原文标题：The Novel Coronavirus, Geopolitics and the World Economy

原文：

Analysts have already called the novel coronavirus 2019-nCoV the “black swan” of the year - that is, a rare and difficult-to-predict event with global consequences. In many media, the word “pandemic” is already appearing more frequently. The arrival of the Chinese virus is having a negative impact on the global economy, international trade and financial markets. Political consequences associated with various kinds of internal and cross-border restrictions may also appear soon.

According to Bloomberg, fear of the virus at the end of January 2020 cost stock markets one and a half trillion dollars. Brent oil prices fell by 21% from the beginning of January, the Chinese yuan fell by 2% against the dollar, and the damage that the coronavirus could cause the second largest economy in the world and all of China’s trade partners has yet to be calculated. It does not make sense to extrapolate the situation with the outbreak of severe acute respiratory syndrome (SARS) in 2003 to describe the situation 2020. Over the past 17 years, China’s economy has grown almost nine-fold in terms of total GDP, from $1.66 trillion to $14.3 trillion in nominal terms, while the world economy has grown 2.2-fold, from $39 trillion to $86 trillion. China now accounts for a third of global economic growth and is extremely tightly integrated into global production, trade and financial chains.

In simplistic terms, we can say that the overall economic effect of the spread of coronavirus will be comparable to the losses from the trade war between China and the USA, correlated with the quarantine period, since again restrictions will appear, albeit for other non-tariff reasons, on the supply of products from China, as well as raw materials, goods and services from the countries interacting with it. The damage to the global economy from the trade war during the first 11 months of 2019 amounted to about $850 billion, or $200 - $250 billion per quarter. Thus, if the world is not dealing with a scenario where the virus proves to be extremely dangerous, then the extreme situation will not last more than a quarter and, most likely, resolve itself by the end of February. The appearance of new cases in China will begin to taper off, and production and international trade will recover to the levels recorded in December 2019. Then global losses will amount to approximately $250 billion, and the semi-virtual stock market is off the hook.

Considering that the Bank of China is launching a 1.2 trillion-yuan financing programme, while the US Federal Reserve is continuing to engage in monetary stimulation and the ECB is doing the same, the main losses will be replaced by money outlays.

Epidemiology

If you look at the problem from the point of view of epidemiology, then there is no trace of any epidemic in China or anywhere else. This is just an outbreak of a disease caused by the novel coronavirus, but not an epidemic. An epidemic is a progressive infectious disease that affects 5% of the population of some locality. The population of Wuhan, where the coronavirus manifested itself, is 12 million people. If about 600 thousand people fell ill there in a month, then it would be rightfully considered an epidemic. When there are several thousand cases, it’s an outbreak. The virulence of coronavirus 2019-nCoV is low and comparable to conventional viruses that cause SARS. In addition, China has taken into account the negative experience of the SARS outbreak in 2003 and taken unprecedented measures in the field of public health and preventing the spread of the disease. Thus, there is no risk of an epidemic in China or in other regions of the world, including Russia. Despite extensive contacts with China and a border extending 4,209 km, necessary and sufficient measures are being taken in Russia. And this is a positive event. But all the negativity follows exactly from the same thing, according to the law of dialectics! Quarantine over a vast territory in central China, restrictions on movement and the halt of enterprises.

Geopolitics

If this is not an epidemic, then it is a deliberate “logical mistake”, and some distracting manoeuvres are being built to manipulate geo-economic processes. Moreover, the longer the promotion of this story continues, the more people appear who want to manipulate it.

The Cold War between the United States and China is becoming an objective reality. In the US National Security Strategy, in the National Defense Strategy and in the Nuclear Posture Review, China is declared an adversary of the United States, as well as Russia. The trade war and restrictions on the activities of Chinese technology companies in the United States were aimed to curb China's economic power, but the signing of the Phase 1 agreement by President Trump and Vice-Premier of the State Council of the PRC Liu He puts the trade war “on hold” at least until November of 2020. The movement to reduce carbon emissions, led by Greta, does not provide a quick effect means to curb the growth rates of developing countries. A different reason was needed to put China behind the barriers and once again remind the American corporations of the need to return production to the United States. Despite the limited spread of the virus and its small percentage of cases, the damage to the Chinese economy from the propaganda of world hysteria turned out to be colossal. But since globalisation has combined most production, commodity and consumer chains, the same newsworthy event, the coronavirus, returned like a boomerang to Western markets and hit them very hard.

Perhaps we now have to see a competition between Western and Eastern strategies: Clausewitz (“The original means of strategy is victory … which will lead directly to peace” and “it is necessary to deprive the enemy of the opportunity to resist, putting him in a difficult position for a long time”) against Sun Tzu (“warfare is based on deception. Hence, when we are able to attack, we must seem unable”).

One way or another, now, in order to reduce losses, all interested parties will use the situation with the coronavirus for their own purposes.

The Chinese economy is facing structural problems and gigantic debt levels. The Bank of China’s programme for 1.2 trillion yuan, which would be used to refinance debts, would otherwise be impossible on such a scale, as well as the devaluation of the yuan, for which China had previously been blamed a currency manipulator. And China can stop buying US Treasury bonds. For some time, the climate change agenda has disappeared from global radars, which is positive for China (and for Russia). The Silicon Valley corporations affected by Chinese quarantine have other things to worry about than a technological war.

Economy

A slump in business posted by Apple, IBM, Microsoft and AMD due to the Chinese coronavirus and weak financial reports for the first quarter of 2020 will significantly affect the capitalisation of IT companies and the stock market as a whole, which will affect the income of US citizens, 60% of which are involved in operations on the stock market through pension, investment and other foundations, or directly. Later the growth rate of the American economy will suffer, where the share of consumer spending in GDP exceeds 70%.

The suspension of work of the Chinese enterprises and quarantine restrictions will hit the mining companies of Australia and India, the tourism industry of Thailand, Singapore, the Philippines, Vietnam, etc., the majority of world airlines, oil producers, McDonald's, Starbucks, Netflix, Disney, EBay, the microchip and display manufacturers in South Korea and Malaysia, manufacturers of equipment in Germany, Japan, the Czech Republic, Hungary and Poland, and the global automakers that depend on components from China. In Hubei province, which was hit by the virus outbreak, the major enterprises include Nissan Motor, Honda Motor, Siemens AG, Tesla Inc. and Peugeot. By the end of the first quarter, the world should expect a certain shortage of goods. But even more dangerous is the general slowdown in the global economy, and the risks of recession in several G7 countries at once poses a real threat of the start of a new global economic crisis.

Conclusion

The risks of the novel coronavirus outbreak becoming a global pandemic are extremely low, but if the spread of the virus becomes uncontrollable, it can negatively influence internal political processes in China itself and lead to the collapse of economies in a number of regions, as well as the emergence of refugees and mass migration, military conflicts, and humanitarian disasters. The global economy, in this event, will face a deep and protracted crisis, making the Great Depression of the 30s seem like a slight decline in comparison.

But any risks must be managed, including humanitarian ones. Changes are needed in approaches to cooperation in the humanitarian sphere at the interstate level and interaction between international organisations. Most likely, the coordinating role of WHO in solving international health problems will increase. It is no secret that pharmacology and medical services are very profitable businesses, and the logic of competition for markets may counter universal and civilizational goals. The task of mankind is to show unity in confronting the new threat, regardless of the geopolitical and economic rivalry between individual countries.