



The Capitalists Decide to Burst the Bubble, Blame it on COVID19 and Bleed China

In Mar 2020, the world witnessed unprecedented efforts to deal with the breakout of Coronavirus (COVID19). In what is known, the virus was first detected during the end of December 2019 in Wuhan, a central city in China. Since first reported on 31 Dec 2019 and as of 28 Mar 2020, it has been reported in 202 countries, over 512 thousand confirmed cases with more than 23 thousand deaths. The first official report from China came on 31 Dec 2019, originally thought to be unknown cases of pneumonia. By 07 Jan 2020, it was identified by China as a novel Coronavirus with likely outbreak associated with a seafood market in Wuhan city.

As of 20 Jan 2020 first WHO report, four countries had reported a total of 282 cases (China, Thailand, Japan and Korea) with 6 dead. By the end of 31 Jan 2020, there were 9826 cases in 20 countries with 106 reported outside China and 213 deaths in China. Majority of reported cases were in Asia across Thailand (14), Singapore (13), Australia(9) and Malaysia(8). The highest numbers outside Asia were in the US (6), France (6), Germany (5) and Italy (2).

By the end of 29 Feb 2020, there were 85403 cases in 54 countries with 6009 outside China. The number of dead was at 2838 (Hubei district alone had 2727) in China and 86 outside China. Majority of reported cases continued to be in Asia across the top 5 in Korea (3150), Japan (230), Singapore(98), Thailand (42), Australia (24) and all of them by Local Transmission. As for the top 5 in the rest of the world (ROW), it was Italy (888), Iran (388), US (62), Germany (57) and France (57) by Local Transmission. The reported deaths in ROW were highest in Iran (34) and Italy (21) followed by Korea (18), Japan (5) and on Diamond Princess cruise ship (6). Most of ROW had Imported Cases only with very less dead.

As of 27 Mar 2020 WHO report, there were 509,164 confirmed cases with 23,335 dead with Infected/Dead of top countries as China (82078/3298), Italy (80539/8165), US (68334/991), Spain (56188/4089), Germany (42288/253), France (28786/1695) and Iran (29406/2234). WHO confirmed COVID19 as a pandemic crisis on 10 Mar 2020.

The 31 Jan 2020 WHO strategic objectives recommended preventive measures by limiting human-to-human transmission, preventing transmission amplification events and preventing international spread amongst other measures. These primary measures were retained in its daily updates until now. Human-to-human transmission was likely when a person comes in contact within 1 metre with an infected person for about 15 minutes with Health personnel at a higher risk due to direct contact of an infected person. Community gathering of any sort was considered as transmission amplification events and governments were recommended to restrict them. As regards to international travel, it recommended measures to screen passengers for symptoms without fully restricting international travel, which it amended as of 29 Feb 2020 to restrict international travel.

During the last week of Mar 2020, many countries enforced a lockdown with the view to prevent the pandemic spread covering nearly 20% of the world's population. They were predominantly India, China, US, France, UK, Italy, South Africa, Colombia, Spain and Argentina. India's lockdown of 1.3bn people far exceeded that of China at its pandemic peak of 760mn. The US had about 172mn lockdowns across 20 states, Europe at 300mn, Latin America at 163mn. The pandemic impact including the lockdown severely impacted economies globally. Asian countries with a high number of daily wage earners bore the brunt of the lockdown for example India, and Thailand has over 60% employed as informal (or daily) workers. Most industries had a global impact with the top three being O&G, Aerospace & Airline and Banks. IATA's report of 24 Mar 2020 projected a loss of \$113bn due to restrictions on 98% global passenger revenues similar to 2008 global financial crisis. The ILO report of 18 Mar 2020 projected an increase in unemployment by 24.7 million (worst case)

with the loss of wages valued at about \$3.4tr. The IMF cut down its projections for 2020 from 2.9% to 1.6% GDP growth. IMF Chief Kristalina Georgieva predicted that, "emerging markets will need assistance of \$2.5 trillion even as per low estimates". Speaking about the US in particular, Georgieva said, "it will be absolutely necessary to cushion the world's biggest economy and said the \$2 trillion package of measures already agreed on by the Trump administration was a welcome step". The first ever digital G20 convention pledged a total of \$5tr stimulus packages to shore up the global economy.

After having laid out the context and facts as they are, we shall scrutinize the same.

1. COVID19 is pandemic and is more lethal than its predecessors such as SARS, MERS. First reported in China, strong measures taken by the Chinese contained the spread within Hubei predominantly. However, Wuhan being an international destination and the peak Chinese holiday season meant a lot of travellers carrying it out even before they realized it. Scrutinizing global data of reported cases Vs. deaths over the last three months there are two principal modes of transmission - Local and Imported. Towards the end of the third month, countries that had Local Transmissions recorded a very high percentage of infections and deaths on par with Hubei district in China where the original virus was reported by the Chinese. The Local Transmissions infection/death percentage of Italy, US, Germany, France, Spain and Iran stood significantly higher than Imported Transmissions in Asia and Europe. With the exception of Iran, these highly impacted countries are not so densely populated and quite developed, and that will raise some serious soul searching questions by its citizens regarding the pandemic.

2. Italy, on 28 Mar 2020, exceeded the dead of China (more than double!). Since 1978, Italy has instituted a National Health Service covering all legal citizens and foreigners. Further, since 1998 the coverage extended to undocumented migrants as well. The NHS is centrally governed with a budget of 9.1% of national GDP (compared to its 1.3% for Military) and over 75% of that covered through public funding. With per capita spend on health over \$3,000, Italy could not have been crippled. A contextual point of Italy and China is the region of Lombardy in Italy that has a presence of migrant Chinese workers implementing BRI (Belt & Road) projects. That said, various Asian countries such as Australia, Malaysia and others with significant migrant populations from China should have had higher infection ratios. As mentioned in #1, Italy had high Local Transmissions similar to Hubei. Perhaps some questions raised about the higher of pneumonia cases in October and November 2019 holds the answer!

3. The US that reported a high degree of infections/death has no coverage of BRI projects. As mentioned in #1, it does not fit the Imported Transmissions pattern of other countries in proximity to China rather high Local Transmissions similar to Hubei. Compared to Italy, US runs on a private insurance (only) funded health care system that has left over 30 million without coverage, over 69% of the population have no savings or less than \$1000 savings that will hardly makeup the expected \$10 thousand bill for COVID19 treatments. The post COVID19 lockdown exposed US vulnerability that nearly 80% of essential antibiotics used in the US comes from China. With more than 5x the population compared to Italy and a severely broken health coverage system, infections/death can go very high in the next few weeks - or rather not! Perhaps answers (by US) to questions raised by Chinese Foreign Ministry spokesperson Zhao Lijian over comments by Robert Redfield, the director for the US Centers for Disease Control and Prevention - may shed light. Redfield addressing a US Congressional committee on March 11 mentioned that, "some influenza deaths in the US were later identified as cases of Covid-19" and was picked up by Zhao in this twitter handle seeking US to present data relating to COVID19 patient 0 in US soil, allegedly expected to be early than Jan 2020.

4. The administrative management system of WHO is good from a reporting standpoint. But until now, there has not been a detailed study other than what China had disclosed. Studies of COVID19 samples or patterns in the US or Italy or Iran are yet to be published, if at all. The global norms adhered by Airlines to operate in international Air Space means

virtually every passenger from Wuhan to each country could be tracked to establish clear patterns. Contrastingly, Russian military aid to Italy will allow it to lift samples for further testing and Germany's decision to allow migrants to enter Germany from different countries may provide a chance for Germany authorities to study diverse samples. Whether the results will be published or played to national advantage at select times is something time will expose.

5. India with a very large population has proportionately less infections/death cases - with Thanks. The progression rate infections/deaths reported for India had been 1/0, 3/0 and 724/17 by the end of 31 Jan 2020, 29 Feb 2020 and 27 Mar 2020. India being a tropical country did not contribute to the slowdown of pandemic as confirmed by WHO Myth Busters. India's pattern of Imported transmission is consistent with other nations in the region. However, with lack of total lockdown until the third week of Mar 2020, it did not appear similar to Italy or Iran with high Local Transmission rates - given the density of population and civil behaviour of the people in India. Furthermore, WHO made an online course "Infection Prevention and Control (IPC) for COVID-19" 25 Feb 2020. Within 2 days over 15 thousand personnel from various countries had taken the course. US topped at 1462, with India (254) and Italy (245) at 8th and 9th position respectively. One of the key WHO recommendations (since day1) had always been to minimize transmission amplification events. Despite the awareness, the Indian government may be culpable of serious criminal negligence in peddling the Citizenship Amendment Act 2019 (CAA2019) that brought large scale demonstrations to the streets running the risk of pandemic transmission amplification extremely high. Neither the public discourse nor press statements indicate that PM Narendra Modi, Home Minister Amit Shah seem to have handled this risk prudently. But that is not a surprise at all!

6. With infections/deaths increasing significantly high in select countries, nations brought lockdown measures flagging serious economic slump offering enough justifications to introduce stimulus packages to the tune of \$5tr by most G20 nations. US topped at \$2tr almost 10% of its GDP. As for the countries that had high infections/deaths ratio, after the US, it was Germany (4.5% of GDP), France (2%), Italy (1.4%), China (1.4%) and others. As for the countries that had relatively lesser infections/deaths ratio, it was Australia with 9.7% of GDP, Canada (3.6%), Saudi Arabia (2.7%), Turkey (1.5%), Argentina (1%), India (0.1%) and others. Stock markets slid up to 33% responding to COVID19 similar to the 2008 financial crisis that saw up to 37% slip in index. However, stocks surged with the announcement of stimulus as it brings fresh loans and a shot of cash in the arm to corporates. The paradox though is that the global economy was already in a crisis greater than 2008 financial crisis. Despite the 2008 \$2tr stimulus (then 2% of world GDP) by G20 countries, the economy (on capitalist model) had been grinding to a halt with unemployment level at 188 million as of 2019. COVID19 may have broken the camel's back giving the much needed justification of stimulus (i.e., economical steroids). The capitalists lost no time in breaking the bubble that was about to burst, and blamed it on COVID19 to justify their stimulus plans. One should contemplate the case of Pakistan where an IMF loan restructuring of a mere \$6bn was dragged for months to get Pakistan on their terms, whereas a \$5tr plan breezes through with holistic consent! The stock index slips down during a crisis that does not reflect the real loss of livelihood, neither does the stimulus plan driven stock index growth amount to real improvement in the economy. This \$5tr stimulus is basically nations indebting itself for future settlement. However, the stimulus moves through the hands of the people to the capitalist in another cycle, increasing monetary driven inflation affecting most people and leaving a high debt on the public that will result in economic restructuring ensuring the enslavement of other countries forever. The only exception being the US that happens to call the shots via control of international institutions (UN, IMF..) despite about \$25tr government debt.

7. China, despite its best efforts to contain COVID19 within Hubei and also acknowledged by WHO, is seriously worried about the post COVID19 order. China is worried about the goodwill breach in the international arena in relation to the 2020 slump. Despite

being a pandemic affecting the world, the US President's preference to refer COVID19 as the "Chinese virus" contributes to this goodwill breach as well. Even more worrisome would be the expected restructuring of Supply Chain parameters (i.e. global trade). Last 20 years of phenomenal development leading to its ambitious BRI project, placed China on a direct collision path with the US. The US announced China to be amongst its main focus to contain since early 2019. China commands 40% of global exports. It reached this position playing the global (read US) rules and beat them on their own game. Its dominant economic position (with nearly \$4tr reserve) and BRI initiatives of \$1tr was likely to reshape the global economy. After some gains the US had with the trade war against China, it seems to have decided to reduce China's global export share significantly. The high stimulus ratio of the US is expected to fund this restructuring. High infections/deaths in Europe and Iran will be blamed on Chinese approach to execute BRI projects with Chinese Men and Material. "The coronavirus is not only an immense health crisis — it's also an imminent restructuring of the global economic order," referred McKinsey. The COVID19 Economy Plans structured at the behest of IMF (read US) will ensure BRI projects are stifled ensuring US dominance of the world, at the expense of the world.

Conclusion:

1. The Islamic Khilafah system places the well-being of people whether at times of ease or pandemic as a priority. In case of a pandemic outbreak, lockdown is imposed as per the command of the Messenger of Allah (saw) and not driven by economic outcomes. Accounting by the Khilafah is not selective based on national benefit, rather based on violation of Allah (swt) limits.

2. The Islamic Economic system implemented by the Khilafah is governed by the limits of Allah (swt) on various aspects including Monetary principles. This policy demands money printed is referenced to the amount of Gold and Silver in possession. This is understood as a Shariah limit and cannot be violated even at times of pandemic restructuring. The capitalist economic model with its dominance in the last few centuries is directly responsible for the economic inequality, quality of life and environmental impact to the world. The future Khilafah system will have to painstakingly reshape this back to order that will bring back well-being to the world at large, Bi'thnillah.

﴿وَمَا آتَيْتُمْ مِّن رَّبٍّ لَّيْرُبُوا فِي أَمْوَالِ النَّاسِ فَلَا يَرْبُوا عِنْدَ اللَّهِ وَمَا آتَيْتُمْ مِّن زَكَاةٍ تُرِيدُونَ وَجْهَ اللَّهِ فَأُولَٰئِكَ هُمُ الْمُضْعِفُونَ﴾

“And whatever you give for interest to increase within the wealth of people will not increase with Allah. But what you give in zakat, desiring the countenance of Allah - those are the multipliers.” [TMQ Ar-Rum 30:39]

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#كورونا

#Covid19

#Korona

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