

Covid-19: Before and After

Anna Jaguaribe



Technical Staff

Author

Anna Jaguaribe

Executive Edition

Anna Jaguaribe

Paula Carvalho

Editorial Coordination

Julia Dias Leite

Luciana Gama Muniz

Editorial Support

Gabriella Cavalcanti

Henrique Kress

Graphic Design

Presto Design

Execution:



The opinions expressed herein belong solely to the author.

Covid-19: Before and After

Anna Jaguaribe

Trustee at CEBRI

International Politics **Reorientation of
Multilateralism**

This policy paper reflects discussions of the CEBRI-KAS Project on the future directions of multilateralism.



Introduction

There is no doubt that Covid-19 will guide politics for the next decades of this century, both because of the failures it revealed in public life and the visions of the future it inspires. The spread of the virus exposed the precariousness of health systems, the difficulty in coordinating international responses to the spread of global public ills and the lack of credibility of many governments before their citizens.

At the same time, Covid-19 highlights the resilience of human solidarity and empathy in all affected communities and reaffirms the centrality of science, the importance of scientific institutions and their global epistemic communities.

The still young 21st century has been stage to successive crises: terrorism, armed conflicts, pandemics, financial crises and climate emergencies. However, the human loss and the economic and social calamity that come with Covid are unprecedented in recent history. How will the world organize itself in the face of this debacle? Two antipodal versions gain ground. The first holds that we have reached the end of the era of continuous and growing globalization and that we have passed into a phase of fierce competition between nations, a *realpolitik* among the strongest marked by the competition between models of social and political organization symbolized in the dualism USA vs China. The second foresees a new impetus for international cooperation and humanist-liberal values. The spirit of international collaboration would lead to a review of the US isolationist policy, increase the political role of the European Union, and expand the multilateralism of China and Russia with a more active international participation by emerging economies.

Kissinger's article published in the April 3, 2020 edition of the Wall Street Journal exemplifies this call for international cooperation. Kissinger argues that the pandemic promotes an anachronism: the reappearance of the concept of the walled city, in a world where prosperity depends on global trade and the free movement of people.

Democracies must defend and uphold the values of the Enlightenment; the intensification of the age-old dispute between power and legitimacy would put the world in grave danger.

In 2017, Walter Scheidel published the interesting book "The Great Leveler: Violence and the History of Inequality from the Stone Age to the 21st Century", which seeks to explain how paradigm shifts take place in economic and social life. Scheidel analyzes the growing economic and social inequality that he sees as inherent to the capitalist system and how this evolution is interrupted by major violent and leveling events: mass mobilization wars, transformative revolutions in the economic fabric, the insolvency of states and pandemics.

Examples of these events were the plague in the Middle Ages, the two world wars, which provoked mass mobilization, and disruptive revolutions like the Russian Revolution. In the case of wars, Scheidel specifies that only modern wars, with their capacity for the broad mobilization of people and resources, have had great transformative effects. Physical destruction, tax impositions, the scope of government intervention and the disorder in global trade and capital flows were huge factors in disrupting order and were catalysts for new economic and social policies.

Scheidel explains that there is no direct or systematic cause between inequality and violent shocks. What is argued is that the mentioned levelers have historically had major impacts on inequality and changes in economic and social organization. In the case of the plague, by changing the balance between capital and

labor and, in the case of the two world wars, by sedimenting the cycle that led us to the welfare state. Scheidel's analysis is anchored on a basic premise: it is not easy to trace a path of greater equality in societies, nor does voting or regulatory systems or even education have the effect of major disruptive events.

Covid-19 is an ongoing pandemic. We cannot yet assess its capacity for rupture as it has recently spread to populous emerging countries in the south. Recent data reveal more than half a million people infected in the USA and have led to predictions of human losses of around 430.000 people. Losses that exceed those of the Korean and Vietnam wars combined. With regard to economic damage, the IMF predicts a 4,4% loss in global GDP with national declines ranging from 5% to almost 10% for some countries. A recession for which a known parameter is the 1929 crisis. However, the economic damage is still difficult to estimate, as we do not yet know how long the economic paralysis will last. The scarcity of vaccines and the possibility of re-contamination by new strains of the virus, suggest that the world will not see a quick recovery from devastation.



The pandemic exposes the limits of social inequalities for the functioning of national economies and the lack of consensus around collective actions, necessary for a world totally exposed to global public dynamics, both positive and negative.



How to equate all these variables and uncertainties? Harari in his recent article in the Financial Times argues that Covid-19 fast forwards historical processes, accelerates contradictions and makes evident processes that were previously somewhat underlying. The pandemic exposes the limits of social inequalities for the functioning of national economies and the lack of consensus around collective actions, necessary for a world totally exposed to global public dynamics, both positive and negative. The virus also reveals the mismatch between the problems arising from the technological, economic and environmental dynamics that characterize our social life, and the offer of solutions or options for governance policies.

Political practice, as Machiavelli used to say, depends as much on fortune, or historical opportunity, as on the virtue of rulers, both factors that today seem scarce on the global stage.

Covid-19 as a Global Public Evil

The concept of public good/evil leaves the academy and enters the international debate with the expansion of globalization in the 1990s. Public goods are distinguished from exchange goods by two key and associated concepts, that of non-rivalry in consumption and that of non-exclusivity in benefits. That is, they can be consumed simultaneously by everyone and are not subject to individual appropriation.

Samuelson was the first to create the reference for the concept of imperfect exchanges with the publication of *Pure Theory of Public Expenditure* in 1954. The idea was expanded by Stiglitz to incorporate goods that increase in relevance with the socio-economic interdependencies of globalization. Economic stability, security, environment, humanitarian assistance and access to knowledge are remarkable examples.

The end of the Cold War produced high expectations for reform in international governance, with a particular emphasis on the management of global public goods. The discussion on the environment and several interesting proposals for reform of the United Nations system emerge in this context. The series of crises and pandemics observed in the first decades of this century rekindle this debate.

Covid-19 is a product of globalization and of how it produces global public goods and ills. Its dynamic is that of public dread, it affects everyone. Like the climate, the market cannot appropriate the virus. The market can develop control policies, such as the manufacture and patenting of vaccines, and the commercialization of pharmaceuticals to combat the epidemic. However, the spread of the virus depends on the circulation of people and their fight against the free exchange of scientific information.

It was the reporting on January 4th, 2020, of the genetic details of Covid-19 by Chinese scientists that allowed the various countries to create responses and tests. At the same time, access to information on the containment protocols in China, Korea and Europe are indispensable for designing efficient public policies. No answer would exist

without the coordination and leadership of the World Health Organization, which holds global data, scientific expertise on health at the global, regional and national levels and, even if limited, global regulatory mandates on care protocols.

The public nature of the virus emphasizes the importance of quality public institutions and dynamics. The Italian, Spanish, French and German health systems and even the Brazilian SUS public health system certainly did not prevent the virus from erupting, but in the case of Europe, once the serious errors of local administrations in diagnosing and controlling the initial spread of the virus are corrected, the system offers a general response to the population with a greater level of control over those infected and allows for a greater and better level of policy coordination and capillarity in care. In this sense, the case of the USA is paradigmatic. Despite the existence of quality public institutions such as the National Health Institute and the Center for Disease Control, the lack of public health and control systems makes it extremely difficult to adopt a unified national policy, to obtain a systematic count of the infected, to use and distribute tests, that is, to organize a coordinated response of care that can incorporate all citizens.

The importance of public dynamics versus private and poorly coordinated responses is evident. However, equally relevant is the fact that all public systems, even those that are most efficient, are precarious in the face of new demands that arise from global public dreads. No system is capable of responding to radical emergencies and all systems are lacking in funds, beds, coordination and a rapid response capacity. These are serious shortcomings that are being offset by the heroic attitude of health professionals.

National Economies and Global Dynamics

The economic impact of Covid-19 affects all countries, regardless of development levels, and affects mainly low-income populations, who are in the informal sector or with precarious or informal employment links and small and medium-sized companies with low liquidity.

All national economic systems have difficulties in facing the paralysis of economic activities and trade. Regardless of the effectiveness of national responses, it is also evident that all national systems are affected by the overall functioning of the system. There is no possible decoupling of global economic crises, even if good and bad national policies and bigger or better resistance mechanisms make a difference in the costs to be paid at the national level. In this context, both isolationism and its predatory policies or the return of the liberal order seem to be old responses to new paradigms.

The UNCTAD, at first, pointed to a 5% to 15% decrease in FDI flows. The impact of this fall in investments is more evident in the automotive, aeronautics and energy sectors. Of the 100 multinational companies monitored by UNCTAD, more than two thirds indicate economic losses and low investment prospects. UNCTAD also indicates that the number of sectors affected will tend to increase for a much wider range of global production chains, making oil-producing and commodity-exporting countries very vulnerable.

This, however, is a general analysis that is partly based on those sectors most affected by mobility and most exposed to fluctuations in trade. What we see as most characteristic of this economic crisis is the disarticulation of small and medium-sized companies from their role as an economic agent for maintaining the industrial, commercial and service fabric of almost all economies. Small and medium-sized companies that, although with local characteristics and depending on sales and local credit, grow because they are associated with products, chains and markets that are directly or indirectly linked to the expansion of globalized trade. The same applies to services

and service consumers, whether they are of a more complex nature such as small providers for electronics chains, or even the low-skilled work of food chains.

Since the boom of globalization in the late 1990s, there has been a discussion on how hyper-globalization has caused deindustrialization syndromes in various parts of the world, contributing to a general concentration of manufacturing chains and hubs in China and Asia. Today's decoupling policy, which is gaining ground with the techno-commercial war between China and the USA, launches the idea that the future will be largely driven by the construction or resumption of national production chains. The resurgence of industrial policies at the national and regional level is considered a consequence of this vision.

For analysts of technological changes, like Naughton, Breznitz and Pisani, the future is not so simple. New economic and technological factors, such as the rising cost of labor in Asia and the possibilities for local production that come from 3D technologies make productive fragmentation less attractive or necessary for many products. However, it is difficult for countries to rebuild industrial sectors that they have abdicated in favor of greater specialization in services, a typical case in the American economy and its immense *rustbelt*.

Regardless of the formation of new production chains at the national level or the reorganization of global production chains, which we already see in an experimental way as a response to the crisis in pharmaceutical products and vaccines, the search for greater productivity and competitiveness is closely associated with the global economy and

with industrial and commercial performance in other regions. In other words, nothing makes sense without a perspective on how national economies are situated globally, not even decoupling itself. The global view and its business mindset do not come only from the global nature of trade and investments, but also from technological processes and from the externalities that characterize the new economy.

The link between national and global is equally strong in combating the economic effects of the crisis. Unlike the 2008 financial meltdown, the economic crisis brought about by Covid-19 goes beyond the limits of financial systems and central bank action. It is not a question of safeguarding the financial system with quantitative easing. It is a question of injecting massive resources and providing credit to ensure the income of individuals and the ability of companies to operate. Measures that, in different proportions, are being applied individually by European countries, the USA and that are timidly beginning to be tested in Brazil. The article published in March 2020 by Mario Draghi, former president of the European Central Bank, in the Financial Times is an example of how maintaining minimum income, employment and extending credit have become a consensus for mainstream institutions and become key elements for the maintenance of capitalism. It is up to the national state at this moment to ensure that these policies take effect and, the greater the capacity to maintain jobs and credit, the more resilient the recovery will be.

The injection of resources seen as extraordinary derives from a war economy and, therefore, is of a transitory nature and comes at a time of intense debate about the effects of fiscal austerity policies and the limitations of public investments. In view of the low growth of national economies, the persistence of inequalities and the transformation in the work structure brought about by new production technologies, a new paradigm of economic interpretation has been gaining evidence both inside and outside academic circles. A paradigm that has as its central element the State's investor capacity, its role as a regulator, organizer and policy manager, and derives, as in the works of Minsky and others, from considerations about economic and financial crises at the end of the last century.

Robert Wade, Jan Kregel and André Lara Resende, among others, have been pointing to blind spots in economic theory, unable for decades to explain the relationship between money and economic activity, partly due to a lack of understanding of the historical character of the economic theory (Valor Econômico, 15 March 2020). According to Wade, the neoclassical economic theory suffers from a complex - it intends to be a scientific theory, with the theoretical and analytical rigor of physics and not an integral part of the social sciences. To the market and its exchanges is attributed the rationality of natural phenomena under which logical predictions and deductions can be made, regardless of their social and subjective context.

The doctrines of fiscal austerity and the economic mainstream in the last decade are the result of this vision. The binomial fiscal balance and market freedom is associated with the idea that the State is a kind of interference, a potential factor of imbalance in good governance practices. The innovation economy requires long-term public investments to guarantee its functioning and also generates externalities and invisible incomes that require regulations and an agile public space. States limited by fiscal austerity policies are unable to correct deficiencies in education and infrastructure or organize long-term investments.



The link between national and global is equally strong in combating the economic effects of the crisis. Unlike the 2008 financial meltdown, the economic crisis brought about by Covid-19 goes beyond the limits of financial systems and central bank action.



European countries like Finland, Sweden, Norway, as well as Singapore and Korea in Asia are good examples of long-term social investment policies. However, European paralysis and discord over the division of the social costs of adjustments and emergencies indicate how, even countries with a social-democratic tradition, are paralyzed in the face of new demands for investment and public policy reform.

How does Covid-19 accelerate these ongoing trends? The economic policies and emergencies put forward by the pandemic give the State and public investments a new role, but they are always short-term measures. Since the beginning of this cycle, the cost of economic losses and countercyclical measures have been forcing all countries to question future economic regulation in a fundamental manner.

Many of the governments that have adopted emergency measures of economic assistance worked under criteria of contingency in public spending and, in this sense, have embarked on an exercise contrary to their ideologies and practices. However, as Paes de Barros argues, emergency makes citizenship visible. The virus spells out the dysfunctionalities of inequality, makes it apparent that the lack of sanitation and distribution of basic public goods - such as water, sewage and electricity - are elements of contagion for everyone.

Although paradigm shifts, as Scheidel (2017) argues, are caused by disruption, the policy responses that lead to the construction of alternatives are not instantaneous. There is no reason to expect a sudden turnaround in politics with the normalization of economic activities. At the same time, the contradictions that Covid-19 makes apparent are already maturing in time. The experience of fighting the crisis will undoubtedly bring a new vision of macroeconomics and the role of the State, just as quantitative easing did for the thesis of the relationship between injections of liquidity, interest rates and inflationary dangers.



The virus spells out the dysfunctionalities of inequality, makes it apparent that the lack of sanitation and distribution of basic public goods - such as water, sewage and electricity - are elements of contagion for everyone.



Real Politik or International Cooperation

The global nature of Covid-19 should make the need for coordination and regulation at the international level more evident. However, the fragility of the institutional framework of international organizations - such as the WTO, the IMF, among others - that ensured international coordination until the hyperglobalization of the 1990s, creates a regulatory vacuum that is difficult to resolve.

The question that arises is what will happen to the regulatory bodies of the international system? Will they traverse bilateral agreements, as in the case of the managed trade between China and the USA? Or the intra-regional legislation, like the European Union? Or sectoral agreements of regional-global scope such as Asia's Regional Economic Partnership? Or reforms of the WTO system and the extension of mandates from other UN bodies?

Behind this issue is also the question about the future after Covid-19. Will the spirit of international collaboration be rekindled and make the rule's value overcome resistance with the decrease in sovereignty? Or will nationalist tendencies and hegemonic struggles be reinforced? The recent Wall Street Journal editorial of April 5, 2020, which accuses the WHO of covering up Chinese errors in fighting the virus and calls for a reform of the WHO and its decapitalization, indicates the extent to which American electoral policy and pharmaceutical industry lobbies can contaminate international cooperation projects.

The debate about the clash between nationalist policies and cooperation is in many aspects a minefield. One of the side effects of the 2008 financial crisis was to reinforce nationalist and protectionist positions in American and European constituencies in general, weakening those traditionally in favor of internationalist solutions. America First, Brexit and divisive movements within Europe are clear examples that crises do not necessarily lead to cooperative solutions. Dani Rodrick argues, in a recent article in the South China Morning Post of April 8, 2020, that Covid-19 emphasizes the negative and positive

characteristics of national politics making each country a caricature of itself and, in this sense, we should not expect major behavioral changes, but more marked contradictions of the existing policy.

Although they appear to be political options of the present, the nationalist versus internationalist alternatives are, in the short and long terms, falsifications of economic relations as they present themselves today. These are largely unsatisfactory responses to the problems exposed by Covid-19. Even if nationalist policies and hegemonic struggles dominate the international scenario in the short term, their reach is too short to respond to phenomena of a global nature - such as pandemics, climate catastrophes and global recessions -, which escape the classic power instruments of hegemony between countries: currency and warfare.

At the same time, the sovereign options are anachronistic because they do not take into account the global nature of the innovation economy, the centrality of scientific exchange for technological solutions and the large-scale diffusion of technologies with wide spectrum use. Unlike the Cold War, today, China is considered the greatest strategic threat by the USA, and is the main or second largest economic partner for 2/3 of the countries in the world.

However, the return to a global international system of a liberal nature advocated by authors such as Graham Allison, Nye and Haas seems equally unrealistic in the face of a geopolitical scenario where the great protagonists share very different histories, economic paths and cultural

values. Today's Asia does not accept the Atlantic tutelage that was legitimized by the appeal to unequally distributed universal values and duties.

Since the 2008 financial crisis, we see that in the face of inadequate coordination responses at the level of global international institutions, new paths at the national, regional and interregional levels have been traced. China, in particular through the creation of new development banks such as AIDB, NDB and SRF, has been occupying international space for development finance in infrastructure projects. The Belt and Road Initiative, which from 2013 onwards became China's main foreign policy tool, is an example of international regional policy with global reach and a new generation multilateral design.

The new financial institutions that provide an institutional framework for this policy have no regulatory scope beyond their compliance projects and structures. However, they open the way for regional and inter-regional agreements that contain regulations between firms, in relevant and inter-associated sectors, such as energy, transportation logistics and communications. These initiatives inaugurate a bottom-up regulatory system that, even if inserted in specific structures of regional projects, has global consequences.

Still in the Asian context, the association between the Regional Economic Comprehensive Partnership promoted by Asean+3 and the Belt and Road, creates a favorable environment to extend trade and investment regulation and dispute agreements to the entire Asian region. The agreement, which still faces disputes between Korea and Japan and objections from the Indian side, opens an alternative path for regulating trade, investments and services structured at the regional level, but with global reach.

The hegemonic political logic hardly prevails over economic and technological considerations at the level of companies' business models. The 5G competition is a good example. The U.S. struggle against Huawei and the search for a worthy competitor within the Atlantic universe is unlikely to change the course of Silicon Valley companies that are already in the realm of artificial intelligence planning that goes far beyond responses to 5G. Companies like Huawei

grew in China operating on a low profit margin but with a lot of volume. Their global strategy somewhat copies their national business model. For companies like Cisco, competing with Huawei makes little sense when the future technological game is most promising.

The economics of innovation greatly increases the complexity of regulation, as economic players/systems operate with very different logics. Trade in services and technological goods depend on regulation of standards, and on the creation of compatibility between systems and management on the use of information in the digital economy. New agreements, which are beginning to be designed at the level of sectors, companies and regions, will at some point need to find synergies and harmony at the global level.

The discussion on regulation that began with the UN in the late 1990s takes on new dimensions with climate negotiations. There are numerous similarities between the problems related to governance of public goods and the new digital economies. Three types of hindrances are particularly relevant: the definition of gains and compensations, or how incentives and/or sanctions for maintaining agreements work; the subsidiarity principles, that is, what constitutes the institution's governance mandate; and, finally, what are the characteristics of institutional bodies of negotiation in the case of conflicts (Kaul, 2003).

With its ups and downs and all the criticism that is attributed to its negotiating instruments, climate policy has produced advances that can be generalized for the discussion of the reform of international cooperation. The nationally defined emission objectives contribute to create globally accepted levels, the effort of international banks to establish green clauses for the financing of projects has created a system of incentives and, finally, the climate clauses in commercial agreements develop compliance rules.

It will be up to international policy makers to reorganize the mandates of multilateral institutions to face the new regulatory clashes. However, both the isolationist options and the liberal order were unable to produce agreements between different economic systems, as indicated by the WTO's difficulty to function.

USA and China

All attempts to think about the future international order involve defining the political and economic relationship between the United States and China; a relationship that after an expansion in the 90s has become increasingly adversarial. There is now a consensus among Republicans and Democrats that China is a strategic competitor, if not a threat to the United States and the international order in general.

Covid-19 will not mitigate this clash, on the contrary, it tends to aggravate it, despite the fact that, today, the United States depends on the imports of tons of pharmaceutical supplies from China to face the humanitarian crisis caused by the virus.

However, the terms of the debate reveal much of the difficulties in envisaging alternatives for the relationship between the two powers. Richard Haas argues that although the world today is not prone to being guided, what defines the American moment is more a failure of will than of capacity. This emphasis on capabilities is central to almost every understanding on the future of the United States and is equally relevant to the Chinese narrative.

Behind the concept of capabilities, there is always the perspective of hegemony, whether passive or active. That is, the concept that in order to establish for itself, and in the context of nations, a future of greater and constant prosperity, it is essential to maintain the primacy and/or control of basic instruments of sovereignty - currency, military, technological and managing of business rules.

Until the end of the last century, the international system set up in the post-war period functioned relatively well by partly universalizing rules for trade, maintaining American priorities, but extending participation in international institutions to the rest of the world. The rise of China and, above all, the way in which this rise took place, broke the balance of the community of rules between unequals.

China's rise was unique not only for what it achieved as a national development, but for the fact that, affirming its diversity within the

international system, China was able to position itself as a global manufacturing hub and main economic partner for most countries.

During the Cold War era, the USA-USSR competition took place essentially in the political-military field, with the USSR operating outside the Western trade system. In the case of China, competition takes place within the system and with the competitor playing a central role in trade. In contrast to the American narrative, the Chinese narrative is that China does not seek hegemony, but will not be dependent on nor will be in positions secondary to any country or power.

In concrete terms, presently this rhetoric means that China's economic capacity, investment (but not currency) capacity for developing technologies and defense capacity should be sufficient to counteract America's ability to exercise its hegemonic position to obstruct China.

This supremacy and defense game has a distinguishing characteristic: the fact that the disputed scenario moves from a hegemonic struggle between powers and regional areas to the global market as a whole. In this sense, the Belt and Road Initiative is perceived as a systemic threat by the USA, and ASEAN+16 is viewed with displeasure by the European Union. In both cases, China plays through regional initiatives, but always with a global scope. This context also explains why initiatives by Chinese companies, such as Huawei and its proposals for 5G, come to be seen as possible strategic threats. This regional-global game for spaces also makes the dispute over standards and regulations of the innovation economy more central, and explains how the creation of precedents at the local and regional level may anticipate greater position gains at the global level.

All of these aspects make the pursuit for common ground on the reform of international institutions and common principles for global governance even more arduous. However, the consecutive economic crises in recent years and, in particular, the economic effects of Covid-19 alter the conditions for strategic maneuver of the two powers. On both sides, the number of social and economic problems to be faced nationally increases and the availability of resources for large-scale foreign investments decreases.

Immediately, post-Covid China will have numerous internal problems to contend with. Even if there are already signs that the economic recovery is underway, corporate debt and the economic cost of the dismantling of small and medium industries will be great. Likewise, technological development options must be re-balanced for a new scenario of intraregional competition. Expansion based on economies of scale can no longer be the main driver of seeking surplus value, and the American technological restriction imposes new constraints on industries that still have important import components. China will be forced to review its global comparative advantages and long-term investments in technologies with consequences to its foreign policy.

Economic and social pressures will also condition American foreign policy in the short run. Covid-19 and the great damage it is producing tend to make American social inequalities more acute by increasing the number of politically dissatisfied people. Isolationist pressures are reinforced and the availability to participate in dialogues about reform of international institutions is decreasing.



The pressures to rethink long-term governance strategies and to resume the discussion on governance of public goods that was highlighted by Covid-19 are on the table.



However, these short-term trends do not lessen the pressure for political strategies that envision what will happen in the coming decades. In this context, Europe, Russia, Japan, India, and even large emerging economies such as Brazil, come into play, with regional action that may contribute to expand or restrict the space for the construction of new rules for global economic coordination.

Technological change has a radical impact on countries' international economic insertion. Even if driven by the search for individual advantages, negotiations in the face of new rules of trade, investment, use of data and energy transitions, must be made, and bipolar arrangements between the two powers, which exclude other partners from the negotiations, represent collective losses for all. The pressures to rethink long-term governance strategies and to resume the discussion on governance of public goods that was highlighted by Covid-19 are on the table.

The case of Brazil

Brazil has traditionally been an active participant in international politics, with a particular presence in the multilateral space. It has always explored its ability to maintain a fluid and positive connection with traditional powers. Since the introduction of the “independent foreign policy”, and particularly in the last 25 years, it has also started to value its status as a Latin American and developing country in order to expand its relations and generate new mechanisms of interaction with countries facing similar challenges. This attitude made Brazil a country particularly qualified to have a dense and trusting relationship with any counterpart.

The recent anti-globalist policy and the alignment with the US’ isolationist positions more than a turnaround represent a vacuum of initiatives, ideas and thought about international relations, in addition to loss of credibility. What prevails in Brazil today is the lack of positioning in the face of major conflicts or even recognition of the problems facing international relations. A political vacuum filled by the laborious attempt to create a historical political universe parallel to the real world, where imaginary clashes of civilizations are taking place.

World awareness and intellectual discussion, however, do not cease in the country and the question is how to reposition itself in the reform of the international order and how to participate in the elaboration of international rules and processes in which our role is more of users than competitors. This is the case with the discussion on regulatory standards for communications and 5G, directions for the digital economy, artificial intelligence and Internet regulation and cyber security.

The great global negotiations that took place at the WTO will not be revived, nor have they even pointed to major agreements in the past. Even when inconclusive, the big negotiations offered room for maneuver for countries like Brazil, with imbalances of great competitiveness between sectors. The new world of agreements that privileges the regional and the sectorial restricts compensatory spaces.

The same is true of global matters related to the innovation economy. Participating in the design of new rules means having a vision of the country’s comparative advantages and future possibilities in the international context in the medium and long terms. It also implies exercising the user’s mediating power, which in the innovation economy and in the case of large national markets such as Brazil, is neither passive nor secondary. However, it requires learning and an economic project for global economic insertion adjusted to the current moment.

At the same time, Brazil is particularly well placed to contribute to the international debate on the environment, having a large part of the Amazon rainforest in its territory and being the holder of one of the largest biodiversities in the world. A trajectory of good policies, scientific research and statecraft that began in the 1990s is falling apart with the current administration. Resuming this policy and presenting it in face of the new challenges of accelerating climate change and energy transition is one of the country’s central contributions to the reform of international governance.

Final remarks

Covid-19 displays the interdependence of key dynamics: economic expansion and inclusive citizenship (universal access to health and quality education for all), technological advancement and open scientific exchange, globalization and regulation of global public goods, trade and a space of shared rules. These are the key vectors for national and international governance and issues capable of mobilizing political imagination. These are exactly the binomials that are missing in political discussion and international negotiations.

Contrary to what it might seem, they are not utopian designs or virtuous dynamics. Segmented political experiences in all these dynamics occur in several countries even if few have been able to integrate all at the same time. The fact that we have accumulated experiences means that they are already part of the universe of possible options. So what is it that is so absent from the international discourse and the electoral offer?

Part of the answer stems from the technocratization of politics in general. The post-Cold War world emptied the utopias of the future in favor of a managed capitalism discourse easily captured by interest groups. It is no accident that traditional parties have lost their voters, international bureaucracies have lost their credibility and elections are won by populist leaders and funders at their service, who fish voters indiscriminately from left and right parties. The political narrative was captured by false realisms, austerity cults, and thoughtless meritocracies lacking ideas in a society that takes refuge in connected particularisms.

Without an external impulse, political discussion and the renewal of the shared public space cannot take place. Nor are conventional political instances, the realpolitik or a reissue of postwar international pacts political responses to this scenario. Covid-19 has revived social solidarity and alternative practices of sociability, it does not seem likely that these experiences will be forgotten because they have their symbolic value. While translating these experiences into political life will undoubtedly be difficult, there has been a significant break. The contamination of millions of people, the paralysis of trade and productive activities and the quarantine of 2/3 of humanity for months are human and social costs not easily overlooked.



The political narrative was captured by false realisms, austerity cults, and thoughtless meritocracies lacking ideas in a society that takes refuge in connected particularisms.



References

- ALLISON, Graham. *Destined for War: Can America and China Escape the Thucydide's Trap?* 2ed. [s.l.]: Mariner Books, 2018. 389 p.
- BARROS, Ricardo Paes de. Estávamos Trabalhando Errado. *Valor Econômico*, Rio de Janeiro, 20 mar. 2020. Available at: <https://valor.globo.com/brasil/noticia/2020/03/20/estavamos-trabalhando-errado-diz-paes-de-barros.ghtml>.
- BREZNITZ, Dan. *The Run of the Red Queen*. Yale University Press, 2011.
- DRAGHI, Mario. We Face a War and Must Mobilize accordingly. *Financial Times*, 3 mar. 2020.
- HARARI, Yuval. The World After the Coronavirus. *Financial Times*, 20 mar. 2020.
- KAUL, Inge; GRUNBERG Isabelle; STERN, Marc. Defining Global Public Goods. In: KAUL, Inge (ed.). *Global Public Goods: International Cooperation in the 21st Century*. Inglaterra: Oxford University Press, 1999.
- KAUL, Inge. How to Improve the Provision of Global Public Goods. In: KAUL, Inge (ed.). *Providing Global Public Goods: Managing Globalization*. Inglaterra: Oxford University Press, 2003.
- HASS, Richard. The Pandemic will Accelerate History. *Foreign Affairs*, março/abril 2020.
- KISSINGER, Henry. The Coronavirus Pandemic Will Forever Alter the World Order. Opinion. *The Wall Street Journal*, 3 abr. 2020.
- MINSKY, Hyman. *Stabilizing an Unstable Economy*. 1ed. New York (EUA): McGraw Hill, 2008. 395p.
- NYE, Joseph . What is a Moral Foreign Policy. *Project Syndicate*, 4 mar. 2020.
- NAUGHTON, B. The emergence of the chinese techno-industrial policy. *Spider Web Conference*. BNDES: Rio de Janeiro, 2013.
- PISANI, Gary. Restoring American Competitiveness. *Harvard Business Review* julho/agosto 2009.
- RESENDE, André Lara. Entrevista, *Valor Econômico*, 15 mar. 2020.
- RODRICK, Dani. Why the Coronavirus is Unlikely to Change the World. *South China Morning Post*, 8 abr. 2020.
- SAMUELSON, Paul. The Pure Theory of Public Expenditure. *Review of Economic and Statistics*, N. 36, dez. 1954.
- STIGLITZ, Joseph. Knowledge as a Global Public Good. In: Inge Kaul (ed.) *Global Public Goods: International Cooperation in the 21st Century*. Inglaterra: Oxford University Press, 1999.
- SCHEIDEL, Walter. *The Great Leveler: Violence and the History of Inequality from the Stone Age to the 21st Century*. New Jersey (EUA): Princeton University Press, 2017.
- UNCTAD. *Coronavirus Update*. 8 mar. 2020.
- WADE, Robert. Global Challenges and Policy Space: Finance and Development (lecture) *Spider Web Conference*. BNDES: Rio de Janeiro, 2013.

About CEBRI



The Brazilian Center for International Relations (CEBRI) is an independent think tank that contributes to building an international agenda for Brazil. For over twenty years, the institution has engaged in promoting a pluralistic and proposal-oriented debate on the international landscape and Brazilian foreign policy.

In its activities, CEBRI prioritizes themes with the greatest potential to leverage the country's international insertion into the global economy, proposing pragmatic solutions for the formulation of public policies.

It is a non-profit institution, headquartered in Rio de Janeiro and internationally recognized. Today, its circa 100 associates represent diverse interests and economic sectors and mobilize a worldwide network of professionals and organizations. Moreover, CEBRI has an active Board of Trustees composed of prominent members of Brazilian society.

THINKING
DIALOGUING
DISSEMINATING
INFLUENCING

#2 Think tank in South and Central America

*University of Pennsylvania's Think Tanks
and Civil Societies Program 2020 Global
Go To Think Tank Index Report*

Boards

Chairman

José Pio Borges

Honorary Chairman

Fernando Henrique Cardoso

Vice Chairmen

Jorge Marques de Toledo Camargo

José Alfredo Graça Lima

Tomas Zinner

Vice Chairmen Emeriti

Daniel Klabin

José Botafogo Gonçalves

Luiz Augusto de Castro Neves

Rafael Benke

Trustees Emeriti

Celso Lafer

Luiz Felipe de Seixas Corrêa

Luiz Fernando Furlan

Marcos Azambuja

Pedro Malan

Roberto Teixeira da Costa

Rubens Ricupero

CEBRI's CEO

Julia Dias Leite

Board of Trustees

André Clark

Anna Jaguaribe

Armando Mariante

Armínio Fraga

Carlos Mariani Bittencourt

Claudio Frischtak

Demétrio Magnoli

Edmar Bacha

Gelson Fonseca Jr.

Henrique Rzezinski

Ilona Szabó

Joaquim Falcão

José Aldo Rebelo

José Luiz Alquéres

Luiz Ildefonso Simões Lopes

Marcelo de Paiva Abreu

Marcos Galvão

Maria do Carmo (Kati) Nabuco

de Almeida Braga

Paulo Hartung

Renato Galvão Flôres Jr.

Roberto Abdenur

Roberto Jaguaribe

Ronaldo Veirano

Sergio Amaral

Vitor Hallack

Winston Fritsch

International Board

Albert Fishlow

Alfredo Valladão

Andrew Hurrell

Antonio Patriota

Felix Peña

Flávio Damico

Julia Sweig

Kenneth Maxwell

Leslie Bethell

Marcos Caramuru

Marcos Jank

Monica de Bolle

Sebastião Salgado

Senior Fellows

Adriano Proença

Ana Célia Castro

Ana Paula Tostes

André Soares

Benoni Belli

Clarissa Lins

Daniela Lerda

Denise Nogueira Gregory

Diego Bonomo

Evangelina Seiler

Fabrizio Sardelli Panzini

Fernanda Guardado

Fernanda Magnotta

Hussein Kalout

Izabella Teixeira

Larissa Wachholz

Leandro Rothmuller

Lia Valls

Mário Ripper

Matias Spektor

Miguel Correa do Lago

Monica Herz

Patrícia Campos Mello

Paulo Sergio Melo de Carvalho

Pedro da Motta Veiga

Philip Yang

Ricardo Sennes

Rogério Studart

Sandra Rios

Tatiana Rosito

Vera Thorstensen

Victor do Prado

Members

Abiquim	Dannemann, Siemsen, Bigler & Ipanema Moreira	Light
Aegea	Dynamo	Mattos Filho Advogados
Aeróleo Táxi Aéreo	EDP	Museu do Amanhã
BAMIN	Eletronbras	Michelin
Banco Bocom BBM	Embaixada da China no Brasil	Neoenergia
BASF	ENEVA	Oktri Empreendimentos
BMA Advogados	ENGIE Brasil	Paper Excellence
BDMG	Equinor	Petrobras
BNDES	ExxonMobil	Pinheiro Neto Advogados
BRF	FCC S.A.	Prumo Logística
Brookfield Brasil	Grupo Lorentzen	Repsol Sinopec
Bunker One	Grupo Ultra	Sanofi
Captalys Investimentos	Huawei	Santander
CCCC/Concremat	IBÁ	Shell
Comerc Energia	IBRAM	Siemens Energy
Consulado Geral dos Países Baixos no Rio de Janeiro	Icatu Seguros	Souza Cruz
Consulado Geral da Irlanda em São Paulo	InvestHK	SPIC Brasil
Consulado Geral do México no Rio de Janeiro	Ipanema Investimentos	State Grid
Consulado Geral da Noruega no Rio de Janeiro	Itaú Unibanco	Tecnoil
CTG Brasil	JETRO	Total E&P do Brasil
	Klabn	Vale
	Lazard	Veirano Advogados
		Vinci Partners

CEBRI Team

CEBRI's CEO
Julia Dias Leite

Director of Institutional Relations and Communications
Carla Duarte

Director of Projects
Luciana Gama Muniz

PROJECTS

Projects Manager
Lara Azevedo

Consultants
Cintia Hoskinson
Marianna Albuquerque

Interns
Gustavo Berlie
Larissa Vejarano

INSTITUTIONAL RELATIONS AND EVENTS

Institutional Relations and Events Manager

Barbara Brant

Consultants

Caio Vidal

Nana Villa Verde

Intern

Lucas Bilheiro

Communications

Consultant

Gabriella Cavalcanti

Intern

Henrique Kress

ADMINISTRATIVE AND FINANCIAL

Administrative-Financial Coordinator

Fernanda Sancier

Assistant

Kelly C. Lima

International Politics **Reorientation of Multilateralism**



Brazilian Center for International Relations

Rua Marquês de São Vicente, 336 Gávea
Rio de Janeiro – RJ - Brasil
22451-044
+55 (21) 2206-4400
cebri@cebri.org.br
www.cebri.org



Konrad-Adenauer-Stiftung e.V. (KAS)

Klingelhöferstraße 23
10785 Berlin
Germany
+49 30 26996-0
zentrale-berlin@kas.de
www.kas.de