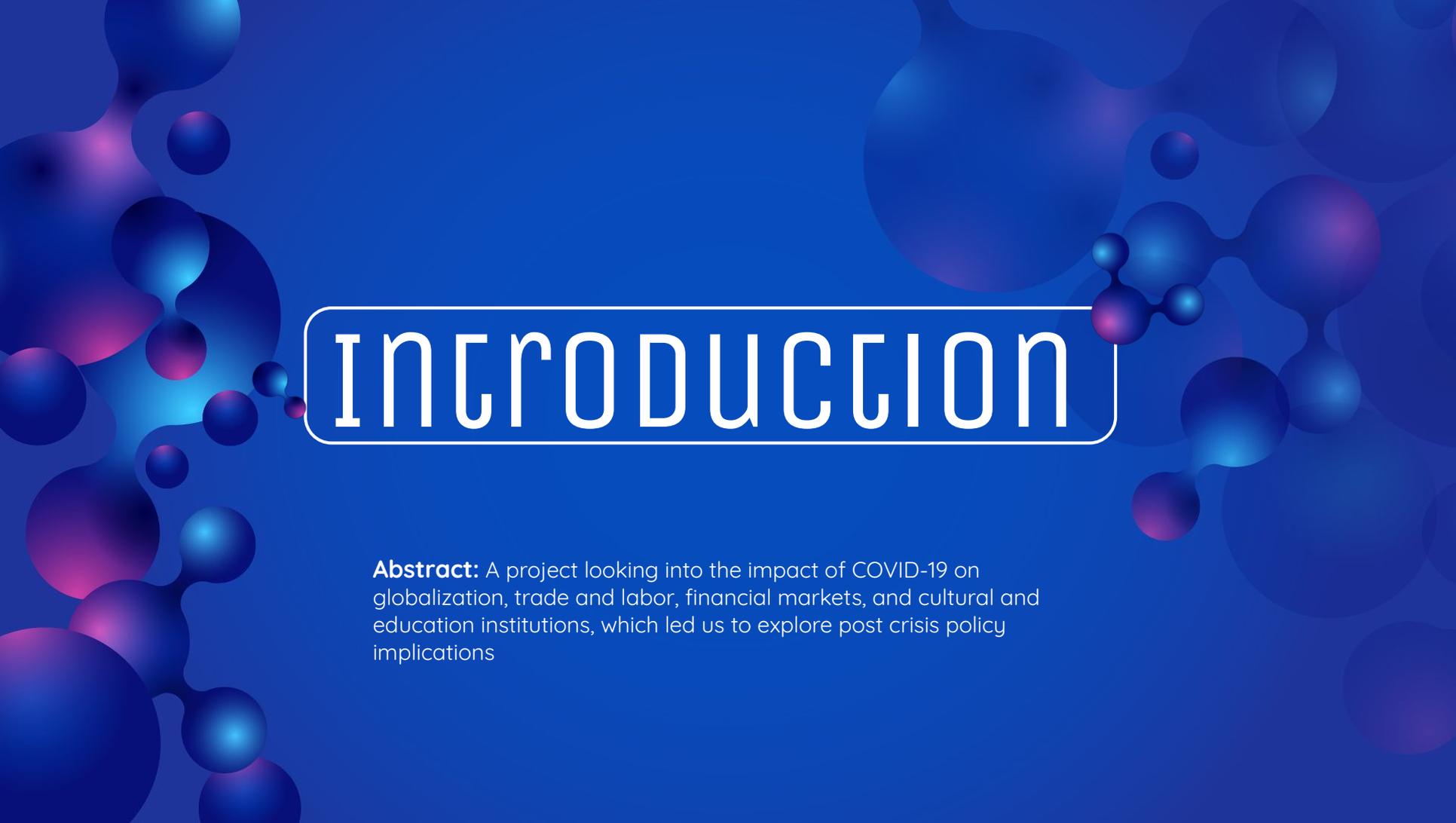




PANDEMICS AND GLOBALIZATION: ECONOMICS, CULTURE AND POLICY

Team SEGL+:

Fabriciana De Soriano, Isabel Gray,
Torin Harris, and Zain Blair



INTRODUCTION

Abstract: A project looking into the impact of COVID-19 on globalization, trade and labor, financial markets, and cultural and education institutions, which led us to explore post crisis policy implications



01

GLOBALIZATION: DEFINITIONS, HISTORY &
INSTITUTIONS

Fabriciana, Isabel, Torin & Zain

analysis:

PANDEMICS: 1918 - 2019

As cities have become greater hubs of transportation, growth, and trade, they have become petri dishes for pandemics. Although not necessarily economic in nature, pandemics have received support from multilateral and international institutions such as IMF, WB, WHO, and the UN. Pandemics have long lasting results with the Spanish Flu impacting even the 1980s.⁴

GLOBAL INTERCONNECTIVITY; 1918 - 2020

International banks have been crucial in global recovery after WWII. They promote interconnectivity among countries despite differences they may have. Banks and other financial organizations may not seem crucial in our daily lives, but they are always the support system in times of global disruption. Global institutions are critical for maintaining global stability, especially in their ability to support risk and to provide protections for smaller, poorer countries. During a pandemic, the trade of goods is less important than the trade of ideas, solutions, and policies.



KEY POINTS

International institutions have been created such as Bretton Woods, IMF, WB, WHO, and the UN

These multilateral and international institutions responded to global crises in the past

There is an intersection between natural disasters and manmade economic crises



SUBTOPICS

IMF and WB: helping developing countries strengthen their pandemic response and health care systems

WHO: directing normative functions

BRICS: main engines of global economic growth over the years and responsible monetary policy

AIB: improves social and economic outcomes

TOPIC 1 CONCLUSION:

POSSIBLE SOLUTION 1

Stabilize the economy through continued support and injection from central banks, with lower interest rates to avoid depression, while supporting the free exchange of ideas and solutions about policy

POSSIBLE SOLUTION 2

International organizations (bilateral) offer promise. Creating a new organization and naming it the Interconnected Independence Policy Organization (IIPO) to work with New Development Bank (NBD) and the Asian Infrastructure Investment Bank (new multilateral), IMF, WTO and WB to oversee sound government policies, will help to create sound benefit.

TOPIC 1 CITATIONS

1. <https://foreignpolicy.com/2020/04/17/globalization-trade-war-after-coronavirus-pandemic/>
2. <https://blogs.imf.org/2020/06/24/reopening-from-the-great-lockdown-uneven-and-uncertain-recovery/>
3. <https://time.com/5838751/globalization-coronavirus/>
4. <https://blogs.worldbank.org/education/impact-covid-19-labor-market-outcomes-lessons-past-economic-crises>



02

TRADE AND LABOR REPERCUSSIONS

Torin

PAST DISRUPTION OF PANDEMICS TO LABOR AND TRADE MARKETS (ANALYSIS)

EX. CHOLERA NYC 1832

Those who were the wealthiest left for the countryside.

Little to no business left for merchants who remained in NYC.

More low-skilled jobs became available in the city.

A human instinct to flee.

REPERCUSSIONS



disease



leaving



fiscal disruption

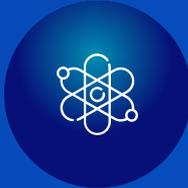
Diseases like these take place in their own personal context with the policies of the time. Although sickness itself doesn't respond to policies being made by a government, it is their economic approach/preparedness to a situation that determines the severity of repercussions.

Will a society value the health of their citizens over economic recovery?

consequences

Immediate

- Unemployment rates skyrocketing
- Could evolve from deep recession into depression
- The “flow” of workers and remittances plummeting
- Societies reverting to protectionist ideals for speedy recovery



Long Term

- Widen human capital disparities, deskilling of labor force
- Child labor rates could grow as a response to struggling markets and unemployment rates
- Create higher rates of youth leaving school impacting future income and job opportunities (creating cycle)

KEY POINTS AND FUTURE POLICY

Goal: limit disparities between social groups in the labor market (especially between educated and less educated workers).

Goal: prevent our country from reverting to protectionism to sustain production of goods.

Goal: specifically target foreign direct investment from falling by providing more incentives to not withdraw funds.

SOCIETAL

NATIONAL

GLOBAL

TOPIC 2 CONCLUSION:

POSSIBLE SOLUTION 1

Invest in risk groups to keep education equitable and stop future return to education rates from plummeting.

This will help maintain a strong labor force and prevent a cycle of forming that puts less educated workers at even more of a disadvantage.

POSSIBLE SOLUTION 2

Create clearer standards for borderless communication and exchange.

By laying out a more concrete plan for alternative ways of communication and exchange, it will make it easier for a “flow” of labor and goods to continue if a pandemic or event like this were to happen in the future.

TOPIC 2 CITATIONS

1. <https://blogs.worldbank.org/education/impact-covid-19-labor-market-outcomes-lessons-past-economic-crises>
2. <https://www.washingtonpost.com/graphics/2020/world/coronavirus-pandemic-globalization/>
3. <https://time.com/5799582/epidemics-economies-history/>
4. <https://www.brookings.edu/research/life-after-coronavirus-strengthening-labor-markets-through-active-policy/>
5. <https://foreignpolicy.com/2020/04/15/how-the-economy-will-look-after-the-coronavirus-pandemic/>
6. <http://www.oecd.org/coronavirus/en/>
7. <https://www.chathamhouse.org/expert/comment/imf-needs-new-thinking-deal-coronavirus>
8. <https://www.bbc.com/news/business-51706225>

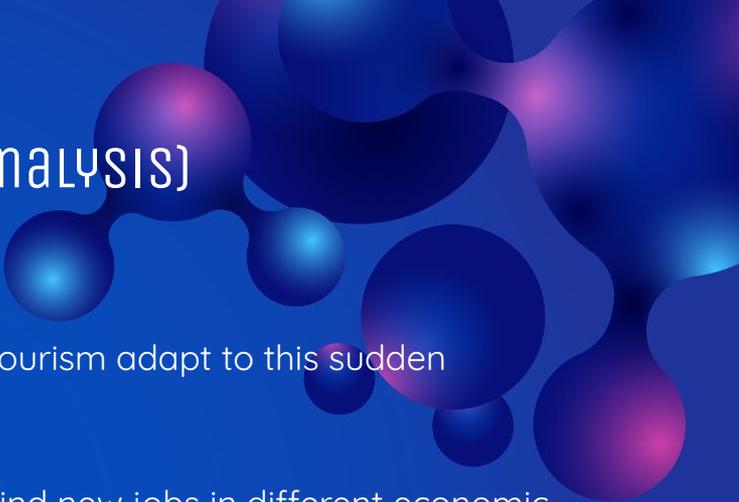


03

FINANCIAL MARKETS

Zain

INTERNACIONAL FINANCIAL REPERCUSSIONS (ANALYSIS)



- How will/are countries whose economies were driven by tourism adapt to this sudden decline in tourism?
 - Relying more on factories/manufacturing of goods
 - Employees in the tourism industry have to adapt / find new jobs in different economic sectors
- How will a decrease in trade because of the virus affect all countries involved in the global market?
 - Instead of having specified goods coming out of each country, individual countries will have to manufacture a larger variety of goods
 - There will be a decrease in cultural variation in goods and services provided

FACTORS TO CONSIDER

LOSS OF TOURISM

Employees in the tourism industry have to move in to different economic sectors

01

02

ROLE OF BANKING IN RECOVERY

Loans will play a big part in allowing everyone to get back on their feet after the virus



STABILIZING MARKETS

Re-establishing a greater level of trade between countries hit hardest by the virus

04

03

POST-COVID

Less interdependent trade deals; more internal economic variation

TOPIC 3 CONCLUSION:

POSSIBLE SOLUTION 1

Rely less on tourism and tourism related industries to produce a majority of the national capital.

Citizens previously employed in this sector have to find new jobs.

POSSIBLE SOLUTION 2

Inject more money into manufacturing sector to boost employment and production rates.

More variety of what is being manufactured within a country's borders rather than being traded for.



TOPIC 3 CITATIONS

1. <https://blogs.imf.org/2020/04/14/covid-19-crisis-poses-threat-to-financial-stability/>
2. <http://www.oecd.org/coronavirus/policy-responses/global-financial-markets-policy-responses-to-covid-19-2d98c7e0/>
3. <http://www.amcham-egypt.org/bic/pdf/corona1/What%20Coronavirus%20Could%20Mean%20for%20the%20Global%20Economy%20by%20HBR.pdf>



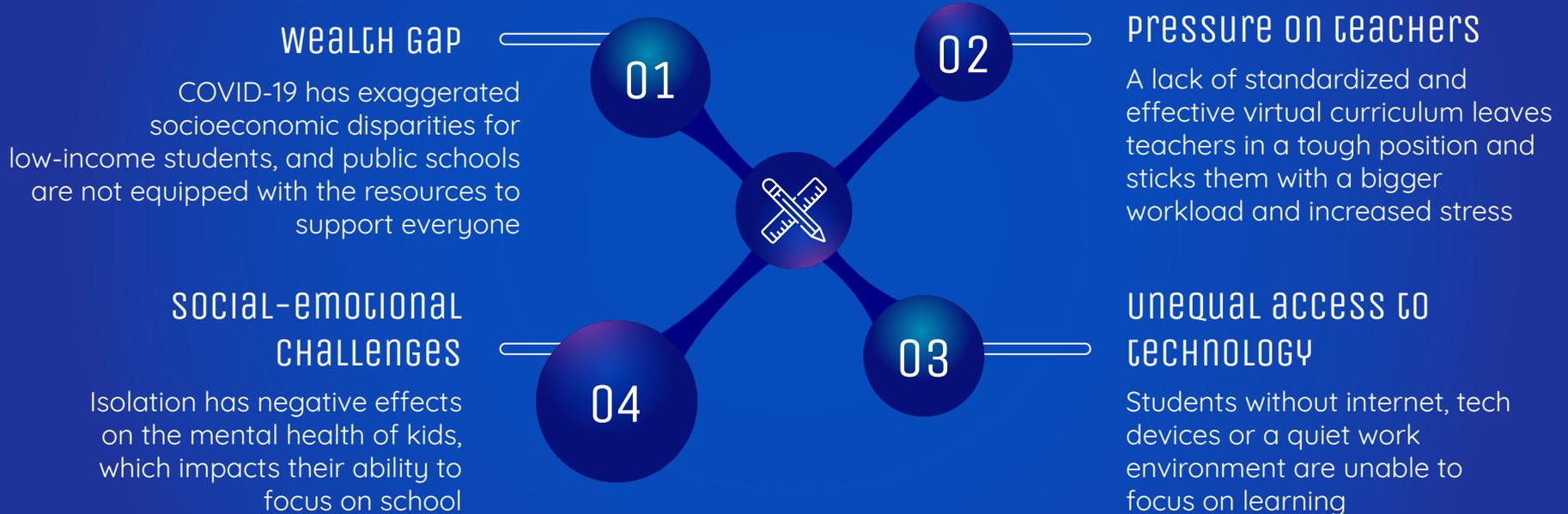
04

CONTEXT OF GLOBALIZATION

~ EDUCATIONAL + INFORMATIONAL CHALLENGES ~

Isabel

EDUCATIONAL BARRIERS OF a PANDEMIC (ANALYSIS)



CONTROVERSY AND DIVISION (KEY POINTS AND SUBTOPICS)

SOCIAL

- The circulation of divisive comments and misinformation on social media platforms
- Disagreement on social expectations, such as mask-wearing and social distancing
- Debate over the best option for education--⁴ online school was not effective this past Spring⁵



POLITICAL

- Political disagreement on the best ways to handle the pandemic
- “Value over Valuation”-- the prioritization of the economy over inequities
- False information about coronavirus feeds panic and is a reason behind the rising case numbers

TOPIC 4 CONCLUSION:

POSSIBLE SOLUTION 1

In order to reduce educational gaps, we need to implement concrete and achievable plans to provide students with equal technological resources on a national level.

By ensuring access to internet and devices, students will have a better school experience while learning is asynchronous.

POSSIBLE SOLUTION 2

Enforce laws to control the spread of coronavirus and allow for in-person learning and work as soon as possible. A comprehensive national plan is needed for the security and safety of the country.

By mandating masks, doubling-down on social distancing and making COVID-19 tests available, the US government can fulfil the duty to actively combat the pandemic and protect American families.



TOPIC 4 CITATIONS

1. <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>
2. <https://www.mckinsey.com/industries/public-sector/our-insights/lessons-from-the-past-on-how-to-revive-the-us-economy-after-covid-19>
3. <https://economicstrateguagroup.org/wp-content/uploads/2020/06/Promoting-Economic-Recovery-After-COVID-0615-FINAL.pdf>
4. Eva Jenkner, A. (n.d.). Educating Children in Poor Countries. Retrieved August 30, 2020, from <https://www.imf.org/en/Publications/Economic-Issues/Issues/2016/12/30/Educating-Children-in-Poor-Countries-16604>
5. Document Detail. (n.d.). Retrieved August 30, 2020, from <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/266811584657843186/rapid-response-briefing-note-remote-learning-and-covid-19-outbreak>



05

POLICY RAMIFICATIONS AND REFORMS

Fabriciana

POST-CRISIS POLICY IMPLICATIONS (ANALYSIS):

HOW AND WHY WILL THERE BE NATIONAL, REGIONAL, AND GLOBAL POLICY REFORMS & CHANGES?

Banks have faced moral hazards when confronted with liquidity shocks; however, unobservable effort can help overcome these shocks.¹ Since the Fed was created in 1913, financial and economic crises have become more damaging, longer lasting, and costlier.² What are the possibilities of a bank collapse and how can we work to avoid it?

BASED ON THE 2008-2009 FINANCIAL-AID SOCIO ECONOMIC REFORM, WILL 2020 BRING ABOUT A NEED FOR NEW POLICIES IN GLOBAL COMMUNICATION, TECH, TRADE, FINANCE AND INSTITUTIONAL COOPERATION?

Using 2008 as warning, the following must be taken into consideration. Globalization was already in decline well before the outbreak, having reached its peak before the 2008 global financial crisis (which was blamed on globalization), causing it to have never recovered since then.³ Within this framework we derive two main results. First inter-bank market collapse is an equilibrium. Second such an equilibrium that is more likely when (i) the individual probability of the liquidity shock is lower, (ii) ex ante competition between banks on illiquid long term assets is larger. In the wake of the global financial crisis, the 2009 joint statement contained strong declarations on the value and requirement of coordinating financial policy through the G20.⁴

KEY POINTS

The 2008 financial crisis brought about economic and financial reform.

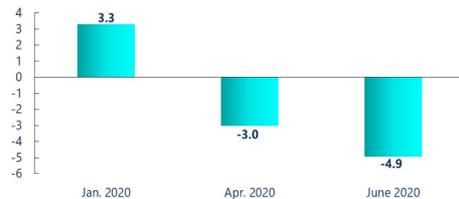
COVID-19 may call to action further reform and global cooperation, for example with technological and scientific collaboration.

For example, cultural and economic policies may be reformed, following the worst recession of the past 2 centuries₅

A deeper recession

The Great Lockdown has triggered the worst recession since the Great Depression.

(global real GDP growth, 2020, year-on-year percent change)



Source: IMF, *World Economic Outlook*.

SUBTOPICS

Financial regulation: national due to nationalization of production, and the stress on the notion of international interdependence₈

Educational: hybrid model

New technologies: policies for contact tracing

Humanities: policies for protection

Post COVID-19 policy models: multilateral

TOPIC 5 CONCLUSION:

It is extremely important to consider the global implications of a central bank collapse and the measures that can be taken to prevent it. The current crisis is unprecedented because it combines a fall in global demand, tighter financial conditions and a major supply shock. The response needs to consider how to socialize the losses, how to prevent a collapse of the financial sector, how to protect jobs and livelihoods, and how to manage and divest the assets that will inevitably end up in the hands of the state. „The nature of globalization’s next phase—and the precise contours of a more selective pattern of cross-border engagement and interdependence after the pandemic—will be the larger question against which many of the most important political debates of the coming years will play out.

POSSIBLE SOLUTION 1

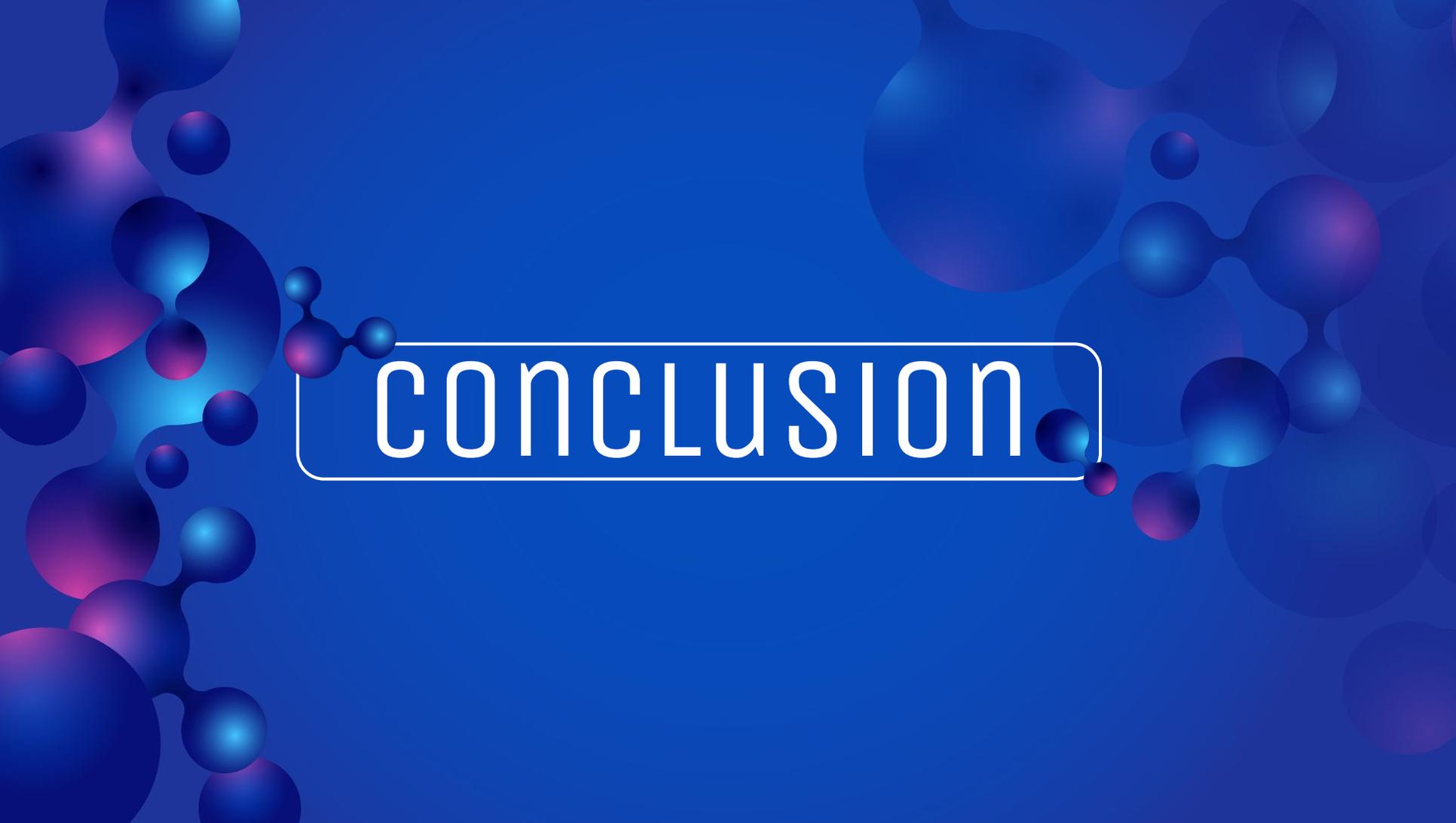
“Our first order of business is to address the global health and economic emergency. Beyond that, the global community must unite to find ways to rebuild as robust a recovery as possible to prevent more people from falling into poverty and unemployment,” said World Bank Group Vice President for Equitable Growth, Finance and Institutions, Ceyla Pazarbasioglu. The transparency of all government financial commitments, debt-like instruments and investments is a key step in creating an attractive investment climate and could make substantial progress this year.

POSSIBLE SOLUTION 2

Over the medium term, banks may seek to recoup lost profits by taking excessive risks. If so, vulnerabilities could build in the banking system, sowing the seeds of future problems. Authorities can implement a number of policies to help mitigate vulnerabilities arising from excessive risk taking and ensure an adequate flow of credit to the economy, including the removal of structural impediments to bank consolidation, the incorporation of a low-interest-rate-environment scenario on banks’ risk assessments and supervision, and the use of macroprudential policies to tame banks’ incentives for excessive risk taking. 6

TOPIC 5 CITATIONS

1. Taskinsoy, J. (2020, May 11). COVID-19: Is the Great Outbreak a Sign of What the Future Has Stowed for the Human Race? Retrieved August 30, 2020, from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3597434
2. Kharroubi, E., & Vidon, E. (2010, September 17). Liquidity, Moral Hazard and Inter-Bank Market Collapse. Retrieved August 30, 2020, from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1677947
3. World Bank Group. (2020). The Economy in the Time of Covid-19. Retrieved August 20, 2020, from <https://catalog.princeton.edu/catalog/11941982>
4. Reopening from the Great Lockdown: Uneven and Uncertain Recovery. (2020, June 25). Retrieved August 30, 2020, from <https://blogs.imf.org/2020/06/24/reopening-from-the-great-lockdown-uneven-and-uncertain-recovery/>
5. Global Financial Stability Report: Markets in the Time of COVID-19. (2020, April 01). Retrieved August 30, 2020, from <https://www.imf.org/en/Publications/GFSR/Issues/2020/04/14/global-financial-stability-report-april-2020>
6. How the BRICS Got Here. (n.d.). Retrieved August 30, 2020, from <https://www.cfr.org/expert-brief/how-brics-got-here>
7. COVID-19 to Plunge Global Economy into Worst Recession since World War II. (n.d.). Retrieved August 30, 2020, from <https://www.worldbank.org/en/news/press-release/2020/06/08/covid-19-to-plunge-global-economy-into-worst-recession-since-world-war-ii>
8. Fontaine, R. (2020, April 17). Globalization Will Look Very Different After the Coronavirus Pandemic. Retrieved August 30, 2020, from <https://foreignpolicy.com/2020/04/17/globalization-trade-war-after-coronavirus-pandemic/>
9. Fontaine, R. (2020, April 17). Globalization Will Look Very Different After the Coronavirus Pandemic. Retrieved August 30, 2020, from <https://foreignpolicy.com/2020/04/17/globalization-trade-war-after-coronavirus-pandemic/>

The image features a dark blue background with a pattern of glowing, semi-transparent spheres in various sizes. Some spheres are connected by thin lines, resembling a molecular or network structure. The spheres have a gradient from dark blue to a lighter, almost white glow. In the center, the word "CONCLUSION" is written in a white, uppercase, sans-serif font. The text is enclosed within a white, rounded rectangular border that has a slight shadow effect, making it stand out against the background.

CONCLUSION



CONCLUSIONS

We are fortunate to not be in a depression or a currency crisis right now. We have learned much from the Spanish Flu and Asian Currency Crisis. We recommend creating a new organization and naming it the Interconnected Independence Policy Organization (IIPO). Also, we should continue to apply the OECD's suggestion to "Applying a youth and intergenerational lens in crisis response and recovery measures across the public administration."



THANKS

SPECIAL THANKS

- Professor
Finel-Honigman
- POSS Support Staff
- Alison Pratt, SEGL

CREDITS: This presentation template was created by Slidesgo, including icons by Flaticon, and infographics & images by Freepik.

Please keep this slide for attribution.