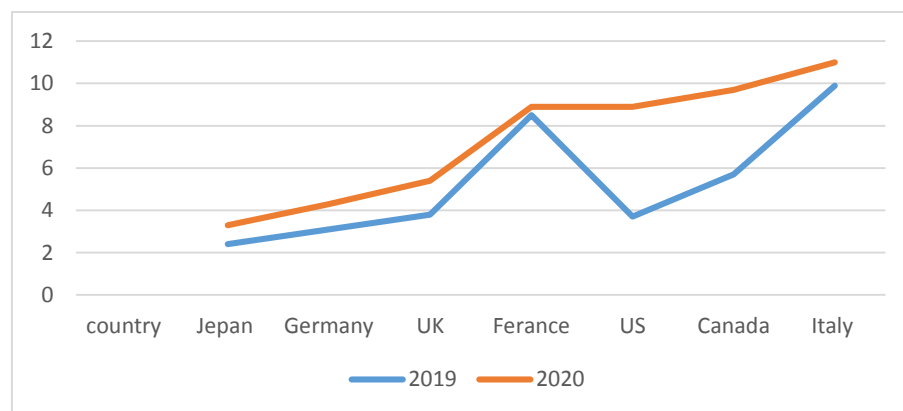


## Some Outlines of Political Economy of Post Corona: Editorial Note

Yadollah Dadgar<sup>1</sup>

1. COVID-19 engulfed the world after passing financial crisis 2007-2012, European debt crisis, UK Brexit, Middle East challenges, US-China trade war, and the risk of populism etc. As some economists mentioned correctly, COVID-19 is spreading human suffering generally and economic suffering particularly, it is as contagious economically as it is medically (Baldwin and Mauro 2020). The impacts of pandemic coronavirus (both economics and non-economics) are still continuing. Thus, both death and infected cases have been reporting and updated daily, after more than 1.5 years of its starting point, in December 2019. Globally, in late August 2021 more than 201 million confirmed cases including 4.5 million deaths reported to WHO (2021) and around 4 billion vaccines have been administered. Covid19 has changed the world, has reached every country, and has imposed huge costs on all. At the same time, it has been converted to a good arena for testing government performance throughout the world. For, due to bad governance during the corona era, some governments have been depriving their citizens from global supports. The global economy shrank by 5% in 2020, this is the worst since the great depression 1930s (IMF 2021). Trade industry still is low in 2021, the hospitality sector has been hit by the bankruptcy of companies, the global economy faced with an unprecedented fall in the shopping centers, the stock markets dropped 15% on average, and unemployment rose significantly even in advanced countries. From 2019 through 2020 the least increasing unemployment, which belonged to Japan, was about 1% percent, Germany and Italy 1.5%, UK 1.8%, France 1.9%, Brazil 2.5%, Canada 4%, and USA 5% percent (see Figure 1).

2-As post corona is concerned, the pessimistic standpoint is remaining in surveys and other scientific evidence (Mckinsey 2021). High doubts are predicted in the growing anticipation of the global economy in the second half of 2021. The survey of the July 2021 easily rejected the optimistic view of post corona in June 2021. Higher inflation is on the way too and targeting inflation policies are facing high uncertainties at least in less developed and developing countries. Continuity of the pandemic will lead to a permanent shift in political power in ways that become apparent later. Some possible changes between the national and global economies are predicted. This phenomenon may require a better balance between globalization and a self-reliant economy. Consequently, a potential imagination of nationalistic standpoint and forming new international economy is likely in post COVID-19.



**Figure 1.** Change in unemployment rate before and during COVID-19

<sup>1</sup>. Professor of Economics, Department of Economics, Shahid Beheshti University, Tehran, Iran

3-Following some economic noble laureates including Robert Shiller (WBG 2021), the new global war atmosphere against covid19 opened a window for change. Because, now, the enemy is a virus, not a foreign country. Inspiring from Shiller's point, losing a golden opportunity by ideological regimes is a calamity for their citizens in the corona era. Alternatively welcoming peace and friendship between countries, communities and citizens, and setting aside the old enmity, could be a new win-win game in post corona era. This would in turn convey some messages of that weird virus as well. According to those messages, rational leaders in the world will seek new ways of peaceful discourse and form new institutions to tackle massive difficulties including poverty, inequality, human rights cases and so on. At the same time, this could be a potential path to emerge a universal paying system for basic needs for all. By considering those messages global citizens and governments might build new institutions for risk sharing, and launch a new international unity which is influential in resolving radical uncertainties we all are facing now.

4-Resolution of post coronavirus difficulties requires efficient policies and prudential efforts from the side of international organizations, national governments, rational leaders and even ordinary citizens. It is urgent to design a comprehensive program to empower the people in the globe to resist in front of all kinds of vulnerabilities including the pandemic coronavirus. Inefficient supply chains, uncertainty in international travel, and damage of international trade during corona are leading to secular stagnation (because of low productivity and lack of private investment returns). As behavioral economics is concerned, it is forecasted that people stay risk-averse which declines the demand. Widening the gap between rich and poor countries is another post corona outcome. Also, international trade will rely on, non-risky monies like dollar and economic nationalism would be much more attractive, which may lead governments to shut off their own economics from global spiral.

5- Change phenomena will possibly overcome the normal economy in post corona. The economics would be much more central bank oriented and central bankers would intervene in the money and exchange markets and will support much more their own national currencies. When the European central bank declares a non-limit to its support of the Euro, and purchases massive government bonds, it likely indicates a signal of applying new policies in post corona. Financing government expenditure by the bank of England is shedding another light on policy changing in post corona. Many business centers will no longer open or, if they open, they reemerge in a new style differentiating tangibly from their pre-coronal format. The characteristic feature of small businesses will change in post corona era as well, and many old jobs never return and so forth.

6- In sum, in post corona: A)- digitalization is accelerating and new training is required to provide the new skill for new jobs. Thus, countries whose officials are deciding to limit internet access, are indeed depriving their citizens of emerging and urgent jobs. For, the dependence of so many post-corona services to work remotely requires inclusive expansion of easy and cheap internet access. Furthermore, new infrastructure will be necessary to accelerate the digitalization of economic activities. Also, the share of in-person services will decline particularly, while, the share of services will rise generally. B)- demand and supply chains are changing and consequently, the composition of GDP will change as well. C)- one can anticipate the higher demand in workers providing essential services and creating new job opportunities. D)- coronavirus proved that the global structures and global cooperation are very weak, which caused engaging a great number of global citizens in pain and discomfort. Thus, the slogan of "my nation is first" is likely coming in post corona era as well. E)-one can expect that uncertainty is coming much more radically. F)-The corona crisis recovery is expected to be strong in Asia, Africa and Latin America. G)-Inflation has increased alongside the economic recovery and especially the food cost is increasing significantly.

7-As policy implication is concerned, reckoning on the following lessons are necessary: Firstly, both citizens and governments must be prepared to tackle with new changes, in post corona era. Second, good governance is required to deliver inclusive economic safety and economic growth for all. Third, working together is crucially important and in so doing the global people and governments

are much stronger in unity than divided. Forth, power imbalances must be restructured to give fair recognition to the rights of 75% of the global population residing in problematic circumstances. In other word, and according to the post corona political economy, a version of development is required that puts, human rights, gender equality, climate change... at its center. Fifth, new knowledge of economy, economics and non-economics is required to harness or cure the future weird crisis (Dadgar 2020) including the pandemic coronavirus. Sixth, in order to have a sustainable and calm life, better managing the demand-supply chains and finally, targeting the new inflation are required. Disregarding the above-mentioned problems will impose irreversible outcomes exiting from which would be impossible. **International journal of new political economy** could provide influential opportunities for researchers, policymakers and their advisers to posit their problems and challenges and publish their new ideas to prevent crisis after crisis including coronavirus and so on.

### **References**

- Baldwin, R, Mauro, B. (2020). Economics of the time in covid19, *CEPR Press*.
- Dadgar Y. (2020). COVID-19 virus and emergence of an extraordinary political economy, *International Journal of Economics and Politics*, 1(2): 1-11, DOI, 10. 29252/ JEP.1.2.1
- IMF (2021). Pandemic, impact report, Washington D.C, *IMF publishers*.
- Mckinsey (2021). COVID-19 virus effect, *Mckinsey company publishers*.
- WBG (2021). Global economic prospects, *World bank publishers*.
- WHO (2021). Weekly operational update on covid19, *World Health Organization Press*.