

Some reflections about the post-global economy after Covid-19

Abstract

COVID-19 is impacting the lives of everybody as individuals, as families and as society. But also economic globalization and US hegemony are strongly affected. Furthermore, the pandemic is also showing the importance of the local and regional dimensions of the economy, on the one hand, and on the other, it is making necessary a reevaluation of the world market. Besides, the current events are revealing that people's behavior patterns must change. Selfish individualism is not the right strategy to deal with the pandemic.

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Introduction

According to theorists of demographic transitions, in particular of the epidemiological transition, it was thought that the developed countries had arrived a stage, in which fewer people are dying from infectious diseases, and there is a rising prevalence of chronic and/or degenerative diseases.¹ The current pandemic has shown that the latter, associated with the "modern" lifestyle, have so weakened the immune system of people that the appearance of an infectious disease may cause unanticipated damages.

This disease is COVID-19, whose economic impact is still difficult to assess. Besides, it is unequally affecting countries, regions, industries, economic sectors, social groups and income strata. It has been estimated that it will be necessary at least two years before the world economy recovers the pace observed until the end of 2019. It is even considered that we will confront a recession as deep as the Great Depression. Although today they have better instruments than then to overcome it.² Global GDP would show a reduction of at least 2%.³ These figures may or may not be accurate. In any case, in the near future we will know it. But beyond the figures, it is very likely that qualitative changes will occur, which are difficult to quantitatively weigh.

There are enough clues that allow us to think that these changes will affect what we now know as globalization, on the one hand, and on the other, but closely related to the previous one, to US hegemony. The hypothesis that I propose to reflect on, is that regardless of whether COVID-19 disappears in 2021, or that it becomes a seasonal phenomenon of annual appearance, it is essential to reflect on what the pandemic is teaching us.⁴ What we learn from it, we will most likely have to apply in the setting of a post-globalized economy, where the hegemony of the United States. it will be drastically reduced, being limited to a greater or lesser part of the American continent.

More precisely, I suggest that the post-globalized economy will not be a copy of pre-globalization times, namely, a situation similar to that of the interwar years, but rather it will be a reconfiguration of elements developed over almost three-quarters of a century, such as: communications, the internet in particular; business practices such as outsourcing; informal and home-based work, supported by the modern innovations in computing, data processing, information management, and more.

In this new scenario, I suppose that the local and regional dimension

of the economy will regain importance, leading to a reassessment of the world market, which during the last decades has become the panacea and target of most of economic activities. Production for external markets, to be competitive in those markets, investing in any corner of the world that offers the highest profitability, are slogans that became guidelines for entire sectors of the economy and even for whole national economies.

The current pandemic has reminded us of the key role played by national states and national and local governments as well, to ensure not only the smooth running of any economy, but also to protect the population from critical situations such as the current one. In such a way that leaving everything in the hands of the market and especially the world market, is an erroneous strategy to face the COVID-19 phenomenon.⁵ This is especially true in the health sector, which as a result of the pandemic has shown its shortcomings and weaknesses in countries that, like Mexico, have been relegated for not being profitable.⁶ This happens in a scenario dominated by multinational drug companies, whose purpose is not to prevent, but supposedly to cure diseases. Having more patients is the best business for them, and if certain medicines produce side effects instead of curing them, the answer is to apply other medicines and thus increase sales.

Moreover, it is clear that in the current situation, "economically rational" principles of behavior that prioritize individualism, the desire for profit, profit maximization at all costs and others widely known, become suicidal when implemented on a social scale. On the contrary, today it is beyond doubt that the appropriate behaviour principles are solidarity, empathy, compassion (in the Buddhist sense of the word), personal and mutual care, to mention the most relevant ones.

Furthermore, it is obvious that most of the ravages that the pandemic has made are strongly related to health problems derived from food consumption practices that have been fostered around the world by transnational corporations of the food sector.⁷ (Schlosser 2001). The most vulnerable people to COVID-19 are those who are suffering from diseases caused by the frenetic lifestyle of the globalized economy, such as stress, fast food, sedentary life associated with long commuting distances from workplaces to home, and psychological depression. The victims of the pandemic have been mainly people suffering from hypertension, obesity, respiratory problems, diabetes, in short, diseases linked to modern life, dwelling in cities with heavy environmental pollution and in rural areas flooded with agrochemicals that poison water, air and soil. After overcoming the current crisis, it

would be irresponsible and even suicidal to continue doing the same things as before, knowing that these practices are what have led to the death of thousands of people around the globe.

Hence the need to think of a new type of economy, where the local and the national are in the foreground, ensuring healthy practices, both for people and for their respective environments. Practices where the aforementioned principles of behavior are present, which have proven to be the ones indicated in situations like the one we are experiencing. Principles that could be synthesized in the phrase: “I take care of myself and I take care of you. You take care of yourself and you take care of me”.

Also an outstanding phenomenon that is highlighting the economic crisis stemming from the pandemic is a new milestone in the declining trend of US hegemony worldwide.⁸ This trend is not new, it can be observed at least since the end of the Cold War, when it seemed that the United States was the great and unique master of the world economy. However, this triumph did not last long. First, it was the European Union that questioned the power of Washington and later China is being the main architect of a new economy not subordinated to the US dollar. Besides, there is one more fact worth mentioning. It is the divorce between the interests of the North American transnational corporations and those of the White House. Today it is no longer possible to say, as before: “What is good for General Motors is good for the United States.” This fact was demonstrated since the beginning of Trump’s government. His protectionist measures targeted the same globalization that had been benefiting the American transnational corporations. The emphasis placed by this president on the need to increase employment within the country and to increase investments in it, went against the profitability principles that had been guiding the strategies of multinationals and that formed the basis of economic globalization.

Accordingly, there are grounds for thinking that the current globalized world economy will give way to a plurality of world-economies in the Braudelian sense. One of them could still be centered around the USA. Another one would be located at the European Union, where Germany and France seem to be the axes of the system and to which Russia and probably Turkey could also approach. The third one, but in the near future probably the most powerful, would be East Asia with China at the forefront, closely followed by Japan and South Korea in the first place and in the background the rest of South-East Asian economies. This world- economy could display strong ties to Australia and New Zealand. In fourth place would be certain economies whose relevance is increasing and which could forge ties with one or more of the three main world-economies mentioned above. This would be the case of Brazil and India, for instance.

However, the most relevant fact would be not only the regionalization of the current global economy, but the transformation of its operating principles. First of all, the return of the state as a fundamental economic agent. This, based on the conviction that leaving everything in the hands of the market has led to serious troubles, not only social and environmental ones, but even economic problems. Needless to say that this “new” interventionist state should not be an updated version of the old Keynesian state, which led to a deep fiscal crisis, and fostered an extreme and inefficient protectionism, that created internal monopolies protected from external competition. In

no way can it be the misogynist state that ignores the fact that almost half of the workforce is made up of women. Fact that is not reflected in the cabinets or parliaments. Neither, it cannot be a strongly centralized state that ignores ethnic and cultural minorities. Undesirable would be also the corrupt state that exists both in advanced and in poor countries. No longer can the state be the servant of the big capital. The state only concerned with the trade balance and the promotion of exports, the myopic state that is not aware of the long term, and ignores the environment, considering it just as “natural resources”.

Conclusion

Based on all these negations, one should think of the positive proposals, whose feasibility will depend on the social, political and cultural conditions of each country, generally ignored by main stream economists. In addition, local and regional governments should become main actors in the implementation of such proposals, leaving behind centralism and authoritarianism that have generally led to inequalities and marginalization.

In sum, it is undeniable that COVID-19 pandemic has exposed the vulnerability of the economies, societies and political systems that have been operating on erroneous principles. It has also made clear that the most important thing for a country is not its GDP, nor its trade balance, nor its exchange rate, nor its international competitiveness purchased at the cost of environmental damage and the annihilation of the dignity and health of people. Countries proud of these indicators are being hit the same as others that have busily and unsuccessfully tried to catch up with the former.

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Conflict of interest

The author declares no conflict of interest.

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