Special feature on “The European Union Economy after the COVID-19 Pandemic Outbreak”: the fear of economy and the economy of fear

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Life in societies dominated by modern conditions of production appears as an immense accumulation of fears about the effects of wealth production and, therefore, towards itself. Fear, the ancient philosopher observes, “may be defined as a pain or trouble arising from an image of coming evil, destructive or painful; for men do not fear all evils, but only such evils as mean great pains or losses, and these, when they seem, not distant, but close and imminent.”. In 1817, David Ricardo defined the determination of the laws regulating the distribution of social product amongst classes, in different stages of society, as the principal problem in political economy. Half a century later, Karl Marx stated that the ultimate aim of the “Critique of Political Economy” is to reveal the law of motion of capitalist society. Should the reproduction, radiation and distribution of social fear concern the modern, conservative and/or critical, political economy? In any case, contrary to Vice President Gore’s declaration, “[t]he task of saving the Earth’s environment” did not become the single “central organizing principle of the post-Cold-War world” (July 16, 1992) or, in other words, became one of its basic ideological principles.

Although the post-2008 world economy was trapped in a slow growth–low interest rates–escalating trade tensions regime, and, for instance, in July 2019, the International Monetary Fund cut its forecast for global growth at 3.2% in 2019, with “advanced economies” growing at 1.9% and “emerging market and developing economies” at 4.1%, the COVID-19 pandemic has caused a major disruption in the European Union economy, namely, in the region of most advanced capitalist holopoiesis or “hyperglobalization” (Dani Rodrik). After March 2020, the European Union’s GDP and employment levels are steadily declining, leading to debt explosions and bankruptcies: modelling and analysis by international organizations point out that a full recovery will not be achieved until the year 2025, and that the COVID-19 pandemic may lead to deep transformations of both the national and the EU economic, institutional and political systems. This special

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feature contains five research papers that analyze the impact of COVID-19 pandemic on various spheres of the European Union economy and corresponding socio-political structures and mechanisms: In the context of the long-standing theoretical debates on the balance between national states and transnational mechanisms, Costas Lapavistas and Sergi Cutillas, “National states, transnational institutions, and hegemony in the EU”, dissect the changes in the European Union’s monetary–fiscal policies, which began to take place during the Eurozone crisis of 2010–2012 and advanced rapidly in the pandemic crisis, and zero in on Germany’s hegemonic position and its dependence on the transnational mechanisms of the European Union, the operations of the European Central Bank, and the deep divisions between “core” and “peripheral” member states, concluding that “discretion has become more important than rules in operating the monetary union and more broadly the European Union”. Chara Vavoura and Ioannis Vavouras, “Sustainable economic development in the European Union and COVID-19”, extensively analyze and critically evaluate the impact of the pandemic on the process of sustainable development in the European Union; their findings finally suggest that the “Recovery and Resilience Facility” (€385.8 billion in loans, and €338 billion in grants), which has been established in order to support countries and individual economic sectors hit hardest, and “make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions” (European Commission), will play a decisive role in minimizing or even neutralizing the longer-term effects of the pandemic. Applying the principles of Comparative Political Economy and drawing conclusions about the institutional performance in Greece, Georgios Maris and Floros Flouros, “Economic crisis, COVID-19 Pandemic, and the Greek model of capitalism”, detect the characteristics of the post-1980 Greek model of capitalism; thus, they argue that its exceptionalism, “a peculiar, mixed model with a distorted structure and institutional framework”, is not only an underlying factor in the so-called “Greek government-debt crisis” but also a significant obstacle to any recovery effort, especially during the pandemic—in a word, that it is at the heart of the creeping general crisis in Greece. Using an autoregressive fractionally integrated moving average model with a generalized autoregressive conditional heteroskedasticity error structure (ARFIMA–GARCH), Theodoros Daglis, Ioannis G. Melissaropoulos, Konstantinos N. Konstantakis and Panayotis G. Michaelides, “The impact of COVID-19 on global stock markets: Early linear and non-linear evidence for Italy”, model the impact of the pandemic on the Italian stock market volatility: relevant information criteria and forecasting accuracy measures suggest that the COVID-19 confirmed cases contribute with statistically significant information to the modeling of volatility, and also increase the forecasting ability of the volatility of the stock market index, leading to a decrease in the mean stock market index. Finally, based on a Sraffian–post-Keynesian model and using input–output table data, Nikolaos Rodousakis and George Soklis, “The COVID-19 multiplier effects of tourism on the German and Spanish economies”, estimate the COVID-19 tourism multiplier effects on output, employment and trade balance of the German and Spanish economies; their empirical findings reveal that, although tourism is a “key industry” for both economies, “the higher

observed recession in the Spanish economy than in the German economy can be attributed to the relatively stronger dependency of the former on the highly vulnerable in the pandemic tourism industry".

Empirical evidence provided by scholars with very different backgrounds (for instance, on the one hand, William D. Nordhaus and Paul A. Samuelson and, on the other hand, Soviet Marxist scholars as Stanislav Menshikov, and Irina Osadchaya) suggests that, since the 1920s, the prevailing trend has been that of non-decreasing "capacity–capital ratio"; therefore, the law of falling profit, growth and interest rates–rising unemployment rate ceased to hold. In 1977, one hundred and ten years after Marx, Nobuo Okishio, in his brilliant paper "Notes on technical progress and capitalist society", remarked that (let me quote somewhat freely) "it appears unjustified to try to deduce monopoly and crises from the said law. However, the evolution of the capacity–capital ratio is an important factor in determining the future path of capitalism. For example, the more concerned the public is about the problem of pollution, the more investment will be required, and this may decrease the capacity–capital ratio to an important extent. [...] Activity to change nature to satisfy human needs results in what we call a *product*. In capitalism, almost all products take the form of *commodities*. When the effects of productive activity have become global, the question arises: Is it possible to dispose of them in the form of commodities? In order for the outputs of productive activity to take the form of commodities, it must be local and not global. For example, a medicine is produced in order to expel some harmful bacteria from our bodies; this medicine can be sold as a commodity. An individual pays money and receives the medicine and can expel the bacteria from his own body. But consider the activity required to clean up a whole city, to expel those bacteria. The effects of such an activity are global, not local. How can they be reduced to the form of a commodity for sale? This problem is tormenting those economists who are trying to reduce global effects to the commodity form. It is both comical and sad to see many able brains being obliged to search for devices to turn global effects into local ones, so as to maintain commodity production, that is, to preserve capitalism.". On April 27, 1656, Louis XIV decreed the founding of the *Hôpital Général de Paris*, a decree known as the "*Grand Renfermement* (Great Confinement)"; and in 1676, he decreed the establishment of a *Hôpital Général* in every city of the kingdom (a major, not just institutional, turning point examined by Michel Foucault, and Thomas S. Szasz). During the 2009 swine flu pandemic, Jacques Attali argued, probably on the basis of the "state of emergency" and medical "legalism", that "[i]f the epidemic is a little more serious [...] it will have truly global consequences: economic (models suggest that this could lead to a loss of \$3 trillion, or a 5% drop in global GDP) and political [...]. And, even if, as we can obviously hope, this crisis is not very serious, we must not forget, as in the case of the economic crisis, to learn the lessons [...]. For that, we will have to put in place a global police force, a global stockpiling and, therefore, a global fiscal policy. We will then come, much faster than economic reason alone would permit, to put in place the foundations for a truly global government. It was also through the hospital that the establishment of a real state began in France in the seventeenth century. In the meantime, we could at least hope for the implementation of a real European policy on the subject. But, here again, as on so many other issues, Brussels is silent."

(*Avancer par peur* [Advance out of fear], *L' Express*, May 6, 2009). If we ignore Brexit, then in the case of the European Union or, at least, the Eurozone, where the monetary form of international value has already emerged, these two approaches, Marxian and Legalistic, are not, at first glance, so different from each other. It may be added, however, that Carl Schmitt, in his book *The Concept of the Political* ([1932] 2007), has noticed: “As long as a state exists, there will thus always be in the world more than just one state. A world state which embraces the entire globe and all of humanity cannot exist. The political world is a pluriverse, not a universe. [...] Were a world state to embrace the entire globe and humanity, then it would be no political entity and could only be loosely called a state. [...] The acute question to pose is upon whom will fall the frightening power implied in a world-embracing economic and technical organization.”.

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