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# A Lesson of History

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Things that are happening before our very eyes will change forever the shape of the world we know. Everyday life of the Western people, which is organized around conquering, maintaining and expanding the sphere of prosperity, has been unexpectedly and brutally invaded by History.

A global pandemic has torn the veil, behind which the horror of the world has appeared. We do not see it every day because we live with a strong conviction that the fundamental problems of life and death, health and safety as well as the survival and development of our political communities have been solved once and for all.

## Economy. Politics. Civilization. The three dimensions of the global plague.

1. We live in times of uncertainty and turmoil. The infectious disease which is sweeping across the world, sparing no one, besides extremely dramatic and devastating implications for health, is also causing enormous turbulence in the global economy.

First, it breaks the global networks of connections and supply chains that underpin global trade. Then it leads to social distancing and, in the next step, to a complete lockdown.

We are in the middle of the next phase of the crisis, in which the economy has been quenched to a degree comparable only to a war-like situation. Only those sectors of the economy that Paul Krugman described as essential for

survival (essential services vs. nonessential services) are functioning.

Bringing our economy into a state of “forced coma” is unprecedented in modern history. No previous economic crises of the twentieth and twenty-first century can provide a reference point here. We are facing something completely new - the paralysis of the economy in all its most important areas: supply, demand, labor market, financial system, world trade, almost all sectors of the economy, whether related to services or manufacturing are infected, paralysed, or at least suppressed.

A comparison of the economic forecasts of the International Monetary Fund from January and April this year demonstrates the scale of helplessness of economists in the face of the phenomenon we are dealing with. Within a few months it turned out that the forecasts for the global economic situation must be radically revised. And today’s extremely cautious comparison of the level of recession to that of 2007-2009 or even to the period of the great economic depression between 1929 and 1933 will soon cease to be valid.

As I am writing this text, the U.S. Department of Labor has just released data on 22 million people who applied for unemployment benefits between March 14 and April 11 alone. This is 13% of the entire U.S. labor force of 162 million people. The latest forecasts of the 20% unemployment rate are, in the light of these data, quite conservative. In the USA there was no situation like this on the labor market even in the 1930s.

2. Despite the uncertainty re-

garding the contours of the future emerging from behind the horizon, politicians must, using, obviously, fragmented knowledge and often unreliable forecasts, make difficult decisions. And this is to be done before a full picture of the devastation emerges, the evaluation and assessment of which would create the ground for the right course of action.

The exit scenarios from the phase of the crisis we are currently in, constitute the most important task that governments of countries affected by the global pandemic, are facing now, alongside saving lives and health. Slow and careful waking up a patient from a coma is always a high risk endeavor.

In this particular case, the dilemma that politicians face today is a choice between saving the economy from a long-term recession or protecting their citizens from death. In the coming years there will be no return to the pre-pandemic situation. What lies ahead is, at best, a “new normal” in which, simultaneously protecting the most vulnerable groups of citizens and returning to the path of economic growth, will require the dexterity of a high-wire acrobat.

Today, by taking action, politicians not only take responsibility for the future state of their countries’ economies, but also face the most important and fundamental challenge of modern politics in general: providing security for their citizens. This is no longer an empty phrase, it is a prerequisite for survival. Not only physical, but also survival of the community. In this context, the

protection of freedom and the right to privacy must not be forgotten, which is extremely difficult at a time when modern monitoring technologies are used by governments to support the fight against the pandemic.

Remaining in a situation of absence of the economy costs our states 2 percentage points of GDP each month. Aid packages prepared by G20 countries and Poland amount to USD 4800 billion (as of April 2020). This is much more than during the financial crisis ten years ago.

Is it a high price to pay for health care, which is the first and the most important army deployed in this war? Is it a high price for saving another life, the life of a person who no longer contributes to our pension system, but benefits from it? These are the questions that lead us to the next one that we cannot escape from: What makes our community? What distinguishes us from the rest of the world? In one word, do we live only for ourselves or for the others?

3. These are the questions from the field of morality, without which good and effective policies cannot be pursued. And we have known this, or at least those of us who still remember it, since Socrates and his student Plato were strolling through the Acropolis in Athens 2,500 years ago.

The issues of life and death have become the center of politics. For one moment they put aside the discussion on how best to achieve economic growth, maintain healthy public finances, or the survival

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# Poland. A Gate Between the East and the West

of the welfare state. For one moment the pandemic revealed the true stakes of politics. Its eternal nature and purpose.

Will it affect the commercial clashes between major global powers, the fight for access to trade routes, strategic resources, including space control and the undisputed right to set the rules of the game in world politics? Yes, absolutely so. But that's the only thing you can say with certainty. The rest is difficult to predict.

Civilisational consequences of the global pandemic will be as severe as the economic and political ones.

The awakening has a double meaning for us, the people of Central Europe. It concerns above all the desire to return to our way of life, a world of prosperity and uninterrupted development without wars. But this awakening from a coma has also a different meaning for us. It is the realization that after five centuries of success and imperial power, we are, as Niall Ferguson wrote, one step from collapse. In this sense, the global pandemic can be a catalyst for awakening or yet another strong chord of the decline of our civilization's domination.

The Western civilization has already fallen once. Not as a result of a single spectacular event, although for educational purposes such caesuras are attempted. The Roman Empire collapsed not only as the result of a barbarian invasion, but also because it lost self-confidence. Today we are facing the same threat.

The Western world, re-

duced to the Western lifestyle, has a chance to think what else it has to offer to the world.

Realizing where we are now as a civilization-cultural area is a good starting point. Reaching into our past, learning lessons from the lives of our ancestors and unearthing our vital springs are essential means for our survival and development. Then we will have no dilemmas about whether to choose the quality of life and the level of development of our GDP or solidarity with the most deprived in our communities. And this is what distinguishes the West from the rest of the world. Poland is located, as geopoliticians call it, in the crush zone between the great powers, also referred to more neutrally as the "Baltic-Black Sea Bridge". In other words: between the West and the East.

Bojan Pancevski and Drew Hinshaw in their article entitled "Poorer Nations in Europe's East Could Teach the West a Lesson on Coronavirus," published in *The Wall Street Journal* (April 12th 2020) stated that Poland and other Central European countries could teach the West a lesson on how to properly respond in an emergency. I am far from teaching lessons, but I would like to point out a few things.

Fortunately, the Polish economy was in a very good condition when the first wave of the crisis hit. Good labor market situation, record low unemployment, balanced public finances, record low deficit, controlled

public debt, reduced foreign debt and high economic growth, despite a slight downturn, give the authorities today a large financial cushion for fiscal stimuli.

Poland now has the sixth largest stimulus package in the G20 plus Poland in terms of GDP ratio. And this is just the beginning. Experts advising the government presented conclusions from dealing with the effects of previous crises: the Spanish flu, SARS, the financial crisis 2007-2009, the eurozone crisis 2009-2012 and Fukushima. Without going into too many details, there is one conclusion: the state must be active. But it must act wisely.

The preparation of comprehensive multidimensional crisis tools including monetary and fiscal policy (stimuli packages, public finance consolidations), bailouts where necessary, and well thought-out development policy is one thing. The second thing is to prepare for subsequent crises, i.e. referring to Mariane Mazucato's words "reconstruction of capitalism" consisting not only in adaptation to new conditions imposed by the global pandemic.

According to the Polish Institute of Economics, this should be a multi-annual program of economic transformation, assuming a new approach to strategic reserves, strengthening the potential of domestic industry, investments in public services, including first and foremost health care. It should be a new opening in international trade, a fiscal stimulus even at

the cost of public finance consolidation, tax simplification, labor law reform. Finally, it should stimulate public investments in strategic areas: essential infrastructure, modernization of schools and hospitals, energy transformation, investments in the biotechnology and pharmaceutical sectors and increased spending on research and development.

All the issues above are crucial in situations of real threat for our communities. And we are acutely experiencing it today.

Coming back to the above mentioned article by Pancevski and Hinshaw, one important lesson can be drawn from the Polish experience. In the historical and existential sense, Poles live in a country that has been repeatedly threatened with complete annihilation, wiping out of the world maps, which, by the way, did occur for 123 years during the crucial time of the industrial revolution and progress of the Western world. There are people among us who remember the destroyed Warsaw and the deaths of millions of people in German Nazi concentration and extermination camps and in Russian gulags and prisons.

For us, therefore, political decisions related to infectious disease COVID-19 and its devastating consequences are always made with awareness and memory of the past being the source not of off-the-shelf solutions, but of a more reflective search for solutions for the new reality. And this may be a Polish lesson for the West.