

Geopolitics with the Pandemic

By Naoyuki Haraoka

As autocratic nations seem to have been more successful so far than democratic ones in containing the spread of the coronavirus, is it the case that autocracy is winning over democracy in the time of the pandemic?

Our answer is No. Autocracy will fail eventually, as dictatorship provokes antipathy among the people against it and leads to political disruption. History shows that dictatorial political regimes usually end in disaster. Democracy will eventually prevail as respect for an individual's rights and opinions leads to a political consensus among the whole nation. Democracy is also highly considerate of diversity of views.

This is important when uncertainty is growing like today with the pandemic expanding. At a time of increasing uncertainty, there is a growing possibility of our failing to find the right solutions to challenges if we insist on a single course of action. We will find the best answers to political and economic questions by considering a wide range of views.

The pandemic has started to change global geopolitics, and in thinking about this we need to bear in mind the critical advantages of democracy over autocracy.

This issue's cover story begins with an unusual leading article, which is the record of discussions at our Japan Economic Foundation (JEF) co-sponsored Global Risk Symposium. The Global Risk Symposium is JEF's most important annual event, always held in collaboration with Komatsu Research & Advisory (KRA). Our symposium in 2020 was the fourth one and was held as an online event for the first time due to the pandemic. When JEF and KRA started this in 2017, we highlighted the observation that business and economic issues could not be discussed independently from geopolitics these days. Thus the symposium has been aiming to spread this idea among business people who were ignorant of it.

With the pandemic expanding all over the world and its impact on international relations becoming clear, this Fourth Symposium was successful in depicting the linkage between geopolitics and the economy. It also showed us that we need a holistic approach to global business issues and that a silo approach in which experts

see an issue only from their own point of expertise would be useless. This is especially true of trade policy issues. We need to pay attention to global geopolitics and domestic politics as crucial factors affecting trade policy. We certainly believe that readers can learn a lot about the pandemic's impact on recent geopolitics from this rather long leading article.

Among all the distinguished panelists at this symposium, we highlight articles by two of them. The first is by Sir Paul Collier, a British economist and author of *The Future of Capitalism* (2018). Though he is an economist, he is open to political, sociological and other approaches in addressing the implications of the pandemic for capitalism. In talking about recent geopolitics, the Korean Peninsula is evidently one of the most crucial regions, and the second article is by Dr. Yong Sueng Dong, a political expert and ex-advisor to the Blue House in South Korea, about the impact of the pandemic on the Korean Peninsula and East Asia.

Perhaps the most significant recent political development in the world was the US presidential election. President-elect Joe Biden committed even before his inauguration to return to a foreign policy based on alliances and to the Paris Agreement on climate change. It will be important to understand the new US administration's foreign policy directions in thinking about global geopolitics in 2021. We had an enlightening interview on this issue with Matthew P. Goodman, senior vice president for economics at the Center for Strategic and International Studies (CSIS), a US political think tank.

The energy and environmental policies that the Biden administration will pursue will be another factor affecting global geopolitics and geo-economics. Carl Greenfield, a director at the US consulting company International Technology and Trade Associates, Inc. (ITTA) and an expert on US energy and environmental policies, contributes an article on the Biden administration's navigation of the US energy sector "ship".

Finally, European policies in particular on the issue of China will also be at the heart of global geopolitics in 2021. Andrew Small, a senior fellow at the German



Marshall Fund of the United States and foreign policy expert, discusses European ideas about how a new world political regime can tackle the issue of China in his article.

(Brief Introductions)

COVER STORY 1

Global Risks & Opportunities Under the “With-Corona” Global Order The Fourth JEF-KRA Global Risk Symposium – Key Geopolitical Developments in the Current Pandemic Situation

By Komatsu Research & Advisory

There were some interesting remarks coming out of the symposium. For example, “A hierarchical structure is very dangerous during uncertainty, because those at the top are inclined to claim they know the best and insist everybody does the same thing, while if you do not know what to do during uncertainty, what you need is experiments in parallel. Thus decentralization is important.” In this regard, democracy would be more successful in containing the pandemic than autocracy.

With regard to the role of diversity in resolving challenges, “The important thing to recognize is that cultural diversity exists everywhere in the world and diversity of indigenous knowledge and value systems are used by communities in all aspects of life to mitigate different life challenges.” On current developments in global geopolitics, “In geopolitics, a shift of power from West to East is happening and the US is not yet ready to relinquish the role of global hegemon, nor is China yet ready to assume it.” This is the essence of what is going on in the world now. On the issue of the impact of the pandemic on the US-China power struggle, “The pandemic is likely to increase the power struggle between the US and China, but it is the countries in the middle who may be able to prevent both sides from falling into conflict and minimize tension by playing the role of mediator.”

COVER STORY 2

Implications of the Pandemic for Capitalism

By Sir Paul Collier

Capitalism can work well where a society is cohesive based on a shared identity and decision-taking is designed for wisdom and adaptability, and leadership is modest and widely trusted.

COVER STORY 3

Impact of the Pandemic on the Korean Peninsula & East Asia

By Yong Sueng Dong

In a world with the pandemic, both South Korea and Japan face the possibility of a new geopolitical Cold War battlefield forming in East Asia. Cooperation between Japan and South Korea is urgently required.

COVER STORY 4

Interview with Matthew P. Goodman, Senior Vice President for Economics, Center for Strategic & International Studies

The Biden Administration’s New Foreign Policy – a Key Geopolitical Question in the Pandemic

By Japan SPOTLIGHT

Trade policy is not going to be an early priority for the Biden administration, as it is going to be much more focused on domestic economic policy.

COVER STORY 5

A New “Pilot at the Helm” – the Biden Administration’s Navigation of the US Energy Sector “Ship”

By Carl Greenfield

Despite President Joe Biden’s new policy initiatives in addressing climate change and inclusion of environmental justice initiatives, marking a considerable shift from the Trump administration, he will not be able to rapidly steer the US energy sector towards decarbonization.

COVER STORY 6

European Ideas About a New World Political Regime to Tackle the Issue of China

By Andrew Small

With President Joe Biden’s explicit promise to put US policy on a more ally-centered basis, the European Union sees transatlantic coalition efforts to tackle China as fundamental, but there will be little appetite to join a single “counter-China” coalition; rather it will support and join issue-based coalitions.

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