



Mains Practice Question

Q. Covid-19 looks like a “bend but won’t break crisis” for globalization. Discuss how isolationism forced by Covid-19 pandemic has paused the growth of globalisation in the world. (250 words)

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Approach

- Introduce, with the current scenario of globalisation in the world.
- Discuss the effects of Covid-19 on globalisation.
- Explain the prospects of globalisation after the Covid-19 pandemic.
- Conclude suitably.

Introduction

- Globalisation envisages a borderless world or seeks the world as a global village. It may be attributed by accelerated flow of goods, people, capital, information, and energy across borders, often enabled by technological developments.
- On the negative side, globalization has been criticised on account of exacerbating global disparities, the spread of international terrorism and cross-border organised crime, and allow for the rapid spread of disease.
- These trends pave way for an anti-globalization or protectionism sentiment, which may further amplify due to the spread of the Covid-19 pandemic.

Body

Effect of Covid-19 on Globalization

The ongoing phase of globalisation hasn’t fully recovered from systemic shocks given by the Global Financial Crisis (GFC) of 2008-09. However, the spread of Covid-19 pandemic presents a challenge of a different magnitude.

- **Global Economic Crisis:** United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) in its annual Economic and Social Survey, held that the Covid-19 crisis is a challenge never seen before and it is going to be a bigger shock for the world economy than the GFC.
 - This may act as a severe blow to liberal world order dominated by globalisation.
- **Problem faced by Emerging and Developing Economies:** The United Nations Conference on Trade and Development held that emerging and developing economies which rely on export-led growth, will now be severely impacted as the global economy contracts and the world opts protectionism policies.
- **Disruption of Global Value Chain:** Covid-19 crisis is having devastating repercussions for corporations and businesses that have benefited from economic interdependence supported by cross-border supply chains.
 - China is the world’s largest production base and lies at the heart of many supply chains. Since the outbreak of this coronavirus, many companies that had come to depend on China

were hard hit.

- **Bringing Back Import Substitution:** From a risk analysis perspective, we could at the very least see a rapid trend towards moving from globally dispersed production bases back in favour of domestic facilities.
 - Countries are reconfiguring their economies to look at import substitution with greater clarity now, as the perils and pitfalls of overdependence on foreign supplies become clear.
- **Restriction on People to People Movement:** National governments will have to weigh the risks of contagious diseases against the benefits of ease of travel or may have to consider stronger safeguards.
 - In the short run, the World's Tourism industry will get affected even after the crisis gets over.

Prospects of Globalisation after the Pandemic

- For the global growth patterns, the key lesson is that international flows tend to swing dramatically with macroeconomic cycles. In good times, they usually grow faster than GDP, and in bad times they shrink faster, too, as people and firms hunker down behind borders.
 - Thus, after the pandemic as the economies grow, the trade patterns and globalisation will again become near normal.
- Although there may be some challenges in the global Supply chain, after the pandemic smooth business and transaction will again make a stronger supply chain with some changes in it.
- To make globalisation work even better, advanced economies like the United States can consider donating or lending (on concessionary terms) to a trust fund dedicated to helping poorer countries.
- At the same time, there is a need to work towards eliminating problems such as social and economic disparities caused by globalization.
- Once the world recovers from the crisis, it is crucial to create mechanisms to respond to disease through effective international cooperation.

Conclusion

- While the heat against globalisation has been simmering for a while, the pandemic has added fuel to the fire.
- However, we need to realise that globalisation has brought more good than harm. Therefore, nations must work together for a better future through globalisation, as climate change, pollution and global warming issues can only be tackled through collective action.