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Reflections on Globalization From Behind the Closed Quarantined Door

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Abstract

There are opinions that coronavirus will cause the end of globalization. Using examples of the European Union's and the United States' reaction to the pandemic crisis and other factors, this essay argues that the coronavirus will not destroy globalization but transform it into another form. This essay identifies some evolving trends and indicators triggering certain processes and suggests directions and solutions that seem to be emerging. Conditions before and reactions to the pandemic are influencing the process and the outcomes.

Keywords: Coronavirus, globalization, European Union, United States, pandemic

Introduction

Early May 2020 at 7 PM in New York City windows opened, and people started singing, clapping hands, waving, playing instruments, ringing bells, and beating makeshift drums made from pots and turned upside-down garbage cans. In the middle of a lockdown, this daily salute was a thank you to frontline healthcare workers, first responders, and all those risking their lives to save ours. Saving lives is a priority though often these people on the front lines also caught the virus, and some paid the highest price for their service.

This scene was repeated across many cities in the US as well as in many countries. The COVID-19 pandemic affected all countries in the world and all continents except Antarctica. The relentless virus constantly reminds us of our helplessness, our vulnerability. Anyone can get sick and might even die--forcing us to confront our mortality. This message came from every corner of the world. People and nations pulled away from each other in order to save lives. Many known societal and international institutions crumbled or underwent a drastic transformation. The worldwide crisis of healthcare systems, shutting down borders, travel, finance and export restrictions, as well as disrupted supply chains affected not only the existing political and economic order but also countries' interdependence. Suddenly nations had to focus on resolving their highly unanticipated emergencies and offer, most of the time, their own solutions. This pandemic suddenly became a worldwide healthcare, economic and political crisis and threatened globalization.

Even before the virus, the existing model of globalization was in the process of decline, caused by a variety of local and global strains and pressures. The rise of populism, the rise of China, the global financial crisis, trade wars, economic problems in South America, and other places, just to name a few, created conditions that played a role in the process. The virus generated still more tensions

and challenges for the current model of globalization as well as for the existing world order. All countries want to defeat the virus, but does “social distancing” apply to countries as well? Will globalization collapse and fade away, or will the new conditions and pressures create a new form of global collaboration? What lasting changes will remain? Possible answers to these questions might be the focus of a more extensive article. This short essay touches only on some of them, specifically those related to the survival of globalization, analyzing the EU’s and US’s responses to the coronavirus crisis and beyond.

European Union (EU) – Solidarity Crisis

The EU is of special interest because it is a great contemporary example of an international organization with both economic and political integration. This large international community comprises 27 independent member states. Countries in the Union have open borders within the Union; they share political, economic, security, trade and other interests. The Union has its own European Parliament—a legislative body, one of its seven institutions. Some state members (19 of them) adopted the same currency, the Euro, and created the Eurozone. The remaining 8 use their national currencies. The EU acts as a global trading bloc that trades with the entire world, including China. Lessons and challenges from the EU’s experience might shed light on how globalization might look after the virus and what changes and/or future directions it might take.

As a result of the coronavirus pandemic, Europe went through a major test that shook the foundations of the Union. The initial response to the crisis was slow and not in the spirit of cooperation and support that members expected. This discussion contributes to a global awareness and understanding of some of these issues.

In the beginning, all countries were hamstrung. However, the divisions between the “North” (Germany, Austria, Netherlands, etc.) and the “South” (Italy, Spain, Portugal, etc.) became more pronounced as the crisis deepened. The economically weaker Southern states were affected more severely, and their recovery was slower and threatened. In addition to the economy, other reasons for deeper crises in certain countries include: lack of preparedness; higher density of population in large metropolitan areas; mitigation for some was earlier, others later; lack of medical supplies; lack of personal protective equipment; and unintentional misinformation or information not available on time.

Pressed by health, economic, and political urgencies and not seeing any uniform response from the Union, member states started demanding help from Brussels, then started arguing among themselves and eventually openly questioned the purpose of the EU. The Prime Minister of Spain, Pedro Sánchez (2020) stated: “If

we don't propose now a unified, powerful and effective response to this economic crisis, not only the impact will be tougher, but its effects will last longer and we will be putting at risk the entire European project." [1] Similar demands for greater cooperation and immediate help came from the Italian Prime Minister Giuseppe Conte and many other European leaders. Another typical voice in this choir, implying possible breakup of the Union if no action is taken, came from the Prime Minister of Hungary, Victor Orban (2020), who said, "If not now, when? There has never been greater need for cooperation among European countries than today. Good luck, Europe!" [2] Thus, member states initially coped with the pandemic crisis on their own, within their means and capabilities, while resources in almost all cases were lacking.

Eventually, the EU took measures to deal with the crisis. Several financial packages/programs were initiated and implemented including: "The Coronavirus Response Investment Initiative" (2020) established by the Council of European Parliament [3]; "The EU Solidarity Fund" (2020) established by the Council of European Parliament [4]; and "The European Stability Mechanism" (2012), an international financial institution to help Euro countries fight critical health and economic impact. [5] Also, as reported by Jordans and Corbet (2020) another recovery plan, spearheaded by Germany and France, is under consideration for EU countries--the "Virus Recovery Fund for EU Economy" [6] to assure that the most affected areas and regions will receive recovery help. Giuseppe Conte (2020), Prime Minister of Italy, stated that this proposal is "a first, important step in the direction hoped for by Italy." [7]

These efforts have mostly been effective and the EU seems to be on its way to recovery across all member states. A few lessons were learned: the first most important one being the need for solidarity within the Union. Financial help, although delayed, was imperative to this situation. Without a strong economic foundation to keep the community together, the community could dissolve. This was the second lesson learned from this crisis. Going forward, economic, government, and public health-related reforms are necessary; otherwise the EU will be unable to weather the next disaster.

In their article on economic and monetary Union, Howarth and Verdun (2020), highlighted the need for reforms especially in non-Euro countries: "The current Coronavirus crisis will likely bring about further reform to economic governance as member states struggle to mitigate the destabilizing social and economic effects of the crisis and notably in the Euro Area periphery." [8] So, the new approaches and focus are needed to support the recovery and facilitate the return to normal economic activities and growth within and outside the Eurozone countries.

Many factors that played a role in Brexit, e.g., the economy, independence, and emigration, exist in the COVID crisis as well. If aggravated, these elements could easily play a role again with other state members. Such a recurrence would be a tragedy since Europe is not only a political and economic union but also a union of common values, cultures, interests, ideas and history.

EU and Globalization: No Business as Usual

For many Europeans, one of the biggest disappointments of the lockdown period in their countries was the closure of borders between the EU countries. Although required by public health considerations, the initial reaction to the virus was a negative, almost punitive action directed against the community as a whole.

As Europe emerges from these first responses and processes unfold, reforms are being implemented. Clearly, things are being done differently in the post pandemic arena, and progress has been made with fiscal policies and reforms of institutions. Return to the “New Normal” depends upon different conditions in different EU countries, e.g., population density and availability of essential public health services. The coronavirus crises have illustrated that globalization is very complex and multidimensional. It also demonstrated that many globalization mechanisms and principles such as rapid growth of technology, economic reforms, interdependence, capital market flows, external investments, developing markets, global associations, international commerce, sharing labor and outsourcing, just to name a few, will continue. So will globalization, although reformed and adapted to new realities. Arjun Appadurai (2020) a world-renowned expert on globalization and a professor at NYU, provided an additional, historical perspective:

“Globalization is here to stay. It’s a horse that left the barn 30 years ago, when the Soviet Union fell, when free markets for labor and capital became the norm, and when financial markets became more important than the trade in goods and services. These trends cannot be reversed, any more than the industrial revolution or the emergence of computers.” [9].

If globalization is here to stay in the post coronavirus world, what might be the form and conditions for the new European model of globalization? This question was addressed by Josep Borrell (2020), High Representative of the European Union for Foreign Affairs and Security Policy, who, speaking about the need for new globalization stated:

“Europe needs a new kind of globalization capable of striking a balance between the advantages of open markets and interdependence, and between the sovereignty and security of countries” (p.1) [10]

This statement clearly gets to the core of the problems and signposts the way going forward in transforming globalization in this new era. Accordingly, European countries should consider and accept new European realities that emphasize a balance between the Union and the interests of individual countries. Also, if the EU is to succeed as a Union, European solidarity must be restored – this is essential. The North-South divide should not repeat itself and/or worsen. Reform must also include public health preparedness as a response to future pandemics. And finally, in this new model of globalization, Europeans must re-imagine and introduce new methods and strategies to proceed.

A starting place for adopting and finding new approaches would be in Europe-China relations. There has been much European frustration with China and its handling of the virus crisis. However, the European response to China has been country-centric. Italy, France, and Germany took their initiative to discuss and negotiate with China, even though they are economically and politically integrated with Europe—a different, new approach to reach the same goals. At the same time, Europe wants to review some of its policies towards China. No “business as usual” said Andrew Small (2020), Associate Senior Policy Fellow at the European Council on Foreign Relations, discussing Europe’s and China’s systemic rivalry: “The crisis is also intensifying demands from European parliaments, media outlets, and citizens for Europe to put its China policy on a more open, accountable, and values-based footing. Governments’ pursuit of a “business as usual” approach to Beijing is growing harder to sustain.” (p.1) [11] Clearly, these approaches indicate that Europe is trying to find new ways to deal with China without abandoning globalization in favor of isolation and protectionism. Thus, the new European globalization is being shaped by external and internal forces.

To a large degree, this process is still evolving, and perhaps it is too early to forecast final trends. Some members understand they have been able to survive the pandemic crisis because they are part of the whole community. The crisis has provided an opportunity for EU members to debate ways to improve. This discussion includes the pros and cons of *reshoring* (returning production and chain of supplies to the country of origin) versus *offshoring* (moving manufacturing overseas in order to cut the cost of labor). Related to this debate is the lingering fear of being dependent upon China as well as the advantages and disadvantages of moving supplies closer to customers.

Before the crisis, EU supply chain sources were primarily the US and China, whereas now sources considered first are Europe before considering the rest of the world. This new emphasis is illustrated by Germany’s initiatives to secure regional European outlets that strengthen the European supply chain in order to satisfy regional (Italian, Dutch, Spanish) customer needs/demands. Other related issues in

the process include the strength of the Euro and the role of the European Central Bank (Bulgaria and Croatia just joined the Exchange Rate Mechanism) --to provide credit, low cost borrowing, and general support for the economy.

In addition, a major development has been a very interesting research and innovation program called Horizon Europe (established April 2019). This initiative is supported by a seven-year budget proposal for 2021-2027, totaling €89.4 billion. These funds will support not only research and innovation but also global challenges, competitiveness, and post pandemic recovery. Other reforms and improvements are also being considered and implemented.

The recovering economy, public health reform, addressing state members' freedoms vs. interdependence issues, as well as unity and solidarity, are all essential for the EU partnership to continue. With economic and political reforms underway and other measures already taken, Europe is emerging stronger, healthier, greener, and more digital with a greater sense of purpose and increased cooperation among all member states. When considered together, my conclusion is that the pandemic crisis is causing EU globalization to transform and evolve; it is not causing its demise. The new globalization is not the same, it is not larger, nor smaller--it represents just a different version of globalization.

United States – Going Digital & Regional

The approach to the virus in the US was similar in terms of closing borders and foreign travel, specifically to and from China, then the European Union, England, Mexico, and Canada. A state of emergency was declared, and all States eventually declared quarantine. In the US, workers rely heavily on unemployment benefits. More than 30 million people have applied for them as of today, and the number keeps growing. Congress has allocated billions of dollars for unemployment support and stimulus funds for small businesses and people. The American federalist system was very helpful as state and local governments played very constructive roles in the crisis.

In the American “New Normal,” many things will be done differently, e.g., the way we teach, learn, do business, socialize, and even how we worship. Also, people may look differently at the issue of globalization. Just like the EU's case, globalization, as we have known it is not going to be the same but is evolving. Two predominant forms are emerging: one driven by digital and technological advancements that facilitate modernization and collaboration between nations on a much higher, unprecedented level. The other one is geo-political, with globalization realigning along geo-political lines.

The virus created “distancing” in international commerce, investments, and relationships causing the collapse of many industries. As we emerge from the crisis, technology comes to the rescue. There has been an explosion of the digitization of global trade. The creation of new global markets and networks will offer new opportunities for businesses and countries to participate. Digital innovation allows for new possibilities: it lowers the cost of doing business, increases the ease of international cooperation, and is a chance for small companies to join globally. These processes influence all aspects of the economy, industry, production, investment, trade, and even governments. Development of all types of digital platforms (business, social, knowledge, data, and information) has created a surge of new economic and financial advantages that accelerate innovation and growth. Together these reveal the emergence of a new arena for globalization, the digital one. Digitization and globalization are closely connected. Spanning the globe, this new model provides more economic alternatives and new ways to do business and trade. Noting this digital transformation, Schilirò (2020), states that the pandemic has become a catalyst for globalization’s transformation. She wrote:

“The current Covid-19 pandemic is causing a strong shift of businesses, consumers, governments, investments, and trade, towards digital globalization. Digital globalization is a form of globalization in which digital transformation of economies changes the ways of consumption, commerce, investment, conducting business, and managing governments. It changes the modalities of economic and trade relations between countries.” (pp.1-2). [12]

I suggest that this definition also applies to services such as digital banking, computing, streaming, and many other areas having digital aspects. Technology enables people and institutions around the world to work collaboratively with lower costs and is helping to overcome some major weaknesses of previous models of globalization.

China is already creating regional and bilateral affiliations in addition to global ones (e.g., the Belt and Road Initiative). Regional cooperation in North America is illustrated by the recently ratified United States-Mexico-Canada Agreement (USMCA), which replaced NAFTA. Also, following the monetary, currency and economic interests, the main northern players, the US, Europe, and China, have de facto created a cluster approach to globalization by integrating economic development, trade, and technology with developing third world countries in Latin and South America, Africa, and Southern Asia countries.

Of course, much depends upon the US-China relationship. Will it be confrontational or accommodating? Presently, the relationship between the two superpowers is disappointing as there is a lack of trust. The US blames China for

the pandemic. China has started military maneuvers in the South China Sea. Hopefully, there will be less tension in the future since any conflict would have negative outcomes for both countries and the entire world. The supply chain will most likely change to include either the local US or regional arrangements, especially in the crucial areas of pharmaceuticals, telecommunication, and electronics. In addition to China, the most crucial relationship will be between the US and the European Union. For the benefit of the world, this partnership should be strengthened. Hopefully, sooner rather than later.

Thus, the US experience provides another illustration of how globalization has changed. As the EU experienced, it has transformed in response to the changing world. While still evolving, there are new forms of global cooperation and interdependence. No doubt, globalization's roles will continue to be discovered and deliberated in the future.

Not Being There

As a result of the quarantine, the issue of physical presence comes into focus. We all have to be somewhere but without physically "being there." In many cases and areas, such as education, business, and even medical services, in person presence could be facilitated and, in many cases, replaced by a virtual presence. Distance learning and online meetings had been practiced for a number of years, but now the world is dashing full speed towards more of these virtual approaches. Remote and flexible learning, video conferencing, online meeting platforms, even virtual doctor visits, are now a reality. Why travel hundreds of miles or across continents to a meeting if one can do almost the same thing from one's living room. The implication for globalization is that the virtual interface facilitates communication with multiple participants in different time zones and allows for the simultaneous collaboration of many ventures across the globe. A distinguished fellow at Brookings India, a former national security advisor to Indian Prime Minister Manmohan Singh, Shivshankar Menon (2020), reported that "India took the initiative to convene a video conference of all South Asian leaders to craft a common regional response to the threat." [13]

Working from home also is debated as these policies and practices have revealed some inequalities. There are several pros to this approach from the employee perspective, e.g., no time lost in transportation commuting to/from work or to meetings and conferences, and greater scheduling flexibilities, particularly across time zones. A positive for employers includes experiencing lower operational costs to maintain offices or in funding employee travel. However, cons to this approach include problems with accountability, possible loss of productivity, loss of the social aspects of work, and sometimes deficient communications. While employer

interests and the interest of the workplace are often discussed, hopefully in pertinent work approach discussions and decisions, the workers' interests are considered and protected.

Houses of worship have been affected as well. In the first year of the pandemic, a much smaller number of worshipers are allowed to join together for in-person worship, leaving the experience not the same as in the past. Nevertheless, a much higher number of faithful can be reached virtually regardless of where people reside. In this respect, new horizons and opportunities have become available for virtual religious activities.

Also, the post virus era offers a golden opportunity to implement other reforms, such as making the health system more responsive, affordable, and equal. Health is a global public necessity, a human right, a must, but many people cannot afford it, especially those who are disadvantaged or are from developing countries.

Hope for Mankind

Recently, I read a poem entitled *Lockdown*, by Fr. Richard Hendrick (2020) a Franciscan priest from Ireland. This poem, written in the middle of the pandemic, went viral over the world, carrying a simple message of hope, human unity, resilience, and love—a balm for the suffering people and nations. “Yes there is fear. But there does not have to be hate. Yes there is isolation. But there does not have to be loneliness” [14], he wrote. Words like Fr. Hedrick’s helped calm people and helped us understand that the world and life create an interrelated system in which we live connected with one other. We are dependent upon each other no matter what language we speak and the color of our skin. We all cherish life the same way, and we need each other to survive. We cannot do it alone. In a time of this pandemic crisis, we have to keep trying even when our arms are not long enough to reach somebody just across an empty square.

Together we will overcome the brokenness the pandemic has fraught. A couple of years ago, when walking Camino de Santiago de Compostela, I walked through places where Hemingway lived and worked while in Spain to find inspiration for his writing. The phrase *For Whom the Bells Tolls* is often on my mind. Hemingway took this line from the immortal poem by John Donne (1624), “*No Man is an Island,*” a series of meditations or perhaps even a prayer. Donne’s poem particularly resonates when watching the world’s daily pandemic statistics. The poem has a global perspective, a message for all humanity. “Each man's death diminishes me, For I am involved in mankind” [15] he wrote. Death was diminishing not only for Donne but also for you, me, and everybody throughout the world as any individual’s death is a loss to all of humanity. No matter where we live – in a big

town in Lombardy or Catalonia, a small village in Spain, Wuhan, Beijing, Africa, NYC, or Chicago --we are all part of mankind. Donne (1624) also said: “No man is an island, Entire of itself. Each is a piece of the continent, A part of the main”. We all are part of this “main”. Individually we cannot succeed except together as a global society. What a timely message and a gift from the 17th Century to the 21st Century in this time of a global pandemic!

During the past few months, as individuals and as countries, we have learned how to live separately. Now is the time to re-learn how to best live and work together once again. After all, our world is now a global village—it should be easier.

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