

## **THE NEW ECONOMIC ORDER AFTER GLOBALIZATION, ANTIGLOBALIZATION AND COVID 19**

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### **ABSTRACT**

The distinctive marks of the late 20th and early 21st centuries are globalization, anti-globalization and the novel coronavirus (Covid-19). Many authors and experts have talked about the benefits of globalization. Globalization is a fact of life. It is a growing economic, social, political and cultural integration of nations around the world. It has brought a lot of benefits to both, developed and developing countries. The last, fourth wave of globalization 4.0, that coincides with the 4th Industrial revolution is characterized with digitalization, Internet of things, artificial intelligence, robotics, nano-technology, self-driving and eco-friendly vehicles and big data. Thanks to the globalization, people could enjoy the free movement of goods, services, ideas, information. Globalization makes it easier than ever to access foreign culture, including food, movies, music, and art.

While globalization offers many benefits, it's not without challenges. Pascal Lamy, the ex-Director General of the WTO, noted that „globalization is incredibly efficient, but also so far incredibly unjust“. Globalization is not a perfect process. Anti-globalists blame globalization for inequality in the world, the westernization of world economic and political life, the homogenization of cultures, and the emergence of new problems, such as international organized crime, global terrorism, worldwide environmental problems, violence, women trafficking, etc.

And it could be said that everything was fine until the new coronavirus appeared which caused a great lockdown and the biggest global economic crisis in the 21st century. The novel coronavirus was declared as a pandemic by the World Health Organisation in March, 2020. It was called „Once in a century pandemic“, or a „Wuhan virus“ as it has firstly appeared in the Chinese city of Wuhan in December 2019. From September 2020 every economy in the world was in a recession or depression. Coronavirus overshadows globalization by closing borders, national quarantines and lockdowns, restrictions on movement of people, products, services, business closures, high unemployment, health crisis. Will the coronavirus bring the end of globalization?

Based on the economic indicators, experts have proposed many scenarios about what will happen after the pandemic. Will the world be the same? What economic order do people can expect? One thing is certain, that globalization will continue and will not vanish so easily. Angela Merkel, the Chancellor of Germany gave a thought for the forthcoming globalization, that „the globalization needs to be shaped politically, it needs to be given a human face, but we cannot allow to fall back into plagued globalization times“. So, probably we will live in a globalized world for a long time to come.

### **KEYWORDS**

Globalization, Anti-globalization, pandemic, Covid-19, New economic order

## JEL CLASSIFICATION CODES

F02, P00

### 1. INTRODUCTION

Although many people think that globalization means that “poor countries are entering the rich world”, it has brought great benefits to all countries in the world. Globalization was a hot topic, especially in the late 20<sup>th</sup> century. It rapidly spread, worldwide, some dominant social, cultural and political norms and practices. (Ghai, 1997).

In the sphere of economics, globalization was reflected in the increasing acceptance of free markets and private initiative as the principal mechanisms for promoting economic activities. Its growing importance is captured in such indices as trade in goods and services, private capital flows in different forms, foreign investment, technology transfers, operations of transnational companies, business travel and communications, and migration. The social sphere comprises social relations and customs (family relations, social organizations, etiquettes of social behavior) and consumption patterns and lifestyles (consumer goods and services such as consumer durables, fashion and designer articles, food and beverages). The cultural dimension includes the important domain of values, religion and identity. It also embraces such leisure pastimes as television, videos, popular music, dance, night clubs, sports and foreign travel. At the political level, globalization is reflected in the spread of pluralist systems, multi-party democracies, free elections, independent judiciaries and human rights.

What are the benefits of globalization? According to the Velocity Global (2020) the most important benefits of globalization are:

- A. **Access to new cultures:** globalization makes it easier than ever to access foreign culture, including food, movies, music, and art,
- B. **The spread of technology and innovation:** knowledge and technological advances travel quickly among countries,
- C. **Lower costs for products:** globalization allows companies to find lower-cost ways to produce their products. It also increases global competition, which drives prices down and creates a larger variety of choices for consumers. Lowered costs help people in both developing and already-developed countries live better on less money.
- D. **Higher standards of living across the globe:** developing nations experience an improved standard of living—thanks to globalization. According to the World Bank, in 2010 extreme poverty decreased by 35% since 1990. Across the globe, nearly 1.1 billion people have moved out of extreme poverty.
- E. **Access to new markets:** businesses gain a great deal from globalization, including new customers and diverse revenue streams.
- F. **Access to new talent:** in addition to new markets, globalization allows companies to find new, specialized talent that is not available in their current market.

However, globalization is not a perfect process. In this direction, the words of the ex-President of the USA Jimmy Carter are important, who said: “Globalization, as defined by rich people like us, is a very nice thing. You are talking about the Internet, you are talking about cell phones, you are talking about computers. This doesn’t affect two-thirds of the people of the world”.

And while the debate over the pros and cons of globalization was still raging, a global Covid-19 pandemic occurred. “The Great Lockdown” has disrupted the globalization threaten the international economic and trading system. However, the pandemic will be over one day. This paper aims to discuss the various scenarios that might happen after the pandemic.

## 2. LITERATURE REVIEW

The most significant marks of the late 20th and the beginning of the 21st century are globalization, anti-globalization and coronavirus.

There are many definitions of globalization, but the following ones can be singled out as more important and widely accepted. Globalization is the spread of products, technology, information and jobs across national borders and cultures. (Investopedia, 2021). According to the World Health Organization (WHO), globalization can be defined as the increased interconnectedness and interdependence of peoples and countries. The WHO explains that this definition would be complete by fulfillment of two conditions, one opening of the international borders for fast flows of goods, services, finance, people and ideas and second the establishment of institutions and policies at national and international levels that will facilitate or promote those flows. Globalization is the process of interaction and integration among people, companies and governments worldwide. It is a free movement and exchange of goods and services, human beings, capital, technologies, ideas and cultural practices all over the planet. Globalization is a phenomenon driven by technology and the movement of ideas, people, and goods. (Ghai,1997) Globalization describes a process by which national and regional economies, societies, and cultures have become integrated through the global network of trade, communication, immigration, and transportation.

In 2000, the International Monetary Fund (IMF) identified four basic aspects of globalization: a) trade and transactions, b) capital and investment movements, c) migration and movement of people, and d) dissemination of knowledge.

So, when did the globalization begin and when it really dominated the world? Experts gathered on the World Economic Forum (Vanham, 2019) and discussed about the history and future of globalization. Globalization is not a new concept. We live in an era of Globalization 4.0.

Globalization started with the increased trade and transport of luxury products from China to Rome, across the Silk Road in the 1<sup>st</sup> century. Silk was a luxury good, and so were the spices that were added to the intercontinental trade between Asia and Europe. In the world level, it still was not a real globalization, but opening the borders and global trade routes was a good start. Trade was often interrupted because of the blockages by local enemies of Rome and China. In the period from 7-15<sup>th</sup> century, thanks to the Islamic merchants who also spread the new religion from its Arabian homeland, the trade increased in the Mediterranean area, Indonesia, Spain, countries around the Indian Ocean. Spices were the most important export merchandise on this Arab Sea Route.

The period between 15<sup>th</sup> and 18<sup>th</sup> century is known as Age of Discovery due to the Scientific Revolution in the fields of astronomy, mathematics, physics, shipping as well as finding new lands. Raw materials were the leading exports, for the leading nations like the UK, Portugal, Spain and Netherlands. Export was still very low related to the World GDP (below 5%). With the new innovations, such as compass, ships, the GDP increased in Europe. This period is a period of colonization and discovery of America.

Globalization 1.0 is the first wave of globalization and also called Pre-war globalization. (Baldwin, 2018) It happened during the First Industrial Revolution (1780-1914). With the discovery of steam engine and the industrial weaving machine in the UK, the export of industrial goods and textile increased to 14% of the World GDP. In this period, the UK dominated the world, not just technologically, but also geographically and the Great British Empire was established. Most traded goods were those which were in a great demand, such as iron, textile, manufacturing products. For some countries, this period was a Dark age, especially for African ones that were divided among European trading countries. By 1900 Ethiopia was the only independent country on the continent.

Globalization 2.0 happened in a Post-war period (1945-1989) which was fundamentally characterized by a shift in power from West to East. (Future Learn, 2021). This Globalization coincides with the Second Industrial Revolution (1870-1910) that brought planes, trucks, cars to the world.

The third wave of globalization 3.0 dominated in 1989-2008 and happened with the collapse of the socialist systems in the USSR and other Eastern European countries, or known as a “fall of the Iron curtain”. (Friedman, 2004). The collapse of the socialist systems encouraged nations all over the world to open their

borders, to enter the WTO or the regional free trade agreements. This period was characterized with the 3<sup>rd</sup> Revolution, the Internet, that made communications and transportations, as well as the global supply chains easier. People and companies were connected in a more direct way. The global integration through Internet enabled companies to do R&D in one country, sourcing in other, production in third one, distribution all over the world.

We now live in the era of globalization 4.0 that is about using of digital goods and services, cyber space, e-commerce, 3D printing, artificial intelligence, self-driving cars, Internet of Things, electric vehicles, nano-technology, biotechnology, big data, robots. It corresponds to the 4<sup>th</sup> Industrial revolution (2000-2010) that made two countries very powerful, the USA and China. And this globalization would probably develop even more, but it has been interrupted by the pandemic Coronavirus.

However, “negative globalization” cannot be neglected. (Vanham, 2019) Some people, institutions, countries view the globalization as a beneficial for economic development and international trade and others regard it with hostility due to increased inequality within and between nations, high unemployment rates and low living standards. Also globalization threatens the environment and has a devastating effect on world’s biodiversity. Chinese president Xi Jinping in a speech in Davos in 2017 said: “Some blame globalization for the chaos in the world. It has now become the Pandora’s box in the eyes of many.”

And who knows how the globalization would continue, if there wasn’t an interruption made by the powerful Coronavirus. For the time being, so called Turbo capitalism, Market fundamentalism, Casino-capitalism, McWorld, Cocacolonization is stopped. A lot of experts are questioning what will happen after the Coronavirus. Did the pandemic “kill” the globalization? What people can expect?

### **3. RESEARCH METHODOLOGY**

For this paper a profound scientific and systematic search of relevant information was made and mostly the descriptive design was implemented. The descriptive and historical methods produced a picture of the phenomena that the author wanted to explain.

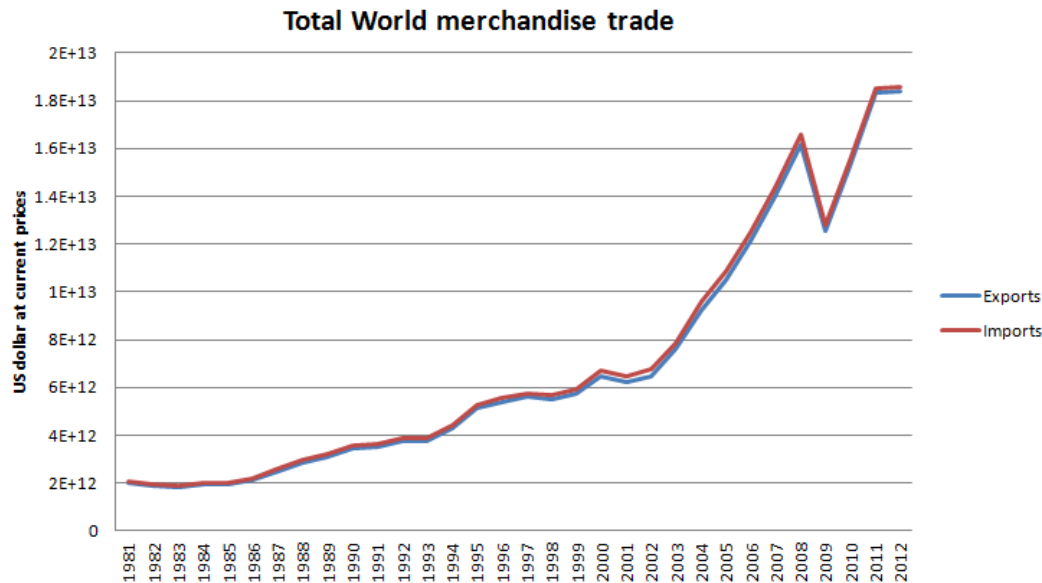
The paper aims to determine what outcome can be expected after a pandemic based on economically valid information. As the topic is very new, current and interesting, the author uses new literature by foreign and domestic authors.

For the research study the data has been collected by secondary means. This secondary data has been collected from international journals, text books, Internet, expert’s opinions given in blogs, economic summits, webinars, specific websites.

### **4. ANALYSIS AND DISCUSSION**

Globalization, understood as a growing integration of national economies, encompasses not only the economic globalization, but cultural, political and social integration as well. (Ghai, 2017). Economic globalization is for “single world market” that will be based on open borders, free trade, ruling of the supply and demand, encouraging the private initiative, competition, production, IT transfers, migration of workers. Globalists and supporters of the globalization have always emphasized the positive sides of the economic globalization, such as wide availability of goods, reduced prices due to the competition, easier access to capital, resources utilization, total economic growth and better living standards.

The WTO chart below shows how globalization positively affects economic development and the level of the world trade.

**Table 1: The impact of Globalization on the World trade**

Source: The Political economist, 2013, <http://im-an-economist.blogspot.com/2013/11/gated-globalization.html>

Social globalization mainly is related to the improved way of living and creating a new lifestyle in fashion, food, drinks, cars. Also, it allows an access to the world TV programs, Internet, videos, films, magazines.

Thanks to the cultural globalization, people can travel and get knowledge and respect for other cultures, there is less stereotyping, all the world events (FIFA world cup, Eurovision, Oscar movie nights, music rock, pop, folklore concerts and festivals, Olympic games, etc.) are accessible to everyone.

Positive sides of the political globalization are the spread of pluralist systems, multi-parties' democracies, free and fair elections, independent judiciary, human rights protection, etc. Also, it helps to keep the world peace, increases the cooperation among countries, promotes a lot of international organization activities, supports developing and poor countries with international aid and financial programs, etc.

However, no matter from which angle one can analyses the globalization, whether economic, cultural or political, both the opportunities and drawbacks are numerous. According to Simon Oliver (2013), the main objections to the globalization can be grouped as follows:

**a) Inequality in the world** relates to the economic globalization that also provokes other problems such as: strong bargaining power of multinational companies vis-à-vis local governments, "contagion effect", some countries struggle to compete, extractive behavior of some foreign companies and investors in resource-rich countries preventing economic diversification, problems of "social dumping", etc.

**b) Homogenization of cultures**, which also implies spread of commodity-based consumer culture, Westernization, cultural imperialism or cultural colonialism, some small cultures may lose their distinct features, dangerous or violent ideals can also spread faster, etc.

**c) Political globalization is overly western-dominated** which means that state sovereignty is reduced, the functioning of international and supranational organizations is often not "democratic" in terms of representation and accountability, big countries can shape decisions in supranational organizations, sometimes countries can veto decisions and slow down decision making processes, coordination is difficult and expensive **and**

**d) Creating new global problems** (global terrorism, violence, drug trafficking, prostitution, environment pollution, etc.).

These shortcomings of globalization are highlighted in the large number of anti-globalization protests. Anti-globalization movements are known as social movements, anti- corporate movements, anti-neoliberal or global justice movements.

**Table 2: Some of the Anti-Globalization movements**

<b>Anti-globalization movements</b>
<b>Berlin, Germany, 1988:</b> against annual meeting of IMF & WB
<b>Paris, France, 1989:</b> Summit against G7, motto: "That is enough"
<b>Madrid, Spain, 1994:</b> 50th Anniversary of the IMF and WB, motto: "50 years is enough"
<b>London, Oregon, Eugene, J18:</b> June 18, 1999, Carnival against capital
<b>Seattle/ N30:</b> 30 November, WTO meeting, "The battle in Seattle"
<b>Davos, USA, 2000:</b> against World Economic Forum, January 2000
<b>Prague, Czech Republic, 2000:</b> against annual meeting of IMF & WB
<b>Genoa, Italy, 2001:</b> against G8 meeting
<b>Washington, 2002:</b> against annual meeting of IMF & WB

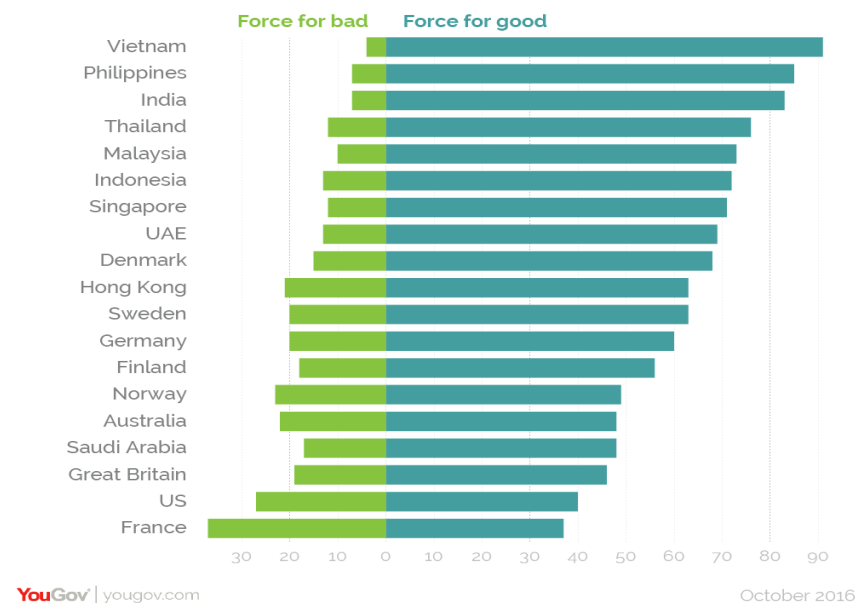
Source: Author's research

The UK ex-Prime minister Tony Blair, in this sense will say that: "If globalization works only for the benefit of the few, it will fail. The test of any decent society is not the contentment of the wealthy and strong, but the commitment to the poor and weak"

However, overall majority of the peoples more believe in the good of the globalization, that can be seen in the following graph:

**Table 3: Globalization is still seen as more of a force for good in the world**

**Globalisation is still seen as more of a force for good in the world**  
 Overall, do you think globalisation is a force for good or bad for the world? %

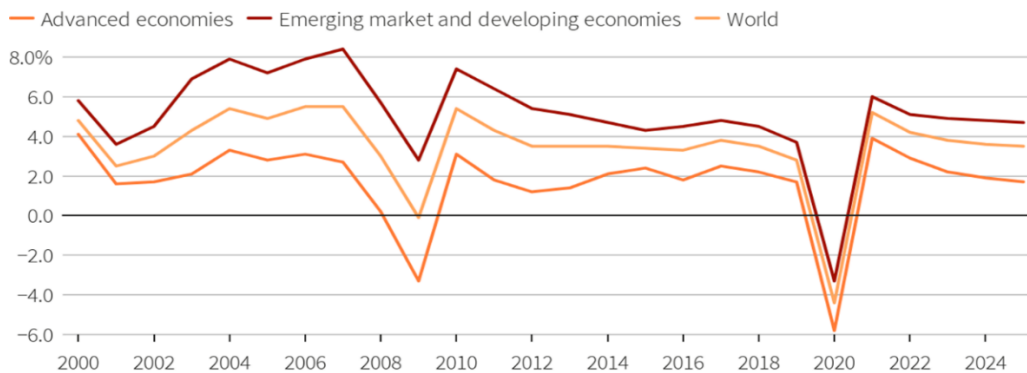


And perhaps globalist and anti-globalist movements would have developed further if the world had not been hit by the global Coronavirus crisis in 2020. The effect of coronavirus in the world can be illustrated in the following graph:

**Table 4: Globalization and Coronavirus**

### The global coronavirus recession

COVID-19 brought the global economy to a halt in 2020, but the IMF sees a swift rebound



Note: Data for 2020 and beyond are estimates

Source: International Monetary Fund World Economic Outlook

Source: International Monetary Fund, World Economic Outlook, 2020

In March 2020, the World Health Organization proclaimed the pandemic that will hit almost all the countries in the world. Coronavirus, also called “The Great Lockdown” stopped the process of globalization through the states measures such as travel restrictions, quarantines and national lockdowns, business closures, breakage of the global supply chains. The coronavirus has threatened globalization and its progress. Globalization has taken a back seat for a while, but will it return?

Experts, based on economic indicators, talk about two scenarios after the pandemic: (Szymborska Hanna, 2020),

**I Scenario:** New economic order and

**II Scenario:** New-Old economic order.

According to the First scenario, after the Coronavirus, people can expect a better world, based on respect of family traditions, religious habits, patriotism, care for environment. The economic order will be more fair, humane and based on principles of justice. There will be a world government that will care about the economic equality in and between countries, political freedom, free movement of goods, services, people, technology, open trade, etc. According to the experts, people “will learn the lesson” from the pandemic and be more social and cooperative. However, this scenario seems to be very naïve and utopist.

According to the New-old economic scenario, the capitalism will continue and the most powerful countries, such as the USA, EU, Russia, China and Japan will grab the most of the world’s pie. For the current level of development, the capitalism is the best solution of modern society. The capital still hasn’t finished its role in the human history. Globalization will continue, slightly changed and will be based on the market forces (demand and supply), interconnectedness of economies of states, increased efficiency and productivity, competition, access to the advancements of the world civilization. No country can exist alone and isolated. This scenario has four pillars: a) economic integration, b) new information technology, c) free movement of goods, services, ideas, people, capital, information and d) regional and international cooperation. This scenario is more realistic for the near future.

## 5. CONCLUSION

The late 20th and early 21st centuries are characterized by processes of globalization, anti-globalization, and coronavirus.

Globalization has brought many benefits to countries around the world, such as access to new cultures, the spread of technology and innovations, lower costs for products, higher living standards across the globe, access to new markets, access to new talents. Globalization is not just about economics. It means connecting nations socially, politically and culturally. Mankind lives Globalization 4.0 which is characterized by digitalization, Internet of things, artificial intelligence, self-driving cars, nanotechnology, biotechnology, robots. Globalization has opened the borders of many countries and enabled international trade and free movement of goods, services, people, information, capital, ideas and technology.

However, there are movements that are anti-globalization in nature, but their messages refer to more humane globalization, care for the environment, stop for pollution, non-use of child labor, non-exploitation of workers, higher wages and salaries, respect for local traditions, religions, etc.

Globalization has been halted by the Coronavirus, which has brought not only the global health crisis and high mortality rates, but also the cessation of all business activities, high unemployment, disruption of production and distribution channels, national quarantines and lockdowns.

The question is what will happen after the coronavirus. Will globalization return to the way we know it? There are several scenarios for what might happen in the future, but the most realistic scenario is that globalization will continue, in a modified form. It is certain that it will not disappear. And as Kofi Annan, the Former Secretary-General of the United Nations used to say, "Arguing against globalization is like arguing against the laws of gravity".

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