health systems? Perhaps they use some of the export financing loans that the UK government makes available to stimulate its arms exports – £ 1 billion of taxpayers' money in the current UK budget.<sup>9</sup>

We invest billions in armaments and play expensive war-games. But we don't invest in health systems and don't play 'germ games' (in Bill Gates' terms). Public expenditure reflects political decisions. It's a governance issue.

Beyond the public health impacts, millions of people around the world are now experiencing the economic impacts from business closures and interrupted trade. Governments in Western Europe, the US and India have been among those introducing policies to mitigate the economic impacts. But the predictions are that COVID-19 may lead to a global depression bigger than that of 2008.

Should such worst-case scenario happen, governmental, bilateral and multi-lateral support to cushion the economic impacts for a few billion people will never be enough. Sooner or later, choices will have to be made: what will the policy be: '*too big to fail*' (as in 2008) or '*no one left behind*'? We should be pleasantly surprised if it were the latter, but rather expect the former. Save the big companies that are portrayed as the backbone of the economy, that provide jobs (for what they can't yet automate) and dividends for the shareholders whose confidence is needed to get the stock-market up again. The issue was at the heart of the, at times acrimonious, debate in the US Senate and Congress.

History suggest that, for the majority of people, the 'stock exchange' may just be a 'shock exchange': the better off have the political, financial and economic leverage to cushion the impacts for themselves, leaving the less well-off to take the brunt of it – twice perhaps, as every tax payer (who doesn't have offshore accounts) later will also have to pay, as they already did after 2008, to reduce the increased public debt.

How the economic and social impacts of COVID-19 will be managed, over time and different countries, will be much less visible than the daily dramatic headlines about new infections and death rates. Once the public health threat subsides and economic recovery can begin, beware of more 'structural adjustment' type of advice of international financial institutions and big private lenders. The 'free market' fundamentalism of Milton Friedman and his followers, that impoverished millions in Latin America and Russia and contributed substantially to the East Asia financial crisis that started in 1997<sup>10</sup> is alive and well. Its fundamental idea, also applied in the torture chambers of various secret services, is 'shock doctrine' (N. Klein 2007). Every free market fundamentalist and disaster capitalist loves a good shock: it presents a great opportunity to get rid of unprofitable labour and environmental protections and regulations and to privatise public goods, all for the sake of getting the economy going. COVID-19 could be the '*mother of all shocks*'.

### **The Political Economy of the Relief Industry**

The UN Secretary-General has launched a US 2 billion 'COVID-19 Global Humanitarian Response Plan'. The discourse around it -rightly so- talks about the most vulnerable and poorest and the increased risks to refugee and internally displaced populations, and about inclusiveness. Given the previous concerns about the political economy of COVID-19 impact mitigation, this should provide a much-needed safety net to those who are already in a weak economic, social, legal and political position.

There is however also a well-established political economy of international relief. This is now an industry with an annual turnover of at least US 28 billion. Of that, only a handful of UN agencies and international NGOs are 'first receivers', as well as major commercial contractors. The outpouring of

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<sup>8</sup> The Guardian 27 March 2020: <https://www.theguardian.com/world/2020/mar/27/advice-on-protective-gear-for-nhs-staff-was-rejected-owing-to-cost>

<sup>9</sup> The Guardian 28 March 2020: <https://www.theguardian.com/world/2020/mar/28/revealed-1bn-of-taxpayers-cash-to-help-foreign-countries-buy-british-arms>

<sup>10</sup> Stiglitz, J. 2002: *Globalisation and Its Discontents*. Norton & Company

global compassion and solidarity following the 2004 Indian Ocean tsunami provided many international agencies with a cash supply for years to come. That in itself may be inevitable – the question is whether you share this, how widely and on what terms?

Various voices have signalled that this global crisis is way beyond the otherwise significant international capacity to respond. Local and national actors, governmental and non-governmental, are going to be the central players in reducing the COVID-19 impacts in a clear majority of countries. Several are already responding to the immediate misery, without protective gear or adequate health- and life insurance. Almost four years after the commitment made at the World Humanitarian Summit in 2016 there is therefore now a unique opportunity to “*reinforce rather than replace local and national actors*”. Will it happen, or will these US \$2 billion serve to reinforce the primacy and dominance of international over local and national actors? How much of the US \$ 2 billion will become ‘transaction costs’ of multiple intermediaries? Will the ‘business continuity’ of the grant-intermediaries take clear precedence over the safety and operational capacities of the local actors? How much of the US\$ 2 billion will go to private contractors who are allowed to charge much bigger overheads than not-for-profits? Not all public-private sector partnerships are in the public interest! When mobility is restored, how much will be spent on air conditioned Land cruisers (“*rolling micro-climates*” as Naomi Klein called them 2007:403) rather than giving work, for example, to impoverished local taxi drivers?

Is this an unfair concern? Listen to local people commenting on the ‘second tsunami’ of international assistance actors<sup>11</sup> in the Indian Ocean, or the anger of people in Haiti, who have seen billions of aid spent in their country, yet remain as structurally poor as before, to acknowledge that it is not.<sup>12</sup>

Unintentionally, spotlighting the COVID-19 impacts as a ‘humanitarian crisis’ may also help to distract attention from its being, in a much bigger way, a governance challenge. ‘Humanitarianism’ depoliticises what is political. Humanitarian actors are remarkably blind to political economies, including their own.

### **COVID-19 and the Surveillance State**

Mobile phone location data have been actively and effectively used in e.g. South Korea to track the prior movements of confirmed COVID-19 cases. This is a good use of technology, as it allows more quickly to identify others who might have been infected as well. The Israeli government has recently approved the same. The German government is considering it. But in South Korea, so many details were put in the public domain that individuals could be identified, and their movements revealed.<sup>13</sup> Some felt stigmatized for having been identified publicly as ‘infected’, while others were subjected to negative comments based on interpretations of their movements.

Emergency situations provide excellent opportunities to justify the reduction or suspension of civil and political rights. The public, caught in a climate of fear, tends to let it happen. When the crisis subsides, the practice is rarely reversed. In 2019, Prof. Shoshana Zuboff consolidated her observations and analysis on the rise of the surveillance state (and its private sector subcontractors) in a book ‘The Age of Surveillance Capitalism’. Big data collection is one part of it, information overload another. China is already very advanced in the surveillance of over a billion people with its Social Credit System: a record system for individuals, businesses and the government to be tracked and evaluated for trustworthiness. Currently it exists still as multiple pilots, but it is highly likely it will become one unified record system in future.<sup>14</sup> Increased digital surveillance for epidemiological purposes risks providing governments, and private companies to whom this can be easily outsourced, with a great opportunity to further experiment with and develop its capabilities for mass surveillance of citizens. Not to be reversed.

***COVID-19 is not just a global health but also a major national and global governance challenge. Be an informed and active citizen. Watch out how this much bigger game plays out and engage in a much-needed debate about the public policy choices we must make, now and in our future.***

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<sup>11</sup> Klein, N. mentions how many Sri Lankans commented on the “*NGO wild life*” 2007:403. For a broader evaluation, see Schepers et alii 2005: *Impact of the Tsunami Response on Local and National Capacities*, Tsunami Evaluation Coalition [https://www.unocha.org/sites/dms/Documents/TEC\\_Capacities\\_Report.pdf](https://www.unocha.org/sites/dms/Documents/TEC_Capacities_Report.pdf);

<sup>12</sup> Hear the Haitians, in the middle part of Loewenstein’s documentary on disaster capitalism, at [https://www.youtube.com/watch?v=2XgWu\\_uL7oY](https://www.youtube.com/watch?v=2XgWu_uL7oY)

<sup>13</sup> See BBC article 5 March 2020: <https://www.bbc.com/news/world-asia-51733145>.

<sup>14</sup> See Wired 7 June 2019 <https://www.wired.co.uk/article/china-social-credit-system-explained>