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Deglobalization: The New Normal or the Need of the Hour?

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ABSTRACT

The COVID-19 pandemic has played a major role in every aspect of the world. This deadly virus has not only been a threat to humans and affected their life, it has also affected the health of the world economically to a very great extent. With the advent of this virus followed a lockdown, where the people all across the globe were constrained to their own homes and the freedom of their movement was restricted as this virus possessed to be a grave threat to mankind. These pandemic lockdown phases caused a downfall in the economy which further led to recession, unemployment, decrease in the trade globally and much more. The world was no more following the process of globalization in this era because each nation-state was concerned with their personal progress and profitability rather than focusing on these aspects globally. Hence, the process of deglobalization had taken over. However, since change in times need change in ways, we have to adapt ourselves to a more well-structured and refined method of globalization – Deglobalization. This paper aims to explain the effects of COVID-19 on the global front and further aims to explain as to why the process of Deglobalization should be adhered to on the global front. The research methodology adopted in order to carry out this paper pertains to analysis and review of various literature.

Keywords: *Deglobalization, Globalization, COVID – 19, Economy, Digitization, Global Supply Chain.*

I. INTRODUCTION

SARS-CoV-2 virus, began merely as a lung disease that emerged from Wuhan, China, around late 2019. In a short span of time, this disease spread globally causing grave concern to the people not only in China, but across the globe. By the beginning of 2020, myriads of lives were lost due to this virus, as the cure for this virus was not known to man. On 11th March, 2020, the World Health Organisation (WHO) declared the outbreak of the novel coronavirus (COVID-19) to be a global pandemic.^[1] This pandemic affected the world socially and economically to a great extent by causing a grave influence in the functioning of people and organizations. It brought with it a need for change. It led to the change in the economy, it

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uplifted the world technologically and we had to perceive life like we never had before, by being constrained in our own homes. The dynamics of the world-economy was impacted and in turn, led to its restructuring which further developed to be the major cause of “Deglobalisation”.

This paper is divided into three parts – Part I is the introduction as already discussed. Part II discusses the effects that the COVID-19 pandemic had on the global front. Part III explains the difference between the process of globalization and deglobalization, concentrating most importantly on the deglobalization aspect and what is its scope and PART IV is the conclusion which gives the answer to the research question – whether the deglobalization process is merely a need of the hour or the new normal. It elaborates on the concept of deglobalization and states how it is the new normal and not just the need of the hour.

II. THE EFFECTS OF THE COVID-19 PANDEMIC ON THE GLOBAL FRONT

The COVID-19 pandemic not only affected the lives of people all over the globe, it also affected the health of the world economy. During these turbulent times, it was as if the world came to a standstill. The pandemic induced lockdown demanded a strict stay at home policy. The World Health Organization (WHO) reprimanded people from moving around and that people should stay confined to their homes keeping in mind their safety, as the threat of this virus affecting them was very large and the repercussions could lead to death.^[2] The COVID-19 pandemic has affected each and every aspect of the world. A few of the major effects that the pandemic has on the global front are – Economy, Global Supply Chain and Digitization.

(A) Economy

The ideal scenario for any country would be sustainable economic growth. Due to the stay-at-home policy that was strictly being adhered to, the economic activity levels reduced significantly. This reduction in the economic activism levels gave rise to slower growth which consequently led to recessions. The threat of the virus changed the consumer behaviour because of which the market structure was affected.^[3] Since the demand rate dropped, the supply rate followed, in accordance to the general rule of economics “Demand creates Supply”. Since there was no demand from the side of the consumer, the question of supply did not arise because the situation at hand posed to be a great threat to mankind.

“The likely consequence of the growing crisis of the world economy will be the increase in the intervention role of states and international financial institutions. Shielding economy packages that give the opportunity to: postpone loan and tax repayments, take over part of the employment or social security costs by the central budget, grant state aid, are introduced by

governments of many countries.”^[4]

A lot of industries nearly shut down at the onset of the COVID-19 pandemic. Some of the most affected areas of the economy were the travel sector, the hotel industry, eateries, gyms, salons, galleries, museums. However, it is to be taken into consideration that while some of the businesses in the market economy were facing a downfall, some of the business in the market economy were blooming. The pharmaceutical industry saw an increase in their profits, the hospital industry saw a rise in profit on their part too, this was due to the fact that every individual was concerned about his own life, the lives of his loved ones and the people around him. On the other hand, e-commerce business sectors like online shopping, online education, online remote work, online entertainment took the top road.^[5] However, the overall impact on the economy is protracted as a result of bankruptcies, disruptions in supply chains and high unemployment.^[6]

(B) Global Supply Chain

The COVID-19 pandemic is a threat to mankind in itself; however, it is not the first time that the world is facing such a disaster. There are various other disasters such as tsunamis, floods, earthquakes, the 2003 SARS outbreak in China, to name a few, nevertheless what needs to be considered is the magnitude of these disasters. These natural calamities are limited to a specific area and for a limited period of time, therefore, it is not a tedious task to reform their economy in case of a downfall. But, amidst the COVID-19 pandemic, the area affected is not in anyway limited to a specific area, it concerns the whole world at large and for this reason it is considered to be a global issue. Consequently, the COVID-19 pandemic has disordered not only the local supply chains but has muddled the global supply chains. This gives rise to a tremendous change in the need for supply due to the variation in demand. The most affected by these changes are the small and medium-sized enterprises as compared to the large-scale enterprises.^[7]

(C) Digitization

The duration of the pandemic was unknown to man. When the Spanish flu broke out in the year 1918, the people were confined to their homes but with no other option. As we have progressed with time, we have technologically advanced, the change in times has brought the change in ways. Amidst the pandemic the world was running on a virtual mode, everything was shifted to the online mode from the physical mode. Different sectors such as businesses, food deliveries, online restaurants known as cloud kitchens developed, to the extent that cultural events were being held through the online platforms and people were able to enjoy this from the comfort of their home. Social media was utilised by people to raise awareness of the

pandemic and what are the means and measures required to tackle it.

The biggest sector that used the virtual mode was the Education Sector. Since, the children of young age, were one of the categories of people, who were most prone to the virus, schools and universities remained shut for over a year. Due to this the education sector adopted a new approach and utilized the mode of e-learning, by switching to an online mode of education. Similar steps were taken by the sectors that dealt with administrative works, they too switched to an online mode – e-administration, where the administrative activities were being conducted online.^[8]

III. DEGLOBALIZATION

To understand the concept of deglobalization, the concept of globalization should be first comprehended. “Globalization is a term used to describe how trade and technology have made the world into a more connected and interdependent place. Globalization also captures in its scope the economic and social changes that have come about as a result.”^[9] It is a process that showcases the relationship of interdependence between the countries across the globe. The main aspect of this process is that, this process involves the integration of economies all around the world through the movement of goods, services and capital. It also includes the interaction and movement of people from one country to another in pursuit of a job to earn a livelihood or various other means. It also pertains to various cultural, political and environmental dimensions.^[10]

Deglobalization on the other hand, is defined as, “A process of reversing or decreasing interdependence and integration among the countries.”^[11] It is the procedure by which the nation-states of the world further their dependency on themselves rather than depending on various other nation-states.

The term “Deglobalization” was coined by author Walden Bello in his book “Deglobalization: Ideas for A New World Economy”.^[12] The main objective from the country’s perspective should not be to eliminate themselves from the world economy but to restructure themselves in such a way, so as to strengthen their own economies rather than depending on the economy of the world at large, for their progress.

IV. CONCLUSION

Many scholars and authors are of the belief that globalization is the right process that has to be utilized to carry forward the world economy post COVID-19 and perceive the process of deglobalization as more of momentary approach. They are very critical of the whole

deglobalization process. Consequently, Walden Bello's approach seems to be more sustainable in the long run as it does not require the nation-states to completely eliminate itself from the world economy rather just needs to be restructured in order to strengthen the political system and economy by giving it importance at the local and national level along with the global front.^[13]

According to Bello, to carefully understand the concept of deglobalization, we have to analyse that it is an interlinked process. Firstly, it should be understood that the future of globalization and its different phases. Secondly, to deconstruct, confront, resist, slow and obstruct the expansion of globalization. Thirdly, to build alternatives to the process of capturing capital across the world.^[14]

“Just as degrowth invites us to imagine a society of prosperity without growth that degrades nature, deglobalisation calls on us to think of a kind of globalisation that is for the people, and not for banks and transnational corporations.”^[15]

Deglobalization process does not ask for elimination or eradication of the process of globalization, rather it seeks to adapt to an approach to “restructure” the globalisation process to include regional integration. It seeks to improve the take on sovereignty of the nations on a global front. However, the deglobalization is not limited to the action of nations (states). The main objective of this approach is to maintain a relationship of solidarity and fraternity among all nations and eliminate the borders to allow free circulation of individuals irrespective of their nationality, religion, culture and other discriminating factors. “Deglobalization does not seek to replace the homogenising model of globalisation with another model that can be universally applied to all countries and communities. Deglobalizing means embracing diversity. It promotes a form of integration that respects and promotes multiple visions and forms of self-determination.”^[16]

Thus, deglobalization is not the need of the hour rather it is the new normal that we must adopt and follow.

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