

How Has the World Changed under COVID-19?

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The COVID-19 pandemic is still on a rampage around the world. According to a release by the World Health Organization on April 21, the pandemic has infected more than 140 million people and killed over three million in the world. The number of new reported infections per day was as high as 800,000. Japan is declaring a state of emergency for Tokyo, Osaka, Hyogo and Kyoto for the third time since the pandemic started early last year. COVID-19 infections are increasing in Europe and India. In some countries where vaccination has made progress, infections have decreased. On a global basis, however, there is no sign of an end to the pandemic.

More than one year has passed since the novel coronavirus outbreak in the southern Chinese city of Wuhan developed into a global pandemic sending shockwaves throughout the world. It may be no exaggeration to say that the COVID-19 pandemic and countermeasures have become a new normal. How has the world surrounding us changed under the COVID-19 disaster that has lasted for more than one year? I would like to consider life, economy, politics, environment, geopolitics and other matters before and after the outbreak.

First, human lifestyles have changed. People now wear masks and maintain social distance, reforming their social relations before the outbreak fundamentally. Telework has rapidly diffused to restrict human travel to prevent COVID-19 infections. Online conferences have explosively spread as a tool to avoid face-to-face meetings. Strict controls or restrictions have been imposed on restaurant use and operations. Human travel restrictions have dramatically affected international travel. Before the pandemic, massive people had been traveling throughout the world for business, leisure and other purposes. International human traffic has plunged and is unlikely to restore pre-COVID-19 levels in the near future. Human lifestyles have changed due to the pandemic. As more than one year has passed since this turnaround, changed lifestyles seemingly have become business as usual.

Second, I must point to dramatic economic deterioration. Lockdowns including strict travel restrictions have been implemented as the prevention of COVID-19 infections has become the top priority. Of people, goods and money required to cycle economy, the first two have become extremely stagnant, depressing the global economy substantially. According to the International Monetary Fund, the global economy contracted 3.3% in 2020, the worst deterioration since the Great Depression in the late 1920s. After enjoying robust prosperity and employment expansion, major economies suddenly plunged into negative growth territory. How to cope with the serious economic and employment situation, as well as how to prevent COVID-19 infections, has become a top priority for all countries. Each country has implemented unprecedented fiscal expansion and monetary easing to recover from the COVID-19 disaster. The IMF predicts such fiscal expansion to help the global economy to grow 6.0% in 2021. However, the fiscal expansion and monetary easing levels that had not been conceivable before the disaster have led to fiscal deterioration in major countries. It has become a matter of concern that inflation fears and wild currency exchange rate fluctuations could trigger capital flights from vulnerable emerging market economies.

Third, various political changes have been seen. As COVID-19 infection prevention and economic recovery after dramatic deterioration have become the most important political challenges, political stability and management have become dependent heavily on the successfulness of responses to the challenges. We can boldly suppose that if without the COVID-19 pandemic, Donald Trump might have been reelected as U.S. president. Given the importance of the United States for global issues, such supposition is extremely significant. In reality, Joe Biden won the U.S. presidency, exerting great influence on U.S. and international politics. The Biden administration has adopted directions or approaches that differ far from those under the Trump administration. This can be seen as a great impact that a political change under the pandemic has brought about.

Fourth, I would like to point to the pandemic's impact on environmental issues including climate change. As a matter of course, the prevention of climate change serves global interests irrespective of the COVID-19 pandemic. At a time when the pandemic has infected and killed a large number of people and triggered serious economic deterioration, how approaches on climate change as a long-term challenge would be affected has been questioned. In reality, however, a trend of enhancing climate change countermeasures has emerged even amid the COVID-19 pandemic. Various factors are conceivable behind the trend. One of the factors is that countries have widely shared an initiative to link the enhancement of climate change countermeasures to greater investment in clean energy sources and take advantage of climate change prevention through clean energy investment for recovering from the COVID-19 disaster and sustaining economic growth. The European Union has taken leadership in adopting such initiative by coming up with the Green Deal. Both advanced and emerging market economies have shared such initiative. In terms of influence on international discussions, the birth of the Biden administration is also an extremely important change. As noted above, we cannot ignore the significance of the great political change under the pandemic. Regarding climate change countermeasures that had been a key global challenge before the pandemic, a great change is the emergence of carbon neutrality as a global key word.

Fifth, we should not overlook geopolitical changes. They include the escalation of the U.S.-China confrontation into a new phase. The confrontation was intensifying even before the pandemic. Since the COVID-19 outbreak, however, the confrontation had been stepped up under the Trump administration. Under the Biden administration, the United States had been expected to become conciliatory towards China. However, the Biden administration has taken an even tougher attitude against China regarding values including human rights and democracy. The Biden administration has given priority to U.S. allies and is seeking to cooperate with Europe, Japan, Australia and India in confronting China. At the same time, China and Russia have strategically approached each other, adding fuel to global geopolitical tensions. Since the COVID-19 outbreak, geopolitical tensions have deepened and become more serious, without changing their direction.

Sixth, competition for technological supremacy regarding innovation has intensified as hopes on innovative technologies have grown amid growing interests in carbon neutrality and national security under the tough geopolitical environment.

I have lectured on energy policy at the University of Tokyo Graduate School of Public Policy. In a recent lecture before students, I explained the following as factors exerting influence on global energy supply and demand: (1) economic growth, (2) politics and geopolitics, (3) energy prices (absolute and relative prices), (4) energy sources and their potential supply, (5) energy policy, (6) environment policy, (7) technological advancement and (8) lifestyles and values. All these factors have been affected by the COVID-19 pandemic. We frequently hear that history has no "if." However, considering historic turning points to make thinking flexible and develop strategic perspectives is important for getting prepared to tackle the next great changes.