

Would COVID-19 be the turning point in history for the globalization era? The short-term and long-term impact of COVID-19 on Globalization.

Amin R. Yacoub and Mohamed S. El-Zomor

COVID-19 is currently changing our understanding of the world around us. It has challenged many of our ideologies: from capitalism to neo-liberalism, from the over-significance of work to realizing work-life balance, and from globalization to nationalization. In this post, we argue that COVID-19 pandemic was an inevitable result of globalization and that the pandemic, in turn, had seriously threatened the world's globalization. The pandemic had disrupted the international legal order: legally, socially, politically, and economically. Nonetheless, we contend that the pandemic's adverse effects on globalization is temporary, and that it would provoke more international cooperation among nations on the long run. In order to demonstrate our argument, we will lay down the social, political, legal, and economic effects of the pandemic on globalization.

I. The Spread of COVID-19 is an Inevitable Result of Globalization

Many theorists and philosophers have long contemplated that “globalization” simply means the universal interdependence of nations. According to the famous socialist philosopher Karl Marx, [globalization was an inevitable product of capitalism](#). First, it influenced humans to “[nestle everywhere, settle everywhere, and establish connections everywhere](#)” to promote trade. Second, it stimulated technological advancements that had eliminated spatial and temporal gaps among nations. [This paved the way for “intercourse in every direction, universal interdependence of nations...” \(emphasis omitted\) \(Marx 1848, 476\).](#)

These exact two pillars of globalization are the main reason we are currently facing a COVID-19 pandemic crisis. The massive and hyperactive universal transportation system easily converts an epidemic such as COVID-19 to a pandemic through the mobilization and communication of masses. [Large number of flights, cruises, the high mobility of workers and goods make our world more vulnerable to a pandemic.](#)

II. The Short-term v. Long-term Impact of COVID-19 on Globalization:

A. COVID-19 Social Impact on Globalization:

COVID-19 is expected to have far-reaching social effects on globalization, probably leading to a tendency towards nationalism and populism, which is already gaining momentum in recent years.

(1) Short-Term Social Impact of COVID-19

Crises in general tend to strengthen national sentiments, with people falling back on their nation-state, which has the “[financial, organisational and emotional strengths that global institutions lack.](#)”

This is reinforced by the absence of the notion of community and belonging in the international level. Such symbols of belonging as anthems, flags...etc. do not exist in the international level.

This is particularly clear, ironically, in the EU, which should be the most integrated organization. For example, the [German Chancellor](#) did not even mention the EU when she gave a speech to public on COVID-19. Further, [frontier controls](#) between European states returned back. Member states [criticized the EU](#) for failing to deliver on its promise of solidarity.

This sense of nationalism and populism is likely to be accompanied by xenophobia, hate and even violence. The [UN Special Rapporteur](#) on minority issues, Fernand de Varennes, reported that “politicians and groups are exploiting fears surrounding the disease to scapegoat certain communities, leading to a rise in violence against them.” This included “physical attacks against Chinese and other Asians, hate speech blaming Roma and Hispanics for the spread of the virus, and calls by some political leaders for migrants to be denied access to medical services.”

This is likely to decrease after the crisis. However, it will of course leave long-term effects, especially as this wave of populism has already started before COVID-19.

(2) Long-Term Social Impact of COVID-19

On the long term, we argue that COVID-19 would have a positive impact on globalization. The COVID-19 pandemic has taught us a historical lesson: despite our technological and academic advancements, *we might not be able to foresee an upcoming disaster and prepare for it*. If countries moved towards nationalization to prevent further pandemics, the world might be hit by a different enemy that could only be faced by global efforts such as global warming (e.g., North Pole melting which might have a devastating harm on countries or continent, intolerable temperatures for human life...etc.).

The same *protective* measure against a pandemic (*nationalization*) might by the same token weaken a country against a different unforeseeable danger. Countries that would gear towards nationalization in the aftermath of the pandemic might be more susceptible to a different danger [such as Global warming that could only be faced by global efforts](#). On the contrary, countries that would become more integrated into the world would have higher chances of survival against global warming or future pandemics. Thus, nationalization does not seem to be the answer to protectionism in general.

Whether the world is faced by another pandemic or global warming or a third unforeseen catastrophe, what we ought to learn from the COVID-19 crisis is that we have a ***common fate***. Discerning the undeniable fact of common fate could move nations ahead of the psychological nationalistic trauma that COVID-19 had inflicted on them. The notable French philosopher, Kojève had contemplated the notion of the Latin Empire: citizens who share a sense of common fate with other citizens could overcome their tendency towards nationalization. Howse commenting on Kojève's Latin Empire stipulated that: "[t]he Latin [Empire is really the idea of a Mediterranean world where those differences that are the product of religious doctrine or past colonial conflict can be mediated through transnational democratic relations between peoples who share something like a common Mediterranean sensibility](#)." Similarly, in the aftermath of COVID-19, national governments and their citizens would come to the realization that humanity as a whole shares a common fate despite all the nationalistic differences. Humanity's common fate is often realized after global disasters. The creation of the United Nations and the European Union at the end of World War II is a concrete example that *common fate* tends to unite different countries that had collectively faced a world's catastrophe.

The World Health Organization (“WHO”) has demonstrated the importance of humanity’s common fate and global unity in order to realize its objectives. [It has repeatedly stressed that global unity and cooperation is the “key” to fight against the pandemic.](#)

Although most countries had adopted protective nationalism as a reaction to the pandemic, there seems to be a growing atmosphere of solidarity among nations. Physicians and Medical Researchers around the globe are racing time to [invent a vaccination for COVID-19](#). [China](#) had sent doctors and medical supplies to Italy a few weeks ago. Similarly, [Britain, Germany and France](#) had offered a \$5.5 million package and medical material – including equipment for laboratory tests, protective body suits and gloves – to Iran as an effort to mitigate the devastating effects of the COVID-19 virus. This attitude emphasizes our argument that on the long term, there would be more tendency towards globalization and unification.

In conclusion, COVID-19 had taught us an indispensable lesson about our *common fate* that would most likely have a positive impact on globalization on the long run through inspiring more cooperation and solidarity among nations.

B. COVID-19 Political and Legal Impact on Globalization:

(1) Short-Term Political and Legal Impact of COVID-19:

On the short term, the political and legal impact of COVID-19 seems devastating. The [European Court of Human Rights](#) and [the immigration courts of the US](#) have been closed.

Many international treaties are currently being breached or put on hold – under the international law’s state of necessity or force majeure – in order to pursue protective nationalist measures to preserve public health and order against the pandemic.

First, most countries have closed their borders to maintain public health: a seemingly big step towards nationalization. By the same token, [such closures constitute a breach to international law and contributes to its fragmentation](#), which leads to a further fragmentation of globalization and cosmopolitanism.

Second, [the recently updated NAFTA – although currently valid on paper – is currently on pause as the US and Canada have closed their borders, except only for medical supplies](#). Further, the US intends to [place military troops near the border](#) as part of the efforts to stop the spread of

COVID-19. Moreover, [Trump has ordered 3M – an important US Manufacturer of medical protection gear – to stop exporting any gear to Canada in order to satisfy the increasing US needs of medical gear.](#)

Third, the Foreign Direct Investment (“FDI”) has been drastically impacted by COVID-19. As [countries had taken major protective steps to avoid the privatization of essential governmental sectors](#), foreign investments have been faced with restrictive screening in the EU countries. Moreover, [Italy and France have adopted a protective nationalistic approach against foreign capital to preserve public order.](#)

Finally, most nations have unwillingly [breached their Bilateral Investment Treaties \(“BITs”\) as part of their necessity measures against the spread of COVID-19.](#) For instance, Italy had more than [70 bilateral investment treaties in force that might have been simultaneously breached.](#) BITs damage claims might be brought by foreign investors against Italy once the pandemic crisis is over. The damage claims could be rooted on several breaches of BITs’ obligations such as [Fair and Equitable Treatment \(“FET”\), Full Protection and Security \(“FPS”\), direct and indirect expropriation, and national treatment.](#) However, such claims would likely be defended on a [state of necessity ground of International Law, especially that the World Health Organization \(“WHO”\) has considered the current pandemic a state of necessity.](#)

Koskenniemi has long argued [against cosmopolitanism](#) and [for the fragmentation of International Law.](#) He based a part of his skepticism on cosmopolitanism on Kant’s work: Perpetual Peace. Koskenniemi argued that “[t]oday, we know that something about the project of cosmopolitanism failed” Or, “[i]t has become increasingly difficult for international lawyers to find a meaningful place in the international world that would resonate with the expectations of progress and enlightenment that characterized the profession’s heroic period.” The nationalistic wave which had led to the fragmentation of International Law might give some credit to Koskenniemi’s argument against cosmopolitanism, at least for the short term.

(2) Long-Term Political and Legal Impact:

The long-term political and legal impact of COVID-19 cannot be easily predicted. However, we can speculate what the international legal order would be like in the aftermath of the pandemic.

First, nations would re-open their borders right after the pandemic returning the international legal order to its pre-existing condition. The EU would re-validate Lisbon convention in order to regain the free movements of goods and workers among its member-states. The recently renewed NAFTA would kick-start trade between the US and Canada. The international legal order would be reinstated as soon as the pandemic is over.

Second, most countries would witness a rise in the foreign direct investment on the long run. This is an inevitable result of the currently wrecked economy that resulted from the pandemic. In order to compensate the huge economic losses, countries would have more tendency to encourage foreign direct investments – especially developing countries that do not have enough economic means to drag their own economies out of the pandemic wreckage.

Third, International Investment Tribunals would develop more understanding of other important international law obligations: human rights obligations, the margin of appreciation of States, the public policy argument of States, force majeure, full protection and security, and state of necessity.

Theoretically, we argue that the world will witness a long-term rise in cosmopolitanism and globalization. As *Immanuel Kant* had contemplated in his *Perpetual Peace*: “even if it were found that the human race as a whole had been moving forward and progressing for an indefinitely long time, no-one could guarantee that its era of decline was not beginning at that very moment... For we are dealing with freely acting beings to whom one can dictate in advance what they ought to do, but of whom one cannot predict what they actually will do . . .” (See IMMANUEL KANT, 1795).

We agree with Howse and Tietel’s [rebuttal of Koskenniemi’s argument](#). They grounded their rebuttal on a correct understanding of Kant’s *Perpetual Peace* work. What Kant suggests is that even the greatest reversals of progress [do not render it impossible to restart progress towards globalization and cosmopolitanism as a crucial means to advance perpetual peace](#).

The latest statement from UN Secretary General on COVID-19 supports our argument, he concluded that: “[w]ith the right actions, the COVID-19 pandemic can mark the beginning of a new type of global [and societal cooperation](#).”

Finally, we speculate that more international treaties would be concluded to deal with future world catastrophes and pandemics.

Accordingly, a new atmosphere of cooperation among nations would be born out of the current pandemic, and countries would have more tendency towards concluding new agreements and treaties on the long run as that might be the first step towards healing socially, legally, and economically.

C. COVID-19 Economical Impact on Globalization:

COVID-19 was not only a result of globalization. It also, in turn, has a remarkable effect on globalization in its most important aspect, i.e. the economic aspect.

Many of those effects are already being witnessed in present, and will likely continue in the short term, at least during the period of fighting the pandemic. However, its longer-term effect on globalization is much more controversial. Many argue that the outbreak of COVID-19 wrote the end of economic globalization that has been the prevailing trend since the 1980s, especially in light of the backlash that it has been facing in the recent years. While we agree that COVID-19 will have immense effect on how economic globalization works, it will not, and should not, bring globalization to an end.

(1) Short-term Economic Effects

COVID-19 had a devastating effect on the economy in general. [Global stock markets](#) suffered their worst quarter since the 2008 financial crisis, with a 21% fall. [Oil prices](#) crumbled to lowest levels in 18 years, affected, in part, by the most severe fall in demand in history. [Emerging market currencies](#) also crashed following a rush for dollar as companies “hoarded the currency when revenues collapsed.” Risks of [recession](#) are also looming.

Economic globalization was not at odds with this. The preventive and protective measures taken by most states to contain the virus have a dramatic effect on international trade and globalization.

Most states took severe measures with a view to controlling the spread of the virus. The United States and Canada have agreed to [close the US-Canada border](#) to all non-essential travel. The White House also announced that the US is also [closing borders with Mexico](#). Similarly, China suspended practically all entry by foreigner, and halted all international passenger flights. The European Union also imposed a [30-day ban](#) on nonessential travel. Many other states imposed similar bans and restrictions.

Although the US was keen to assure that such measures would not affect trade, their effect on the free movement of goods and persons, and thus on trade flows, is undeniable. This is because [economic integration](#) normally occurs through trade, migration and capital flows. All those were dramatically affected by COVID-19 and the measures taken to control it.

Moreover, as the [WTO Director-General Roberto Azevêdo](#) recently noted, the COVID-19 crisis had caused dramatic supply and demand shocks in the world economy. These shocks are inevitably causing major disruptions to trade.

Furthermore, and more importantly, the attempts to deal with the COVID-19 crisis included many states taking trade-restrictive measures of many sorts. Those included [temporary export bans](#), export authorization requirements, and other export restrictions on various medical products and other products, including food products. Restrictions also included import restrictions, like those imposed by Russia and Brazil, and other various restrictions imposed by many states.

This was amplified by the fact that although many calls have ensued for a global response to the COVID-19 crisis, and despite the appealing nature of the argument that the COVID-19 crisis is a global crisis that needs a global response, [no such global response](#) seems to have been devised, or even seems to be prospected. Most measures taken by states were taken in an isolated manner without cooperation in fighting this worldwide pandemic. Big powers even seem to have attempted to use this crisis in tit-for-tat economic and diplomatic acts of hostility towards each other.

For example, [China expelled](#) US journalists working for the New York Times, Wall Street Journal and Washington Post on 18 March 2020, reportedly in response to similar US measures. Many states are imposing [export restrictions](#) on medical equipment, which hampers the global efforts, especially in developing countries, to face this crisis.

Even in the European Union, which is considered as the most integrated economic union, member states chose also isolation rather than cooperation to face this crisis. [Many member states](#) like Austria, Czech Republic, Poland, Slovakia, Denmark, Hungary, and even Germany, took a multiple of measures that, inter alia, restricted travel and move of goods from other member states. Despite [Italy's call](#) in the outbreak of the crisis for the EU to use its fiscal tools, including its bailout rescue fund, to mitigate the economic impact of the pandemic, this was met with much skepticism and never came into action.

Whether this stalemate will continue in near future is a question that is yet to be decisively answered. On one hand, there are good reasons to believe that it will. [First](#), the issue at stake does not only involve a financial crisis like that of 2008. Rather, it involves human lives. This makes states more keen on their individual interest than anything else, and makes them reluctant to sacrifice their people's lives by, for example, failing to keep life-saving equipment inside the country, for any other considerations like the flow of international trade or the interests of other countries.

Second, absent strong central international institutions, devising a global response to the economic effects of the crisis would not be an easy matter. The WTO, the international organization responsible for promoting free trade, is at its weakest time. Despite its [Director-General's](#) call for coordinated response, it seems [notably quieter](#) than it used to be at the time of the 2008 financial crisis for example. This is actually predictable, especially after the [Appellate Body's appointments](#) were blocked by the United States, halting its operations, and thus undermining the most important element in the multilateral trading system, i.e. law-enforcement.

This lack of centralized authorities also exists [even in the EU](#), the most integrated international organization.

Third, unlike in the past, the world lacks a leader that leads the way towards a global solution. This used to be the United States, which used to be the preacher of free trade. Now, matters have changed. [Donald Trump's trade adviser](#), Peter Navarro, stated that the crisis shows that "we cannot necessarily depend on other countries, even close allies, to supply us with needed items". It seems that the United States is not alone in this position.

On the other hand, strong arguments also stand for *the need for* international cooperation in facing the economic and other impacts of the pandemic. First, it is submitted that there is not trade-off between saving lives and maintaining international cooperation. On the contrary, this international cooperation is arguably necessary for solving this global problem. [Dealing with such a global crisis requires](#), inter alia, sharing information globally about the virus, coordinating global efforts to facilitate and accelerate the production and distribution of medical equipment, and reaching a global agreement on travel to allow “at least a trickle of essential travellers to continue crossing borders: scientists, doctors, journalists, politicians, businesspeople”.

[Second](#), global cooperation is extremely necessary especially for developing countries, which, in light of their limited capabilities and poor economies, will not be able to face this crisis alone. Especially in light of the increase of the prices of medical equipment due to export restrictions imposed. This actually threatens lives of millions of people that are more vulnerable to this crisis. However, this seems to be overlooked thus far.

[Third](#), despite the absence of strong international institutions, this did not in the past preclude states from cooperating in face of global crises, like the 2008 financial crisis. Some institutions, like the G-20 and the Asia-Pacific Economic Cooperation grouping of 21 economies, might be logical for a, although their role and impact is subject to skepticism.

In a word, despite the appealing factors that urge for a global cooperation in facing the crisis, it is likely that the current state of isolated solutions will continue. This, as mentioned, has devastating effects on globalization in the short-term, which might then be followed by other deeper effects on the longer-term. This will be explained as follows.

(2) Long-Term Economic Effects

The world will get over the COVID-19 crisis, sooner or later. When this happen, most of those extreme barriers that are in place now will be lifted. However, this does not mean that the world will return as it was before the crisis. Questions on how the world will look like in the aftermath of this crisis have sparked off intense debate and discussion, especially with respect to how the international economic order will run after the end of the crisis.

[Since 1980s](#), globalization was the prevailing trend in the international economic regime. Barriers to trade were substantially lifted, especially in many developing countries, leading to a surge in international trade, growing with an average of 6% in the [last 20 years](#). The WTO was established with a strong dispute settlement system. Capital controls were substantially removed and movement of capital became much more liberalized. Similar developments also occurred in free movement of persons.

[This led to](#) raising living standards around the world, reduced poverty and led to rapid growth, especially in developing countries that were more integrated in globalization. However, it was not free from shortcomings, including its impact on environment, labour and human rights. This led to backlash, which the current crisis might further support for the following reasons.

First, the COVID-19 has arguably revealed the fragility of the global supply chain. Since China is considered as the factory of the world, the outbreak of the virus in China, and its spread to other states, led to shortage in supply of goods, including essential goods like food and medical supplies, goods that are badly needed in this difficult time.

This situation is not likely to be accepted again, especially in the western world. “[It is certainly true](#) that a situation in which 97 per cent of all antibiotics in America are imported from China is never likely to seem acceptable again.”

This will also strengthen the position of politicians that have been calling for more protectionism and for dismantling the international supply chains and reliance on domestic production. For example, Peter Navarro, the White House’s trade and manufacturing adviser, stated that “in a global public health emergency, [the US is alone](#).”

This might lead to each state attempting to rely more on domestic production, leading to more protectionist policies and barriers to trade.

Second, those barriers would be easier to implement in light of the weak state of the WTO in present days, as stated above, especially after the blocking of appointments of the Appellate Body, turning the once-called ‘[the crown jewel of the multilateral trading system](#)’ into an inoperative body.

Third, this trend is not new. Backlash against globalization has recently gathered many supporters [from different sides of the political spectrum](#), from leftists who criticize international trade for not taking an action against, and even sometimes promoting, human rights violations and environmental destruction, to far right politicians who call for keeping refugees and illegal immigrants out, including those in power in world's superpowers. This pushed some to argue that globalization [had come to an end](#), even before COVID-19. The outbreak of COVID-19, partly as a result of globalization, might grow those voices even louder.

Fourth, this is especially true in light of the [trade war](#) that have been ensuing between the United States and China, which poses a major threat to globalization in its own right, given the large share of both states in international trade.

Fifth, the response to COVID-19 till now, in terms of fighting the virus or facing its economic consequences, provokes alarms about how the situation will be after COVID-19. Almost all measures taken to support financial markets, including measures to bail out companies, provide stimulus or support employees, were taken in the national level. Even in the EU, attempts to finance members' measures to combat COVID-19 through the issuance of so-called Corona bonds were opposed by many EU members. While there might be economic reasons for this, it was also motivated by skepticism that "[entails](#) a major political choice to transfer sovereignty, on a whole range of issues, from the national to the European level."

This shows skepticism about globalization on one hand. On the other hand, it will further strengthen the tide against globalization. When states affected find no support from the international community, they will realize that relying on other states and on the international community does not help in difficult times. This creates a negative sentiment against globalization and global cooperation in solving global problems, which is likely to extend to post-crisis times as well. It also strengthens sense of nationalism and gives louder voice to protectionists and populists.

However, those consequences are not undisputed. Many also believe that the current COVID-19 crisis will not, and should not, bring globalization to an end.

First, the crisis and the lack of supply of goods that it are arguably the results of [concentrated rather than international](#) supply chains. Companies used to allocate production based only on costs. Yet, crises “underline the need for companies to design their supply chains around risk competitiveness” not only cost. This should lead to diversification of supply chains, which is actually the exact opposite to localizing production. This is because crises do not necessarily originate abroad. [Crises could, in fact, occur everywhere.](#)

Second, despite growing criticism of free trade and free capital movement, it still has strong support, whether in ideology or in interest. Notions of free markets and free movement of goods and capital still gain strong support amongst many. Interests play a role as well. “Wall Street’s financial firms have obvious self-interest in a world of free capital mobility since it only enlarges the arena in which to make money. It is not surprising, therefore, that Wall Street has put its powerful oar into the turbulent waters of Washington political lobbying to steer in this direction.” (Bhagwati, 1998).

Third, protectionism and its related beggar-thy-neighbour policies are not the good policy to follow. In fact, they will lead to the exact results that they seek to avoid. For example, in the context of dealing with the COVID-19 crisis, protectionist export controls will raise prices, depriving states with essential goods they are in desperate need for. This may also “[fracture supply chains](#) and lead to the creation of higher-cost domestic capacity.”

Moreover, absent policy coordination after the crisis, states might seek to replace foreign demand, essential for recovery and generating jobs, with domestic production, through imposing tariffs and other trade barriers. “[This would launch another damaging round of beggar-my-neighbour policies](#), shattering supply chains, slowing recovery and thwarting the return of an open and dynamic world economy.”

[Fourth](#), history should be a lesson as well. Waves of globalization have been associated with high growth rates, declining poverty, and increasing efficiency and living standards. On the contrary, protectionism periods were accompanied with slow growth, less living standards, and, ironically, higher inequality. This is best exemplified by the aftermath of the great depression in the 1930s and the protectionist policies that distinguished this era.

In conclusion, while globalization has its shortcomings, this should be a basis for reforming the system and avoiding its shortcomings, especially in terms of equality,

environmental protection, human rights protection and diversifying supply chains, rather than collapsing it altogether. Yet, only future will tell which course will be taken.