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The Conflict Between Left's and Right's Policies on Economic and Public Security Events

Yuange Liang[1,a,*]

[1]New Channel International Education Group Limited, Hangzhou, Zhejiang, 310051, China
a. daijueqin@ldy.edu.rs
*corresponding author

Abstract: This article thoroughly examines the connection between political orientation and economic policies by analyzing the decision-making process and economic consequences of right-wing countries like the United States and left-wing countries such as Norway during the COVID-19 pandemic. Countries with a strong left-wing inclination might focus more on developing the public sector and social welfare, and their economic development mode tends to be closer to the welfare state model. In contrast, countries with a stronger right-wing tendency stress the function of free markets and private enterprises, and their economic development models are more similar to the free-market economy model. Nevertheless, international cooperation must be strengthened. Both left-wing and right-wing countries should discard ideological distinctions and jointly address the impact of the pandemic on the global economy to facilitate its recovery. Also, during the epidemic, vulnerable groups had been the most severely affected. The government should adopt measures to safeguard their basic livelihoods and rights, and prevent the wealth gap from further expanding. Additionally, it is essential to increase investment in education and training to enhance the skill level of workers and provide human resource support for the long-term economic development.

Keywords: left and right, COVID-19, economic policy.

1. Introduction

It is widely known that the left and the right stand for different political ideologies and social viewpoints. The concepts of left and right originated during the late 18th century when the French bourgeois revolution erupted in 1789. In the Constituent Assembly, members of the first-class clergy and second-class nobility engaged in a fierce struggle with members of the third-class bourgeoisie, urban civilians, workers, and peasants. At the Constituent Assembly meeting in September of the same year, most members of the first and second estates sat on the right side of the parliament, while members of the third estate occupied the seats on the left. This dramatic historical scene was formed accidentally but was reflected in language, and thus the political concepts of left and right emerged in the vocabulary [1]. The left represents egalitarianism, social justice, and advocates for change and breaking with the traditional balance, while the right stands for liberalism and utilitarianism and favors maintaining the traditional social order [2].

As time has passed, the definitions of left and right have expanded to cover various social and economic policies and values. Their perspectives on social and economic policies also differ. The left emphasizes fairness and equality, advocates for national regulation of the economy, and supports

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globalization and the environment. For example, although on the practical level, Western Green Left and global operating democratic and ecological new social groups are still unable to pose a substantial challenge to the dominant economic and political reality [3]. In contrast, the right tends towards laissez-faire capitalism, opposes state economic intervention, champions religious beliefs, and focuses on issues such as the purism of the people and the reconciliation of the people, such as the refugee crisis. In order to study the influence of political ideology on economic development, this paper analyzes the political and economic development of left and right countries represented by Norway and the United States respectively before and after the epidemic. The paper concludes that the left-wing countries build welfare systems based on social equality to promote economic development, while right-wing countries, influenced by liberalism, measure policy success in terms of economic growth.

2. Analysis on the United State as a Right-Wing Country

2.1. Political and Economic Background

The political and economic background of the United States presents multiple features. In terms of the political background, when looking at its party politics, it is clear that the US is mainly dominated by the Democratic and Republican parties, which govern the federal, state, and local governments in turn. In recent years, political polarization in the US has continuously escalated, and the rivalry and conflicts between the two major parties have become more and more severe. Regarding many issues, like immigration policy, healthcare reform, and tax policy, the two parties find it hard to reach an agreement, resulting in a deadlock in government decision-making and impeding the country's governance and development. US politics has completely shifted to the right, especially the conservative forces represented by the Republican Party. They emphasize small-government, free-market economics, traditional values, and a tough foreign policy. On social issues, they oppose abortion and support gun ownership. Recently, US politics has become polarized [4].

Concerning the economic background, before the pandemic, the US economy maintained a certain growth rate. In the long term, although there are some cyclical fluctuations, its economic growth has a certain degree of resilience and is generally in an expansionary stage. For instance, between 2017 and 2019, the real Gross Domestic Product (GDP) of the United States maintained a relatively stable growth, with an average annual growth rate of around 2-3%. The unemployment rate was historically low, and job creation had been continuing. At the end of 2019, the US unemployment rate dropped to its lowest level in nearly 50 years, and non-farm payroll jobs continued to increase, providing strong support for economic growth. Before the pandemic, inflation in the US remained relatively low and stable. The Federal Reserve has set an inflation target of about 2%, that a moderate inflation is beneficial for maintaining economic stability. Through monetary policy control, inflation was basically close to this target.

2.2. Policies during the COVID-19 Pandemic

During the COVID-19 pandemic, the US economic policy mainly centered on tax cuts, reducing government intervention, and controlling fiscal expenditure. For instance, they advocated further reducing the corporate income tax rate to encourage companies to expand production, invest, and hire more workers. This was expected to increase the competitiveness of companies and attract more investment and business activities, thereby driving economic recovery. Even during the epidemic, they aimed to minimize excessive government intervention and regulation in the economy, thinking that the market could adjust and recover independently. Some conservatives opposed the government controls, such as commercial restrictions in certain areas and social distancing requirements, arguing

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that these measures were unnecessarily harming the economy and restricting the freedom of businesses and individuals.

Despite the large amount of fiscal expenditure needed during the epidemic for combating the disease and providing economic relief, the government remained concerned about fiscal deficit and debt issues. For example, for some large-scale bailout programs, they required more stringent eligibility checks for companies and individuals to ensure that the money was actually allocated where it was required. They also promoted employment and labor market reforms, with conservatives focusing on the impact of the epidemic on the job market and advocating measures to boost employment. They announced policies like providing tax credits or other incentives to prompt companies to hire workers, particularly in industries severely affected by the pandemic. For instance, they reduced certain labor regulations that restrain businesses, enhanced labor market flexibility so that companies can more easily hire and fire employees, and adjusted the workforce size according to market demand. Moreover, during the pandemic, they advocated for special support and subsidies for these industries to protect the US industrial base and supply-chain security. For example, they supported the development of the traditional energy industry and opposed the restriction of the energy industry by overly strict environmental regulations, believing that this would impact energy supply and economic stability [5].

The US government's implementation of relevant economic policies aims to protect the interests of economic elites. Government economic policies often stress measures like free markets and tax cuts, and some economic assistance policies during the pandemic have been criticized for being more beneficial to the wealthy and large enterprises. For example, in the economic assistance bill, some tax restrictions were removed, enabling the wealthy to obtain greater benefits by offsetting taxes, while the general public received relatively less assistance. Furthermore, because of political stances or economic interests, the government does not have sufficient recognition of the epidemic's severity and even opposes some scientific epidemic prevention measures like mask-wearing and social distancing restrictions. This attitude had led to poor epidemic prevention and control outcomes and further harmed the government's image and credibility. Conservative governments are wary of large-scale economic intervention. This caused government economic assistance measures to be insufficient and less timely during the early phase of the epidemic, making it hard for many small businesses and ordinary people to obtain quick and effective help when encountering economic hardships. For instance, some small businesses have gone bankrupt because of broken funding chains, resulting in a substantial increase in unemployment. These actions have made the public question the government's economic management capabilities and decreased the government's trust among the people [6].

2.3. Post-Pandemic Economic Measures and Impacts

The post-pandemic US economy can be understood within the framework of the Phillips curve. In the early stages of inflation rising and unemployment decreasing, the US government implemented large-scale fiscal stimulus and monetary easing policies after the pandemic, which led to a rapid economic recovery. At this stage, companies resumed operations, recruitment demand increased, and the unemployment rate rapidly decreased. At the same time, a large amount of funds flowed into the market, stimulating consumption and investment and leading to rising prices and inflation rates. Therefore, during this period, the economic situation in the United States showed a left shift along the Phillips curve, where the unemployment rate decreased while the inflation rate increased.

In the mid-term stage, inflation continued to rise and unemployment rates fluctuated. With the recovery of the economy and sustained growth in demand, supply chain bottlenecks, labor shortages, and other issues gradually became prominent. In order to attract and retain employees, companies had to raise wages, which further drove up production costs and transmits them to prices, keeping

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inflation at a sustained high level. Meanwhile, despite the overall improvement in the job market, structural issues in the labor market had led to a slowdown in the rate of unemployment, and even some degree of volatility. On the Phillips curve, this is manifested as the possibility of the curve shifting outward, meaning that at the same level of unemployment, the inflation rate is higher than before the pandemic.

In the later stage, as inflation slowly declined and the unemployment rate remained low, the Federal Reserve adopted a sustained interest rate hike policy to curb inflation. After a period of adjustment, inflation began to decline gradually, but the rate of decline was relatively slow and still higher than the Federal Reserve's target level. Meanwhile, due to the resilience of the US economy, the job market remained relatively strong and the unemployment rate remained at a low level. From the Phillips curve perspective, this means that the economic situation is gradually moving towards the left side of the curve, with a decrease in inflation rate but no significant increase in unemployment rate [6].

3. Analysis on Norway as a Left-Wing Country

3.1. Political and Economic Background

The Norwegian parliament signed the Norwegian Constitution, which is the cornerstone of Norway's political system. The Constitution established Norway's democratic system and the fundamental rights of its citizens, laying the foundation for the country's political development. The Norwegian Socialist Left Party originates from the alliance of multiple left-wing groups, advocating for the expansion of public sector power and hoping that the government to play a greater intervention role in the economic field to ensure social equity. For example, they support nationalizing in some key industries or strengthening government regulation to ensure that the fruits of economic development are distributed more fairly to the entire population. In terms of social welfare, it is advocated to further improve the welfare system, raise the level of welfare, and narrow the wealth gap [7].

In the long period before the epidemic, the Norwegian economy maintained a relatively stable growth trend. Benefiting from the rise in energy prices and the development of other industries, Norway's GDP continued to grow, with a high per capita income level and a leading position worldwide. The prosperity of the energy industry had brought abundant fiscal revenue to the Norwegian government, enabling it to make large-scale public investments and social welfare expenditures. The government's fiscal revenue and expenditure were balanced, with relatively low debt levels and strong fiscal sustainability.

Norway has a highly developed social welfare system that covers multiple aspects such as healthcare, education, elderly care, and unemployment benefits. Residents enjoy free medical services, high-quality educational resources, and relatively generous pension and unemployment benefits, which provide a high level of security for their lives and promote social stability and harmony. The stable economic growth and industrial development provide ample employment opportunities for Norway, with a relatively low unemployment rate. Especially in industries such as energy, fisheries, and shipping, there is a high demand for labor, and the employment situation is relatively optimistic. Norway's social distribution system is relatively fair, effectively narrowing the wealth gap through tax regulation and social welfare policies, resulting in a relatively balanced income level for residents [8].

3.2. Policies during the COVID-19 Pandemic

The Norwegian central bank took interest rate cuts in the early stages of the pandemic to stimulate the economy. In 2020, the Norwegian central bank cut interest rates three times, lowering them to zero. With the gradual recovery of the economy, the Norwegian Central Bank became the first major

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western central bank to raise interest rates after the COVID-19 epidemic. In September 2021, the Norwegian central bank raised interest rates from zero to 0.25% and stated that it may continue to raise rates in the future to address the gradually accumulating financial imbalances.

The government also reduced the value-added tax rate for industries that have been greatly affected by the epidemic for a certain period of time. For example, by October 31, 2020, the value-added tax rate for the industries covered by the plan were to be reduced to 6%. In addition, for specific industries such as the oil industry, the government proposed to temporarily change tax regulations, accelerate the deduction of corporate investments, reduce the taxable profits of enterprises in the next few years, and delay the tax payment time to increase their working capital and help them cope with the impact of the epidemic. The government also provided loan guarantees for enterprises to help them obtain bank loans more easily and alleviate their financial pressure. On March 19, 2020, the Norwegian government provided a loan guarantee of 6 billion Norwegian kroner for the aviation industry and cancelled airport taxes paid by airlines until June 30 [8, 9].

3.3. Post-Pandemic Economic Measures and Impact

Before the epidemic, Norway’s Gini coefficient was at a relatively low level among developed countries, around 0.28. After the epidemic, although the economy was impacted, the income distribution pattern did not fundamentally change, and the Gini coefficient remained at a relatively low level, fluctuating around 0.3. This was mainly due to Norway’s tax system and social welfare policies, which play an important role in regulating income distribution. The high-income group faced higher taxes, while the government tilted resources towards low-income groups through welfare policies, which to some extent alleviated the trend of widening wealth gap.

Before the epidemic, Norway had an extremely low poverty rate. According to the World Bank's income standard of 1.9 international dollars per person per day, the poverty incidence rate in Norway in 2016 was only 0.2%. The epidemic has had an impact on the Norwegian economy, with some industries such as tourism, catering, and hotels severely affected, resulting in some people losing their jobs or reducing their income, and the poverty rate had increased. However, due to Norway’s strong social welfare system providing basic living security, the increase in poverty rate was relatively limited and still far lower than many other countries. Even after the pandemic, Norway’s poverty rate has remained at a relatively low level of 1-2%.

At the beginning of the epidemic, Norway’s unemployment rate skyrocketed sharply. In March 2020, due to a large number of layoffs caused by the spread of the epidemic, the number of people applying for unemployment benefits increased significantly, and the registered unemployment rate reached 10.4%, the highest level since World War II. However, with the adjustment of epidemic prevention and control measures and the gradual recovery of the economy, Norway’s unemployment rate had gradually decreased. The government had also taken a series of measures to support enterprises and employment, such as providing relief funds and subsidizing enterprise wages, to help enterprises avoid bankruptcy and layoffs. By 2022, Norway’s unemployment rate was close to pre pandemic levels, dropping to around 2-3%.

Norway is a typical high welfare country, with a consistently high level of social welfare coverage. During the epidemic, the Norwegian government continued to increase investment in social welfare to ensure the basic livelihood and rights of the people. For example, measures included providing higher unemployment benefits to unemployed individuals to ensure they can maintain a basic standard of living during their unemployment period, providing corresponding subsidies and assistance to people who were unable to work or whose income had decreased due to the epidemic. In terms of healthcare, the government continued to guarantee free medical care for all and ensure that the public can access medical services in a timely manner. Therefore, the social welfare coverage

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rate has remained stable after the epidemic, and even strengthened in some aspects, further enhancing the public's ability to resist risks and confidence in the economy [8, 9].

4. Comparisons between the Two Countries

The large-scale fiscal stimulus and loose monetary policy of the United States have indeed had a certain stimulating effect on the economy in the short term. Consumer spending has received some support, and the stock market has gradually rebounded after a brief plunge. According to the revised US government statistics, the US economy rebounded strongly from the short-term recession caused by the COVID-19. From the second quarter of 2020 to the end of 2023, the average inflation adjusted growth rate of US GDP was 5.5%. However, large-scale fiscal expenditures have led to a continuous increase in government debt. The further expansion of the US government's fiscal deficit and increased debt burden may pose a threat to the future fiscal sustainability of the United States and may also affect its credit rating in the international financial market. Excessive money supply and fiscal stimulus have triggered inflationary pressures. The personal consumption expenditure price index (PCE), as the most favored inflation measure by Federal Reserve officials in 2023, rose by 3.8%, higher than the previously estimated 3.7%. The core PCE excluding food and energy is 4.1%.

The economic stimulus policy has benefited more large enterprises and the wealthy class, while the income growth of the lower class is relatively slow, and the wealth gap is further widening, which may trigger social instability and political conflicts. In addition, the economic policy adjustments in the United States have strong spillover effects. Its loose monetary policy has led to a large influx of US dollars into the international market, causing a global liquidity surplus and impacting the exchange rates and financial market stability of emerging economies. Meanwhile, the trade protectionism policies of the United States have also disrupted global industrial and supply chains [10].

As for Norway, its economy has recovered relatively quickly after the pandemic, with unemployment rates gradually decreasing and capacity utilization rates approaching normal levels. The interest rate hike policy helps stabilize the Norwegian krone exchange rate, reduce inflation risks, and create conditions for long-term stable economic development. The financial system in Norway is relatively stable, with banks having good asset quality and no large-scale financial risks during the pandemic. The government has strict supervision over financial institutions, which helps maintain the stability of the financial market. However, the Norwegian economy is highly dependent on resource industries such as fisheries, oil, and natural gas. The impact of the pandemic on global energy demand has led to a decline in oil prices, which has had a certain impact on the Norwegian economy. Although the Norwegian Petroleum Fund has played a hedging role to some extent, the problem of a single economic structure still exists and may face risks from energy market fluctuations in the future. Norway is a small open economy, and its economic growth relies on international trade. The pandemic has led to restrictions on global trade, which has had a certain impact on Norway's export market and put pressure on its economic growth [11].

5. Conclusion

This article analyzes how different economic policy choices can lead to the formation of different economic development models in a country. Countries with strong left-wing tendencies, such as Norway, may place more emphasis on developing the public sector and social welfare, and their economic development model tends to lean towards a welfare state model. While countries with a strong right-wing tendency, such as the United States, emphasize the role of free markets and private enterprises, and their economic development models are closer to the free market economy model. The strong intervention of left-wing policies may stabilize the economy in the short term, but in the long run it may have some side effects, such as increased government financial burden and decreased market efficiency. The policies of the right-wing may promote economic growth in the short term, but they may also lead to increased economic volatility and financial risks. However, both left-wing and right-wing policies should focus on social equity issues. During the epidemic, vulnerable groups have been hit the hardest, and the government should take measures to ensure their basic livelihood and rights, and avoid further widening of the wealth gap. At the same time, it is necessary to strengthen investment in education, training, and other aspects, improve the skill level of workers, and provide human resource support for the long-term development of the economy.

Accurately analyzing the differences in economic development between left-wing and right-wing countries during the pandemic requires a large amount of relevant data. However, during the epidemic, data collection and statistics may be affected by various factors, leading to certain issues with the availability and accuracy of data, including the country's economic foundation, industrial structure, demographic factors, international environment, etc., in addition to political direction.

When studying the impact of left-wing and right-wing on economic development, it is difficult to completely eliminate the interference of these factors, which may affect the accuracy of research results. In the future, it may be necessary to select more different types of countries for comparative research, including developed and developing countries, countries with different political systems, etc., in order to have a more comprehensive understanding of the practical effects and impacts of left-wing and right-wing policies in different countries. It is also necessary to conduct long-term tracking research on the economic development of left-wing and right-wing countries, observing the long-term impact of different policies on economic structure, social equity, environmental sustainability, and other aspects, in order to more accurately evaluate the effectiveness and sustainability of policies. In addition, interdisciplinary research, combining theories and methods from multiple disciplines such as economics, political science, sociology, and history, needs to be conducted on the economic policies of the left and right, delving into the complex relationship between political direction and economic development, and providing more theoretical foundations for policy-making.

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