



# **Globalization in the Time of the Coronavirus Pandemic: From the Erosion of the Nation - State to the Crisis of the Global Society**

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**Abstract:** This paper discusses the main structures and processes of globalization in the context of the coronavirus pandemic. It begins by revisiting the historical processes that have led to interstate economic, cultural, political, and security interdependence, and the consequent erosion of the capabilities of nation - states. The paper then proceeds to examine the inability of global institutions to cope with the pandemic, which has demonstrated that the nation – state remain the primary actor at the global political map. Yet, the discussion also shows that there is no viable alternative to global interdependence, and there is the resultant need for a more effective transnational governance.

**Keywords:** Globalization, pandemic, coronavirus, nation – state, global governance, crisis.

## **Article History**

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## **1. INTRODUCTION**

It has been said that high expectations produce deep frustration. This phrase has found its empirical instantiation in the recent disappointments with the outcomes of globalization. The past few decades have been characterized by a great enthusiasm for globalization, where the world, in the form of a “global village,” (McLuhan & Powers, 1992) would be able to respond to challenges in ways that had not been seen in the earlier eras of human societies. Yet, the outbreak of the coronavirus pandemic has shown that globalization is not a panacea for the world's ills. On the contrary, the pandemic has revealed the unpredictable and often contradictory consequences of global interconnectedness. The discussion that follows argues that the pandemic has indeed demonstrated the ongoing centrality of the nation-states at the level of global politics. Yet, it also concludes that there will be no permanent reversal of the trends of economic integration and cultural exchange. The first task is to provide conceptual clarity and situate the discussion in the historical context by revisiting the emergence of patterns of social interaction that are grouped under the term “globalization”.

## **2. GLOBALIZATION AND THE EROSION OF THE NATION-STATE**

Although there are different understandings of the concept of globalization, at the most basic level, it signifies the process of creating new, multiplying and expanding social networks and activities. David Held (1997) thus understands globalization as “the expansion and the deepening of social relations and institutions in space and time that make daily activities increasingly influenced by the events that take place on the other side of the world” (p. 310).

Globalization includes two interrelated elements: the openness of international borders to increasingly fast flows of goods, services, finance, people and ideas; and the changes in institutions and policies on national and international level that facilitate or promote such flows. As patterns of human interaction assume transnational forms, they create a new demand for governance, to be addressed with what Ulrich Beck has termed “institutionalized cosmopolitanism” (Beck, 2007, p. 9). This globalized governance signifies the emergence of the various transnational institutional forms, from non - state political actors, to global agencies and judicial structures.

Globalization can be disaggregated into “three general aspects” (National Geography Encyclopedia, 2020). The first one is cultural, which speaks of cultural interdependence, and the potential emergence of a global culture. The second one is economic, and deals with trade and financial integration, along with the reduction of the impact of government policies in the economy. Finally, the

political/legal aspect relates to the role of a state in a globalized world. All three aspects are driven by the development of new technologies, such as the internet, satellite, and high – tech computers. The inevitable and the most significant changes in the globalization process are evident in the field of economics and politics, and to a lesser extent on the cultural plane, therefore the following two sections discuss the economic and political aspects in greater depth.

## **2.1. ECONOMIC ASPECT OF THE GLOBALIZATION AND EROSION OF THE NATION – STATE**

Economic globalization refers to strengthening and expanding of economic relations worldwide. International economy, in the era of globalization, has become closely integrated in a system based mainly on global production and global finances aided by the global economic institutions and their agencies. Thus, the end of the Cold War increased the power of the international economic system by emphasizing the role of two main actors of economic globalization: Multinational corporations (MNCs) and international economic institutions. Global economy knows no boundaries and operates as if there are no political barriers. All that is happening in the name and for the benefit of the world community. The roots of globalized economy, according to Baalam and Dillman (2014), can be found "in the early 1980s when U.S. President Ronald Reagan and British Prime Minister Margaret Thatcher popularized the ideas and policies associated with economic liberalism and free trade" (Baalam & Dillman, pp. 17 - 19), whereupon, in the late 1980's and through 1990's many of the newly industrializing countries in East and Southeast Asia integrated themselves into the new global economy.

Economic globalization is offered as universal, benevolent, self – understanding, systematic, scientifically legitimate and justified. Still, many dramatic events and the phenomena of the modern world showed how the new management and the new knowledge economy, through sophisticated and coarse practices, is transformed into the dangerous and largely deceptive ideology, which rests on pure commercial interests and consumerism.

For this aspect are particularly noteworthy the activities of international economic institutions such as the World Trade Organization (WTO), the International Monetary Fund (IMF) and the World Bank Group. The establishment of the International Monetary Fund (IMF) and the World Bank as a result of the conference in Bretton Woods in 1944, and after that, the General Agreement on Tariffs and Trade, (GATT) in 1947 are important moments of the economic globalization, especially, considering their main task to "create more peaceful relations between states that traded with one another" (Baalam & Dillman, p. 19)

It is widely known that these organizations undoubtedly affect the globalized economy nowadays by involving 95 – 100% of the total number of countries worldwide in their activities. Their main task is to implement and supervise the common global economy rules and policies that all countries are

expected to follow. For example, WTO has about 160 members today (covers approximately 95% of world trade) and the IMF today has 189 members (same as the World Bank), with its mission to “foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world” (International Monetary Fund, 2020). On the other hand, the main objectives of the World Bank are reduction of poverty and improvement of living standards among its member states. (World Bank, 2020)

So how can all this be connected with the nation - state? First and foremost, traditional economic assumptions that the state encompasses a national economy, that international economic activity takes place between such national economies, that international trade takes place between national firms, and that the primary function of international financial transactions was to facilitate trade, in the era of globalized economy, are no longer valid. Globalization has encouraged the development of a global capitalist economic system in which every country has a stake. Capra (1983) claims that this is because world systems are “integrated wholes whose properties cannot be reduced to those of smaller units (such as nation states)” (p. 15).

In the book *Losing control? Sovereignty in an Age of Globalization* (1996) Dutch – American sociologist Saskia Sassen, argues that economic globalization has contributed to a “denationalization of national territory, in a highly specialized and functional way” (Sassen, p. 33), caused mainly by international corporate practices. The author identifies two important moments of influence of the global economy on nation state, both based on practices of MNCs. First, MNCs, although they are multinational (which is opposite to the traditional concept of mono - national corporations) are highly centralized, and, second, despite this, globalized companies are not strengthening countries in which they are established.

The first implication is connected with the fact that multinational corporations are relying on themselves and not on the countries where they are situated or have affiliates. In such conditions, they are focused on strengthening their own establishments, hierarchies of control, and degrees of autonomy. Yet, these central functions are disproportionately concentrated in the national territories of the highly developed countries. This means not only that a single state is not able to tackle this, but also the necessity to include all the top - level financial, legal, accounting, managerial, executive, and planning functions of the company, nationally and worldwide, in order to run a corporate organization properly.

Involving all these national and international actors, the company is confirming its global position and excludes the possibility of national domination in its central structures and processes. This is creating what the author names a “space economy” (Sassen, p. 10), which affects the state in the way that one has lost its significance on its own companies and their transactions. The second important moment of the space economy is the influence of international institutions; whose influence we have already presented.

With such a thesis, we can see that Sassen expanded the thesis of the role of MNCs on the erosion of the nation – state, which is the one that most authors agree with. The thesis is summarized by the former Malaysian prime – minister Mahathir Mohamad, who claimed that international economic giants are not only much bigger than developing countries, but also that such giants have an aspiration to enter those countries. Once this is achieved, “local businesses will simply shut down”. Furthermore, although their intention is not to influence the state – policies, “the temptation to interfere with local politics may be too great for these foreign giants to resist” (Mohamad, 2002, p. 134).

Raghavan (1996) expresses the significance of MNCs in terms of influence, estimating that MNCs account for around one - third of total world economic output and control around “two - thirds of the world economy” Based on liberal aspirations of the liberation of the economy from the influence of the state and relying on the aforementioned corporate practices and the influence of international organizations, globalization, in economic sense has contributed to the erosion of the nation – state and the strengthening of global interdependence. From this point of view, we need to agree with scholar Thomas Friedman, who was concerned about the extent to which globalization has a homogenizing effect on societies around the world.<sup>i</sup> Friedman even argues that the basic characteristic of contemporary economic markets is that “no one is in charge” and that “today, more than ever, the traditional boundaries between politics, culture, technology, finance, national security and ecology are disappearing” (Friedman, 1999, p. 15). Albeit the economy plays an essential role in the processes of globalization, and contributes, as we have seen, to erosion of the nation – state, the strengthening of global economic relationships is intertwined in a relationship of mutual reinforcement with a series of political decisions. The next section offers a more targeted analysis of the role of politics in the erosion of the nation – state.

## **2.2. POLITICAL ASPECT OF THE GLOBALIZATION AND EROSION OF THE NATION- STATE**

Just as economic globalization has involved the strengthening and expansion of economic relations around the world, political globalization refers to the same processes when it comes to global political relations. Political processes raise an important set of policy issues, pertaining to the principle of state sovereignty, the growing influence of NGOs and the prospect of potential global leadership. It is evident that these outgrow frames of nation-state, thus promoting nation-state erosion.

Political globalization refers to the transfer of decision – making places from national to international organizations and institutions. This is achieved through interstate integration (e. g. European Union)<sup>ii</sup> and by ordering the world as a global civil society that promotes the achievements of democratic citizenship, i.e. universal human rights and the rule of law. With this said, and with our purpose in mind, we will take into consideration the most significant political structures and processes of the globalized world.

Contemporary manifestations of globalization led to permeation of the nation state boundaries founded during the previous several centuries, dating back to rise of the concept of state sovereignty in the 1648 Peace of Westphalia<sup>iii</sup>. Author David Held in his work *Global Transformations* (1999) describes the impact of the Peace of Westphalia on creating a modern nation-state, emphasizing that with this agreement the world is made up, and divided into sovereign territorial states that do not recognize any higher authority. Creating long lasting relations between countries is a goal, but only in order to meet national goals. Furthermore, the common priority of every nation state should be minimizing the interference of the state freedom(s). In the centuries following the Peace of Westphalia, there was a centralization of political power, the expansion of state administration, and the development of professional diplomacy. Although trade ties between the states strengthened (and with that the emergence of capitalism as an economic system), they were controlled and conducted by the states themselves.

The nation - state system got its full swing at the end of the First World War in the so - called Fourteen Points declaration, given by the former U.S. president Thomas Woodrow Wilson, based on the principle of national self - determination, and with aim to propose a postwar peace settlement. Relying on liberal values, Wilson advocated that civic and political rights in all countries of the international community should be as equal as possible, which would serve as the basis not only for faster development of universal international legal norms, but also for the liberalization of economic systems in the international community.

Wilson's presumption that all forms of national identity should get their territorial expression in a sovereign national state led him, however to the idea of establishing global system of collective security known as The League of Nations. This international organization aimed to ensure collective security as global regime based on agreement between the states that would join forces to check any potential violator of international order. The basic idea of The League of Nations was to reject war as a legitimate instrument of national policy and to insist on collective security, which would find ways to prevent war by threatening based on collective action.

Yet, the League of Nations had quickly shown its impotence, and was utterly unable to respond to the rise of fascism in Italy and Germany, and militarism in Japan. Wilson's idea to give international cooperation a new institutional expression was eventually realized through the founding of the United Nations in 1945. Although deeply rooted in a political order based on a modern nation - state system, the UN also served as a catalyst for the gradual expansion of political action across state borders. While this mission in theory weakened the principle of state sovereignty, in practice the next 45 years were shaped by power politics between two super states – the USA and the Soviet Union. The decisions on major political issues could be undertaken only with the approval of the UN Security Council, which served as a club of powerful states,

Thus, UN decisions could be made and implemented only if they also overlapped with these national interests.

When it came to specialized agencies whose activities were not as central for the Cold War power competition, the picture was somewhat different. The agencies such are World Health Organization (WHO) and International Labor Organization (ILO), and funds and programs like United Nations Development Programme (UNDP), United Nations Children's Fund (UNICEF), and United Nations Population Fund (UNFPA) were able to provide humanitarian relief in many parts of the world, thus manifesting the principle that international organizations were genuinely global, and that their subjects were human beings regardless of their various subdivisions. With the end of the Cold War, this role has become even more pronounced, and humanitarian interventions, sometimes without the immediate agreement of the host government, have become more frequent.

In this context, Paul Taylor (2001) observed that „The United Nations had become involved in a multilayered system of governance sometimes working with the states, sometimes alongside them and sometimes apart from them”. (p. 340) Basically, the UN’s involvement in states does not necessarily depend on actual government approval, but rather, once present, it could act independently of governments. With such impact, the matters of state became the matter of international order, where states are no longer homogeneous entities and they must be understood as open systems, having many channels for governmental, non-governmental and transnational connections to international systems.

Another significant moment was the institution of international law. As a historical artefact and product of revolutions, international law has emerged as the expression of the mutual will of nations, undermining the traditional concept of a legitimate hegemon derived from natural law. Designed to facilitate international order, and first and foremost, to regulate the inter-state relations, international law, with its multilateral form of legislation and its discourse of institutional autonomy, in the age of globalization, is increasingly affecting domestic legal regimes and practices.<sup>iv</sup> As a mutual will of nations and based on presumption that there’s no international legislature, executive and/or judiciary, international law emerges as a normative force “generally accepted by states as rules of conduct, with expectations that states will follow suit” (Joyner, 2005, p. 6)

Although, states were the primary agents of international law, being the only actors empowered to formulate, enact, and enforce international law, as, Rosalyn Higgins emphasizes, “that international law applies only to states”, (Higgins, 1995, p. 40) rules of international law, nowadays, are no longer confined to issues of establishing and maintaining order only among states. Events of the modern world have contributed that individuals, groups, and organizations are increasingly becoming recognized subjects of international law. In this sense, Saskia Sassen emphasizes that in the age of globalization international law “emerges as a site for regulatory competition among essentially national approaches, whatever the issues – environmental protection,

competition policy, or human rights" (Sassen, 2007, pp. 222 – 223). As a consequence of this, a new and expansive body of international humanitarian law was ushered in, supported by a mechanism of enforcement. This in turn has given individuals, as well as some wider groups, such as various minorities, clear rights under international law, effectively turning international law into supranational law in that aspect.

Finally, it is not only the UN and international law that shape the contemporary world. On the contrary, globalization has important political functions in the context of maintaining peace, bringing peoples and their cultures and civilizations closer together, thus fulfilling its cosmopolitan significance. For that purpose, thousands of voluntary and non-governmental organizations represent millions of ordinary citizens who are willing to oppose the economic and political nation – states. Over the past fifty years, NGOs have increased rapidly in number. The spread of their influence shows that the nation – state is finding it increasingly difficult to manage these widespread networks of social interdependence.

The aim of this part of the paper was to briefly mark contemporary structures and processes that, as we have seen, from a political point of view have contributed to the erosion of nation – states. However, globalization grounded in this way has its risks, which will be discussed below, and will ultimately lead us to the answer to our central question.

### **2.3. GLOBALIZATION AND THE CHANGING CONCEPT OF SECURITY**

In the hierarchy of physical and emotional needs of human beings, security ranks high second place immediately after meeting the basic psychological impulses for survival. Human perception of security is extremely complex. Man, by nature, has had the primordial urge to achieve safety and security against myriad threats such as conflict, war, and violence. Apart from that, a constant drive to attain economic security, job security, access to health and education, undisturbed retirement revenue, guaranteed human rights, and equality, i.e. security against any kind of social discrimination, has been ubiquitous (Manning & Curtis, 2014). In other words, people, throughout their lives, aspire to protect whatever they value and hold dear. With the evolution of human race, values have changed, but the aspirations remained consistent. "Feeling secure and well protected is one of humankind's most cherished goals" (Hough et al., 2015, p. 21).

Yet insecurity, violence, and conflicts are as old as social communities and omnipresent in human life. If we rise above the individual level, nation-states on the same matrix strive to achieve security, economic, first of all, through the accumulation of wealth, which is consistent with the Mercantilist theory, but also the military security through the accumulation of weapons, as the Realism theory teaches us. According to Realists, we live in an anarchic world with no supreme authority that would bring order and protect states from the pervading violence, wars, and conflicts (Brown & Ainley, 2005). Viewed from a historical perspective, different economic, cultural, political, and social changes and developments have

influenced the occurrence and spread of violence and conflict. In this context, globalization has brought about revolutionary changes in all spheres of social, economic, political and cultural life, especially in the field of information and communication, which in terms of volume cannot be measured with any period in the development of human societies.

The pace of changes taking place in the modern globalized world is perhaps best illustrated by the words of Bill Gates: "The pace of technological change is so fast that sometimes it seems the world will be completely different from one day to the next." (Gates, 2019, p. 16). In this regard, Sorokin (1937, p. 430) in his classic work on social relations and war emphasizes that globalization is "inherently disruptive and that an increasing incidence of conflict is an inevitable bi-product of it."

During the last decade of the twentieth century, as the world suddenly entered a new era of unipolar world order, which was created following the collapse of the Soviet Union as one of the two Cold War superpowers, ideological competition, arms race and fear of nuclear war were replaced by geo-economics and plethora of non-traditional, unconventional and non-military risks and threats. Liberal ideas have flooded the world, becoming generally accepted guidelines even in the orthodox communist countries. As Oliver Ramsbotham et al. (2011) argue "the dissolution of the Soviet Union brought to close the long period in which a single international conflict dominated the international system." (p. 5) The processes of political and economic globalization were given full swing, conferring, at the same time, a strong impetus to security aspect of globalization, which gained its full momentum after 9/11 with George W. Bush declaring a global war on terrorism.

Interstate conflicts have been replaced by intra-state, extra-state, religious and ethnic conflicts, and secessionist movements. The traditional concept advocated by Realists, which focuses on the teachings of sovereign nation-states, established by the 1648 Treaty of Westphalia that face almost exclusively military threats, has long been outlived and deficient (Buzan & Hansen, 2012). In contrast, "neoliberals suggest that military force is declining as a tool of foreign policy as states seek the greater economic interaction necessary to prosper in a globalized world." (Keohane & Nye, 2001, p. 98). Although nation-states are still the backbone of the international system, after the collapse of the Soviet Union, particularly following the 9/11 terrorist attacks, the system have come to be dominated by myriad non-state actors, both in political and economic, as well as in the sphere of security. The most notable are multinational corporations, regional and international organizations, non-governmental and intergovernmental organizations, but also international organized criminal groups and terrorist organizations.

Hence, the concept of security in a globalized world is not limited exclusively to the state, but to the individual, state, and non-state, and apart from military aspects (wars, ethnic and religious conflicts, proliferation of weapons of mass destruction, terrorism), it comprises manifold nonmilitary facets such as organized crime, environmental, disasters, food, health, economic, and political

security. In addition to the extended scope, the concept of security has different meanings and interpretations in different parts of the world. Some people spend almost their entire lives fearing earthquakes, floods and other natural disasters, some have daily fears that they will have nothing to feed their families the next day, while some fear terrorist attacks and violence from mafia or other criminal groups (Booth, 2012).

Therefore, for man to be truly safe and secure, it is necessary to live in a society free of direct violence (war and conflict), as well as indirect structural violence in the form of economic and political insecurity, inequality, segregation, vulnerable human rights, etc. In this regard, Johan Galtung, one of the most remarkable scholars and founders of modern peace and security studies coined the terms 'positive' and 'negative peace'. In his view, "thinking solely in terms of a negative conception is insufficient because this fails to take into account the deep-rooted causes of conflict, as well as less obvious forms of violence" (Galtung, 1990, p. 104).

Globalization has dramatically affected the increase of free trade, free and fast flow of information, ideas, knowledge, but also the movement of people, goods and services, especially those in the field of banking and insurance. These developments have influenced economic, political, cultural, but also security interdependence of countries unprecedented in human history. In the context of security, the post-Cold War globalization favored the emergence and spread of the influence of plentiful terrorist organizations, organized criminal and insurgent groups, as well as mercenaries and warlords. "Such groups begin to compete with one another for the resources of the failing states and this competition has often taken a violent turn" (Kaldor, 2006, p. 92).

These groups began to behave and act in the same way as economic entities ignoring national borders. Like multinational corporations, transnational organized criminal and terrorist groups have their 'headquarters' in one country in which they plan operations; the same operations are carried out in countries around the world; they use some of them as transit countries, i.e. to transport 'goods' across the territory to the final destination; and deposit their criminal proceeds in those countries that have favorable banking and financial regulations (Godson & Williams, 2002). In other words, we are witnessing the globalization of crime, to the same extent as is the case with the economic and all other aspects of modern life.

With this in mind, and the fact that today countries and societies around the world are faced with a number of unconventional security challenges, significantly different from those of the past, nation-states have found themselves in a situation no longer able to make their own respond to these threats. "Whereas in the past states were able to maintain internal order within their territories, in large part as a result of globalization this ability has been severely energized". (Hough et al., 2015, p. 109) Therefore, states seek to eliminate security threats and establish order, security and the rule of law in their territory, through bilateral and multilateral agreements and association in various regional organizations like the League of Nations, NATO, OSCE, EU, Europol, SELEC,

and global agencies such as the United Nations, as a collective security system, whose mission, in addition to conflict prevention, consists of peacebuilding, peacemaking, and peacekeeping.

The core UN mission is carried out with the support of different programs and agencies such as:

- UN International Drug Control Program - UNDCP
- UN Centre for International Crime Prevention - CICP
- UN Office for Drugs and Crime - UNODC
- UN Crime Prevention and Criminal Justice Division - CCPCJ (Hough et al., p. 252)
- World Health Organization - WHO - an organization that has a leading role in combating the coronavirus pandemic.
- Interpol
- World Customs Organization

Due to the current moment in which we live, constantly in fear for our lives endangered by the invisible enemy COVID-19, we will finally pay special attention to this serious security threat. Good connoisseurs of history are familiar with the fact that infectious diseases since the Middle Ages onwards have claimed more human lives than all wars combined. "Today, AIDS (Acquired Immune Deficiency Syndrome) is the second biggest killer in history." (Hough et al., p. 271) From the Second World War onwards, international relations were dominated by military threats - organized crime, weapons of mass destruction proliferation and terrorism.

The outbreak of the coronavirus pandemic re-emphasized importance of non-military, health threats to the security of people, but also the national and economic security of states, and showed the extent to which we are vulnerable to events occurring thousands of kilometers away from our home. It only took a few months for the coronavirus to spread, affecting almost every part of the planet. And all this took place precisely 'thanks' to the immense mobility of people made possible by globalization. (Chen & Wilson, 2008) The seriousness of the situation regarding the COVID-19 pandemic will undoubtedly push us to rethink and prioritize security threats.

"The health of all peoples is fundamental to the attainment of peace and security"  
(Preamble to the WHO Constitution)

By making individual efforts or by joining various regional and international security organizations to combat a myriad security threats, states seek to preserve peace and order in society, as a precondition for prosperity and economic well-being, and to provide security to their citizens, which is the primary function of every state.

### **3. THE POLITICAL AND ECONOMIC RISKS OF GLOBALIZATION AND COVID-19**

Uncertainty, as an inherent condition of globalization, is themed by various authors such as Giddens (1991, 2009) and Beck (2001). Globalization has its risks, and our goal in this part of paper is to understand them and related them to the current pandemic.

#### **3.1. GLOBALIZATION AND RISK**

Throughout history, human societies were exposed to “external risks” (Giddens, 2009, p. 193), whose appearance wasn’t caused by human action. By this we primarily mean the dangers from natural phenomena, such as droughts and earthquakes. With globalization, however, we are increasingly confronted with different types of “manufactured risks” (Giddens, p. 193), or those risks created by the impact of our own knowledge and technology on the natural world. These kinds of risks are outcomes of human interventions.

What is unique in the era of globalization is the creation of a space in which responsibility for addressing the risks cannot be allocated to any single actor. As in *The Consequences of Modernity*, Giddens observes, that the global spread of modernity tends to produce a “runaway world” (Giddens, 1991, p. 137) in which it appears that no one and no government is in overall control. In a world of rapid change, traditional forms of trust are dissolved. While in the years past humans engaged in social activities and shared responsibilities for their excesses through tight-knit local communities, nowadays people influence one another in numerous distinct ways and across large distances. Such impersonal relations mean that humans are pushed to “trust” or have confidence in “abstract systems”, as in environmental regulation agencies, multinational corporations or international systems. Furthermore, people also rely on different policies and laws (e.g. international law) that are closely related with quality of their lives, believing that these structures will protect them in a certain way. Based on this, trust and risks are closely bound together.

For Ulrich Beck (2001) German – born American sociologist, globalization implies the processes that result from activities of transnational actors, while identity and networks undermine nation – states and their sovereignty and interconnectedness (p. 28). Events in different corners of the world produce global shockwaves a phenomenon that Beck names “reflexive modernity”. This reflexive modernity is a paradigm shift of the “industrial modernity” and appears as “a multidimensional, polycentric, contingent and political” risk – based society (*Risikogesellschaft*) (Beck, p. 25). The notion of a risk society means that the past is losing its determining power for the present. In a nutshell, we’re not able to learn from the past anymore. Beck argues that this situation should be changed by reorganizing our lives, behaviors, and processes on the “local – global” basis (Beck, p. 30).

One area of this reorganization is global health. Along with the people, diseases travel to all corners of the globe at an increasingly fast rate, creating a

need for global health governance. No case has made this as evident as the 2020 rapid spread of the coronavirus from a market in the Chinese city of Wuhan to nearly every country in the globe in a span of a couple of months. The case has demonstrated a global threat on the one hand, and the absence of a global institution equipped with staff, finances and policy enforcement capacities to effectively address it on the other. In response to the crisis, the most relevant international organization, the World Health Organization (WHO), has been forced to take a back seat. It was the nation-states that quarantine citizens, closed borders, and created social distancing practices, in some cases in disregard of the WHO analyses and recommendations. The most powerful of these and the primary WHO funder, the United States, has accused the WHO of mishandling the crisis and threatened to hold back the funds.

COVID - 19 pandemics has undoubtedly shown that neither international organizations with their agencies, nor national governments were ready for an immediate and effective response in the face of a deadly global pandemic. Therefore, our main task, in the following rows, is to understand the impact of the coronavirus on the main structures and processes of the globalized world.

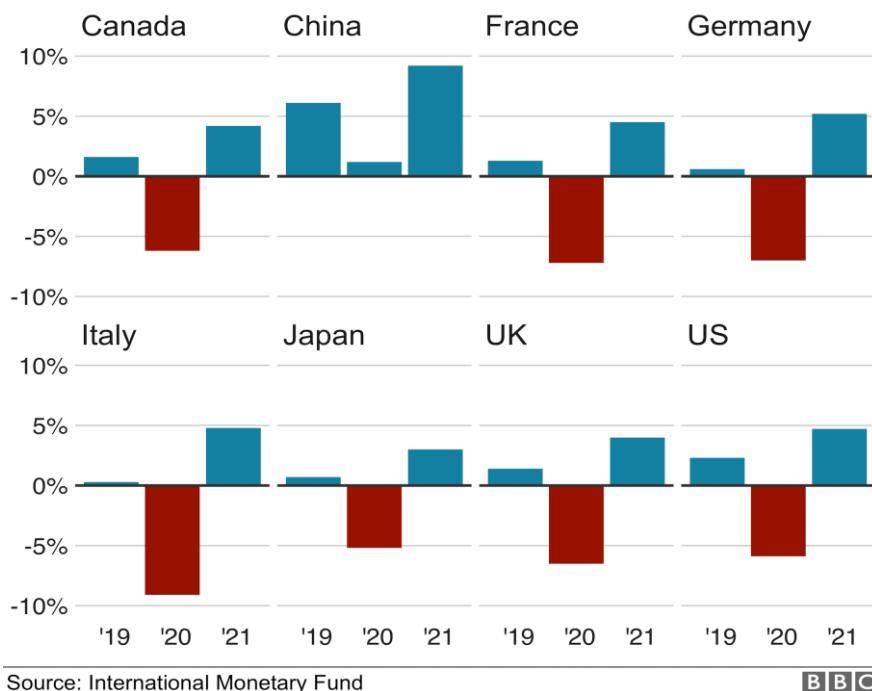
### **3.2. THE EMERGENCE OF CORONAVIRUS AND ITS IMPACT ON GLOBALIZATION**

Based on Giddens' theory of "external" and "manufactured" risks of globalization, we can say that the emergence of coronavirus is, undoubtedly a manufactured risk based on human activity, and/or human influence on nature. The emergence and spread of the coronavirus (an animal virus) arose as a result of the meat consumption of certain animal species in China, in the Wuhan region, where the virus first appeared.

If we take into consideration Beck's understanding that globalized risk society is multidimensional, polycentric and political, we can see that coronavirus has affected several dimensions of global society at the same time - mainly the processes and structures that we've discussed in the first part of this paper. Now all these processes and structures are in question, and their order is on the brink of survival. The coronavirus pandemic has undoubtedly had a devastating effect on the global economy. OECD identifies this crisis as the largest economic crisis of the 21st century, even bigger than the crisis that followed after the 9/11 terrorist attacks and the 2008 financial crisis (OECD, 2020). The following chart shows the impact of the pandemic on national economies, based on the decline of annual GDP.

## Many advanced economies are expected to enter recession this year

National annual GDP



Source: International Monetary Fund

BBC

Figure 1. Decline of annual GDP as a sign of a recession  
(Retrieved from: <https://www.bbc.com/news/business-52089127>)

However, the first real indicator of this crisis is the rapid decline in world oil prices, bringing the price of a barrel of oil below 30 USD/barrel. The price of crude oil fell even below 20 USD/barrel, which is the lowest price recorded in the last 18 years, and OPEC and other countries have now agreed to cut production. Besides this, the world still has more crude oil than it can use, so, the predictions are that the Gulf states, dependent on oil exports, will feel the brunt of the crisis.

On the chart below, we can see the fall of oil prices on the world market at the time of the pandemic.

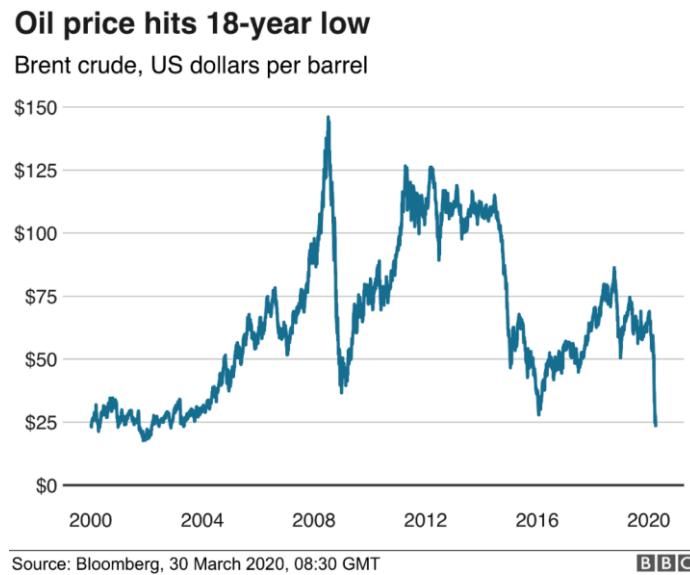


Figure 2. Oil Prices from 2000 to 2020  
(Retrieved from <https://www.bbc.com/news/business-52089127>)

On the other hand, all world stock markets recorded a large slump. Many investors fear that the spread of the coronavirus will destroy economic growth. In response, central banks in many countries reduced their interest rates. In order to boost the economy, this process should make borrowing much cheaper and affordable and therefore encourage spending rate. Still, the fact is that the poor countries will, due to their inability to answer properly, encounter the greatest effects of the crisis. On the following chart, we can see the impact of coronavirus on stock markets since the beginning of the pandemic.

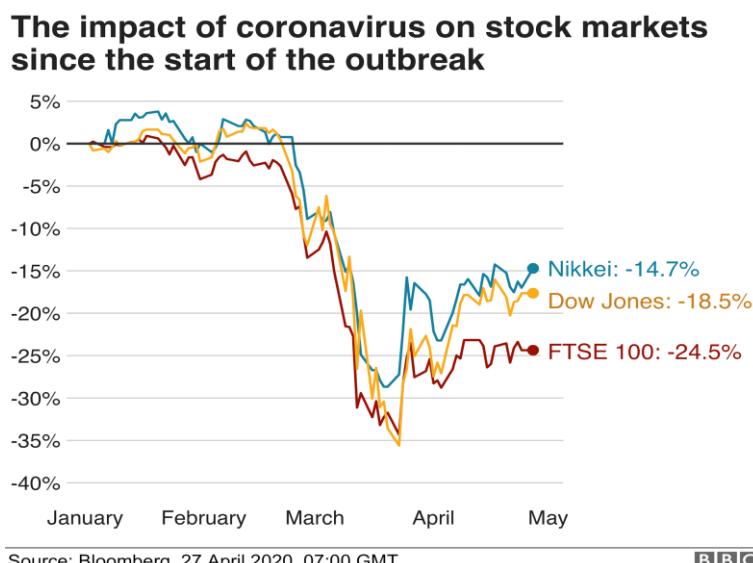


Figure 3. The impact of coronavirus on stock markets  
(Retrieved from: [https://www.bbc.com/news/business-51706225?intlink\\_from\\_url=&](https://www.bbc.com/news/business-51706225?intlink_from_url=&))

However, despite the efforts of governments, the global economy cannot survive without the influence of international economic actors. For the purpose of this paper, we will focus on the reaction of international economic institutions, the roles and capacities of MNCs and the global supply chains they're involved in.

Firstly, we will summarize the response of the World Bank Group, which represents a prime example of a global institution in charge of helping countries deal with economic shocks. It is directly involved with the most vulnerable countries in the world, and as such has the most important role in helping countries deal with this crisis of all international institutions. In that context it has already reached out to 100 developing countries with some sort of aid. For that purpose, the World Bank Group has delivered record amounts of aid and has pledged 160 billion USD in the next fifteen months, for developing countries – to help deal with health, social and economic issues which emerged as a consequence of the pandemic. Regarding this, the potential issue for the World Bank Group is the threat that this institution has reduced funding from member countries due to their reduced fiscal capacities and small budgets, which are direct consequences of diminished economic activity in the countries.

Secondly, the World Trade Organization, is nowadays concerned about the impact of the pandemic on global trade. According to a statement given by Roberto Azevedo, in the recent meeting in Geneva, the pandemic will incur significant consequences on world trade. Regarding this, their efforts are directed towards reaching an agreement on subsidies in food production, online trade and fishing industry. (World Trade Organization, 2020) The full extent of repercussions on global trade by this crisis remains to be seen.

Thirdly, like all other global economic institutions, the International Monetary Fund, is faced with the duration and uncertainty that the global crisis caused by the coronavirus brings. The emergence of coronavirus has changed the expectations of the IMF on the projected growth of per capita income in different countries. The managing director of the IMF, Kristalina Georgieva says that this institution projects that more than 170 countries will experience negative per capita income growth this year (International Monetary Fund, 2020).

In order to face such a crisis, the IMF created a so - called 4-Point Plan (Georgieva, 2020), which summarizes the four main priorities of IMF action in the coming period. The activities of the IMF will be aimed at: first, prioritizing health spending for testing and medical equipment, in order to defeat the virus and defend people's health; second, providing timely financial and fiscal support to households and businesses; third, reducing financial stress while monitoring global economic stability; and, fourth, planning recovery by minimizing the potential scarring effects of the crisis through policy. For these purposes, the IMF has a lending capacity of about 1 trillion USD, which is already placed at the service for the member countries. It is important to keep in mind that the activities of the IMF are short - term, and that this institution will adapt to the new situation(s).

The pandemic brings with itself a damage for multinational corporations as well, and that situation can be understood in two ways: first, halting production in the affected countries, mostly semi - periphery and periphery countries, where MNCs have their branches and with that, hitting supply chains around the world; and, second, steep drop in consumption together with collapse in confidence, which results in giving priority to domestic products and turn to smaller domestic producers. Not just with pandemic, many companies are now seeking alternative suppliers in countries that appear less vulnerable to disruption, but also, the confidence of producers and consumers is now oriented toward its own markets.

According to the United Nations Conference on Trade and Development (UNCTAD), 42 of the 100 largest multinational companies in the world said they were facing the problem of profitable business (UNCTAD, 2020). This means that they have to reduce allocations for investments, which will have a negative impact on the operations of banks, and then on the rest of the economy. The situation is made worse by the dramatic increase of private sector debt which was ushered by FED's expansive monetary policy in the aftermath of the 2008 financial crisis. According to the Washington Institute of International Finance, non - financial private sector debt was on level 56.25 percent higher in 2019, than it was in 2009. Now, the bill might come due by increasing economic damage and further shaking the financial markets.

It is not clear yet what the final economic outcome of the coronavirus pandemic will be. Yet, we can say with certainty that the rigorous measures applied by international economic actors, albeit necessary to combat the virus, are putting most of economies "on life support – into some sort of deep freeze" (Oxford, 2020), with the prediction that they will come out of in the period of the next six months. Although some economic analysts have gone so far as to state that the coronavirus has dealt a final blow to globalization and the global economy, the future is, in our opinion, much less certain. In political terms, coronavirus has, undoubtedly, led to a crisis of globalization. Such a crisis is anticipated through many major or minor events in the recent past, like Britain's exit from the European Union (Brexit), closing the boundaries for migrants in western states, and awakening of nationalism in many countries worldwide. Still, no one could have predicted that the aforementioned crisis would rapidly escalate amid the intensifying health crisis, which prompted countries around the globe to effectively shut down and turn to themselves.

Although globalization, with its features, has brought the possibility of local, regional and global spread of diseases, as a consequence of interregional movement of people, goods and ideas, where a health problem in any part of the world can rapidly become a health threat to many or all (Lee, 2004) there was no concerted, coordinated international effort at tackling it. In this context, we will discuss the role of the World Health Organization as a main global institution for health - related issues

On international level, global health has become a concern since the early 1990s, (with emergence of HIV/AIDS), and interest for this issue has been

expressed significantly during the 2000s. This concern produced Resolution 1308, the first health - related UN Security Council resolution (Cf. Lee, 2004). Likewise, health has begun to play an increasingly prominent role in Group of Seven (G7) and Group of Eight (G8), during their summits in the early 2000s. These summits produced the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria at the G8 Summit in Genoa in June 2001 and was accompanied by commitments by the wealthiest countries to diminish the infectious disease burden by 50% by 2010. Similar discussions have been held at the World Economic Forum, attended by government leaders, corporate executives and other prominent individuals, held annually in Davos, Switzerland. All of these initiatives have been related to "health security" (Cf. Lee, 2004).

With these developments, and together with the support of the health community, the WHO certainly began to play a prominent role. Yet, the WHO's position, as the main global actor on health issues was conditioned with different epidemiological trends, the emergence of new actors, paradigmatic shifts in ideology and values, and pressures on resources (Godlee, 1994; Lucas et al., 1997; Vaughan et al., 1995). States, as financiers, still had the upper hand, and WHO over the past decades has "faced criticism for being overly bureaucratic, politicized, and dependent on a few major donors". (King, 2020)

These criticisms have become even more prominent in the case of the coronavirus pandemic. There is widespread belief among governments and public across the globe that the World Health Organization, as an umbrella institution in this area, failed to adequately respond to the crisis. Due to pressure from financier countries, especially after Trump's statement about reducing donations that the U.S., as a main donor (see the chart below), gives to WHO, this organization is now concerned, not just with the pandemic, but also, with the aspiration not to anger its main donors. Namely, Trump's concept envisions reducing US contributions to 10 percent of what they used to be. Measured by the U.S. contribution for 2018 and 2019, that would mean a reduction to approximately 44.7 million USD per year, from the previous number of 115.8 million. The crisis has thus fully illuminated that the influence of WHO in the area of health governance pales in comparison with that of nation-states in general, and with those of its powerful donors in particular. Indeed, the growth of global governance over the last several decades has not elevated the primary international health organization above its dependence on the will of national governments.

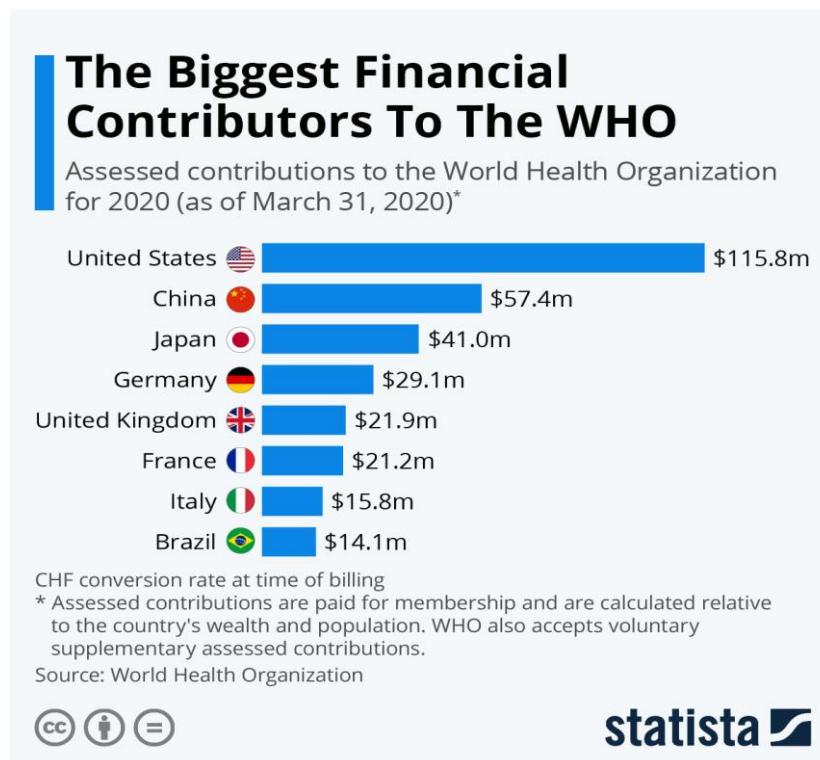


Figure 4. The main financial contributors to the WHO  
(Retrieved from: <https://www.statista.com/chart/21372/assessed-contributions-to-the-world-health-organization>)

The chart above shows that the main donors of the WHO are U.S., China, and Germany, countries among those most affected by the pandemic. It is important to note that by April 30<sup>th</sup>, 2020, neither China nor the United States had paid their 2020 membership fees, although this was supposed to be done on January 1<sup>st</sup> (WHO, 2020). Germany, for example, has so far paid only half of its membership fee.

WHO thus remains dependent on the help of its donors, unable to answer properly and autonomously to a genuinely global crisis. In addition to shaking the importance of the WHO, the pandemic has also shown that nations – states have become aware of their own power. While the coronavirus crisis will not put an end to globalization, it is this newfound confidence of national governments that will carry over into the post-pandemic age, slowing the speed, density and breath of future flows of people, goods and information across state borders. Most importantly, it will encourage states to resist delegating parts of their sovereignty to transnational actors.

The world we live in is, as Thomas Friedman emphasized, “more easily prone to shocks and extreme behaviors”, and these are showing that such a world “is not flat, but fragile” (Friedman, 2020). When it comes to globalization, we have gone too far and from this point, our return to other, old systems is highly improbable. Yet, the shock of COVID-19 and its lessons will strengthen tendencies of states to resist the spill over of the ongoing sociological

transformations that globalization brings about into the realm of political governance.

#### **4. CONCLUSION**

This paper has discussed several phenomena connected, with the concept of globalization in general, and the influence of the coronavirus pandemic on its main structures and processes in particular. For that purpose, we explored the extent to which globalization contributed to the erosion of a nation - state by examining the political and economic structures and processes that affect global governance. Globalization, as we could see, has transformed and firmly integrated the global community, creating rapid flows of goods, people, technology, information and ideas across national and transnational borders.

Reflected in the expansion and the strengthening of social relations and activities, the phenomenon of globalization affected economic, security, and political structures of nation-states, thus leading to internationalization and erosion of state sovereignty. With its economic and political, and to a lesser extent cultural aspect, globalization has created a global governance system in which many decisions are made by international institutions and transnational corporations (TNCs). Parallel to this shift in political actors, we have seen the development and a growing importance of international law. As a result of an increasingly globalized world, states lost power and authority to control policy making in several areas, the most pronounced of which is in the economic realm. On the other hand, globalization has created new risks, which can cause unpredictable and very often long - term consequences. Indeed, the outbreak of coronavirus, primarily in China and then all over the world, has shown that the risks carry the seeds of globalization's own reversal. While the pandemic will not bring global integration to a screeching halt in any permanent sense, the quarantine measures, the curfews, economic stimulus packages and other responses have largely followed nation-state lines, bringing to full visibility those same lines that many observers have speculated were on the path of disappearance. At the same time the WHO, as an umbrella international institution for these issues-pressured by the member countries with debts and conditionings - found itself unable to react properly on the lasting health crisis. In the end, we could say that coronavirus has slowed down and called into question globalization as we know it. States have found new confidence, and in the post-corona world will be more daring in resisting political transformations that come at the expense of their power. Yet, the coronavirus has also reminded us that people everywhere belong to one single humanity. Nations were united in their vulnerability, while the success of measures against the threat depended on responsibilities of people to one another.

Moreover, as state responses varied, they produced divergent results. Many states depended on outside advice and assistance. The less developed ones emulated measures from those with greater expertise and a better health system.

Thus, COVID-19 has also confirmed that the world in which we live in is genuinely global. It told us that globalization is not a panacea for world's ills, but also that the unity that this process encompasses can help us confront global plagues that no country can fight alone.

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<sup>i</sup> Friedmann understands the globalization process as extremely dynamic. Globalization means the undeniable integration of markets, nation states and technologies to an unprecedented degree, so that it is now to individuals, companies and countries it is possible to reach around the world, farther, faster, deeper and cheaper than ever before. According to him, globalization is determined by some of its own technologies, computerization, miniaturization, digitalization, satellite communications, fiber optics, and the Internet.

<sup>ii</sup> In the European Union, states have transferred their competences to supranational organizations, so they even made a monetary union – the Eurozone. The visible consequence of these processes and decisions is erosion of nation – states.

<sup>iii</sup> The formulation of sovereignty (the term coined by French philosopher Jean Bodin in the 16<sup>th</sup> century), as a core concept in contemporary international relations, was one of the most important intellectual developments leading to the Westphalian revolution. For Bodin, sovereignty is understood as a „absolute and perpetual power vested in a commonwealth“. (Bodin, 1967, p. 25)

<sup>iv</sup> International law consists of a body of both rules and norms, regulating interactions among states, between states and intergovernmental organizations (IGOs), and in more limited cases, among IGOs, states and individuals. In the era of globalization, the third moment is particularly prominent.