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## BUILDING FORWARD BETTER AFTER THE RAIN

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# THE WORLD AFTER THE CORONAVIRUS

Ian Goldin

COVID-19 has transformed the world. At the beginning of 2020, economists were forecasting around 3.5 percent global growth; by the end of the year, the global economy had contracted by about 3.5 percent— notwithstanding unprecedentedly large stimulus programs, adding up to some 10 to 15 percent of GDP—implemented by governments around the world. More than 100 million people were pushed back into poverty; almost 4 million have lost their lives to the pandemic; and few people anywhere have been left untouched by its consequences.

And yet this is not the whole story. Globalization's resilience has not been broken—either by the pandemic or by other any other factors. Quite the contrary, in fact: globalization as a

process continues to accelerate, permeating more than ever before virtually every aspect of every human life on our planet.

This essay will examine three basic questions in the evolution of globalization: How has the pandemic changed things? What might be happening in the coming years? And what might be the implications of all this evolution?

Informing my answers to these questions is my belief that humanity is truly at a crossroads. The choices decision-makers make in the coming months—how they define the lessons learned and go on to apply these in practice—will have an inordinate impact on the future of the world. Will COVID-19 come to be seen as the pandemic to end all pan-

demics? Will, in other words, we learn to cooperate better, and thereby precipitate the onset of a better world in which, together, we can equip ourselves better to deal with climate change and other crises we will face collectively? Or will their choices lead us into a world of growing protectionism, nationalism, and a general downwards spiral—which inevitably would mean more pandemics (perhaps more severe than this one), growing inequality, lower global growth, and a less stable and more unpredictable world.

It may seem paradoxical at first glance, but in my view the radical

change that must be undertaken in the time ahead will, in the end, result in a far more predictable and stable world. In other words, by changing our ways of doing things and by learning from the pandemic, we can create a more inclusive and a more sustainable form of globalization.

The key question is how we exit the pandemic, and how we get there. When I think about this time in history, I think very much about the comparison between World War I and World War II. As we all know, World War I was an absolutely ghastly war. H.G. Wells believed

it was the “war to end all wars,” and of course we know that was not to be.

## LOOKING BACK

The Great War was followed shortly by the Spanish Flu—misnamed, as it happens, because it in fact

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came from Texas—and in turn by the Roaring Twenties. The question now is whether we are about to enter another Roaring Twenties one century later (a topic that various authors covered in the previous edition of *Horizons*). I believe we are because of the pent-up demand for spending the savings that we accumulated.

The stimulus packages adopted by various governments at the height of the pandemic will lead to very rapid growth in the coming years. But if these focus on consumption—as did the Roaring Twenties a century ago—rather than investment and growth, our global spend spree will be unsustainable.

Indeed, it could lead, amongst other things, to a spike in greenhouse gas emissions. What we know from previous fiscal stimulus programs—such as those came in the wake of the 2008 global financial crisis—is that when you spend money on cement, steel, infrastructure, and the like, you get a

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very big increase in carbon emissions and other greenhouse gases. Thus, the design of this stimulus really matters: how and on what we spend our money, whether we adopt some version of what in the United States is called the “Green New Deal,” the EU calls the “European Green Deal,” and Chinese leaders have called a “green recovery of the world economy in the post-COVID era.”

The other lesson from the Roaring Twenties is recrimination. Although the League of Nations aimed to stop wars, what happened was the onset of a series of blame games. The Great War’s losing states—notably Germany—were made to pay reparations. They were made poorer, and within countries inequality grew too. The unsustainable nature of the recovery led to the Great Depression: huge policy errors, the rise in inequality, and with that, the onset of protectionism, the rise of nationalism, and the manifestation of popular anger in some countries whose populations felt that they were not respected any longer; and of course the rise of fascism, which precipitated an even worse war. That is a cycle from which we need to learn, again. This is the ultimate lesson of World War II: our leaders at that time had understood because many of them had been scarred by the memory of the Great War.

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Thus, in the midst of that war, a new world order was created. Winston Churchill, Franklin D. Roosevelt, and others put forward the Atlantic Charter and they spearheaded the establishment of the United Nations system. And with the support of great thinkers like William Beveridge and John Maynard Keynes, they brought into being the Bretton Woods Institutions, built the foundation of the welfare state, and introduced the European Recovery Program (known colloquially as the Marshall Plan). The United States emerged from the war as the world’s largest economy, and it earmarked a full 3 percent of its GDP to overseas aid and instituted a policy of massive debt write-offs—in stark contrast to the policies adopted by the victors of World War I, when enormous debts had to be repaid by vanquished states whose economies were in complete disarray.

Everyone knows what followed: the “Golden Age of Capitalism,” as historians have come to call it. A period of unprecedented progress that in France, for example, remains known as “*Les Trentes Glorieuses*” and the corresponding one in Germany and Austria as “*Wirtschaftswunder*.” This was a period when governments took the lead and, yes, a period when tax rates at the margin were extremely high: 70 percent in

the U.S. through both Republican and Democrat administrations. Similar rates existed in the UK, under both Conservative and Labour governments.

The question, of course, is whether such policies come down to the vision of individual leaders: if genuine leaders fail to emerge, do we become damned by history? The answer is no. The example of Churchill rises to the mind: within six weeks of the end of World War II, this great British war hero who delivered the Allies from defeat in the eyes of many was dumped by the electorate in a landslide victory for Labour leader Clement Attlee, a virtual unknown.

**HUNGER FOR CHANGE**

Why am I focusing on this? The answer is that in the end it was the mood of the world’s population, particularly of Europeans and people in North America, that did not want the cycle of instability to continue. Those that had sacrificed so much during the war needed to be paid back, so that the lives that were lost in the suffering did not turn out to have been in vain.

And I believe we are again at a period like that in human history. When you look at the public opinion polls around

the world—not just in the West but in many other countries, both developed and developing—there is a palpable hunger for change. On average, 90 percent of citizens across the world believe that we should not go back to “business as usual.”

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After all, it’s the business-as-usual approach that got us to where we are today. It’s the cause of the pandemic, it’s the cause of rising inequality, of climate change, and of many other bad things in our lives that will get worse. In the words of the Editorial of a previous issue of *Horizons*, “the COVID-19 pandemic has assiduously exposed numerous weaknesses of an international system tormented by dysfunctional governance, hastening rivalries, economic alarm, social disconnect, and environmental deterioration. Multilateral institutions grown frail from age or neglect are seen to be unfit for purpose, whilst diplomacy is likened to cowardice in too many corners of the planet.” What people from around the world are saying is, effectively, “let’s learn from this pandemic, let’s ensure that it leads to a better world.”

Now, of course, the question is, “how do we do that?” My own view is that there are multiple dimen-

sions in which the pandemic is likely to change things. The pandemic has brought forward changes that would have otherwise taken many years, or even decades, to emerge. COVID-19 has been the great accelerator. It has compressed into the period of a year or two developments that would have taken 10 or 20 years to emerge. And as things happen more quickly, we need to change our views, we need to learn more quickly, and we need to evolve our ideas more quickly.

This is true across the board: globalization has evolved more quickly. What we have seen is not only the acceleration of digital technologies, but the acceleration of the center of the economic gravity of the world moving to East Asia, focused over China, but including other countries in that region as well. And that's because East Asia has had a more rapid recovery, governments there were better prepared—and they more effectively engaged with the fight against COVID-19: the economies of China, Taiwan, Singapore, Indonesia, South Korea, Vietnam and others have for the most part managed the pandemic better than the rest.

This has accelerated the growth in the region's share of global GDP, and

trade. Not only within the region, but between the region and other regions. When you look at the container rate prices across the Pacific routes or the Asia-European routes, you see record container prices. Indeed, despite the attempt by the Trump Administration to isolate the United States, particularly from China, the contrary has happened. We see the big ports on the American Pacific coast having record levels of traffic, whether it's Long Beach, Los Angeles, San Diego, or others. There has never been a period of more intense trade and we see this in private investment flows as well. Just as the draft to this essay was being finalized, another new large deal was struck by another big U.S. financial services firm for investments in China.

The cardinal point is that the rhetoric of deglobalization simply has not been matched by the fact of deglobalization. When we look at many of the trade dimensions and many of the financial dimensions, we see much higher levels of globalization than on the past. Certainly, we have seen an overall decline in global trade, but this in part is due to structural changes, in a greater share of economies and trade being in services, and because the pandemic has accelerated the growth in virtual services;

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but this also is due to cyclical factors, notably the slowdown in global growth, which will recover following the pandemic.

Is this trend likely to continue in the period of recovery to come? I believe it will. In fact, I think we are about to enter a period of record financial flows. There are many dimensions to this, one of which is that mergers and acquisitions are likely to increase, because there's been a repricing of asset values not only within countries and between sectors, but also around the world.

As always, capital will flow to where the returns are likely to be most profitable, which brings us to another way that COVID-19 is likely to go down in history as the great accelerator of globalization. There is going to be a need for massive public investment flows: some countries may even need to be bailed out. This massive endeavor has only just started and much more will need to be done.

While the developed countries have already found \$17 trillion for themselves in various fiscal stimulus schemes designed to support their firms and their

workers in response to COVID-19, less than \$100 billion has been found for developing countries. This is less than 1 percent of what the rich countries have allocated to their recovery—it's close to 0.5 percent. There is no doubt that this represents a great failure of global leadership—and it was unfortunately not reversed at the June 2021 G7 Summit in England and will need to be addressed at the October 2021 G20 Summit in Rome.

The problem is that the G20 cannot be effective if the G7 is not effective, because the G20 is essentially the "G7 plus." So, if the G7 can't get its act together, the G20 can

never get its act together. Once again in June 2021 we saw that the G7 leaders were extraordinarily strong on making positive sounding statements to the media and extraordinarily poor on action and delivery.

This is not to say that there were no positive outcomes. We should all be encouraged by a number of things that arose from the summit. One is the tax agreement, the principle of which is to compel multinationals to pay a minimum tax of 15 percent in each country in which they operate. But it is much too little and came much too late. It has

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been talked about for decades, but it seems to be happening largely because of a groundswell of discontent about tax arbitrage and offshoring by individuals and companies. The fact that it is so low and only includes a small share of companies, so the agreement only captures a very small part of the problem. But at least it's on the table. Similarly on vaccines, another crucial area, we began to see progress. Much more needs to be done, such as proper manufacturing capacity to roll out mass distribution in poor countries. In this as in other areas there is much talking, but too little action.

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The additional problem is the ineffectiveness of the G20, which is made up of countries with vastly different interests. For example, Saudi Arabia's interests on climate change are not the same as many others' countries. It points to a larger problem: the G20 is really ad hoc group. Certainly, it does account for something—its membership represents approximately 80 percent of global GDP and population—but when it comes to problem-solving, the G20 is hardly the ideal constituency. For instance, tackling the very important issue of antimicrobial resistance should have a completely different constituency of actors, including pharmaceutical

companies and a few big countries like China, the United States, India, and the EU. But the UK, for instance, does not really have to be there, because in terms of global antimicrobial consumption it's really not that important.

The bottom line is to focus on key actors whilst at the same time embracing a more variable geometry system. I believe that applying the subsidiarity rule, where we resolve locally whatever we can resolve locally, along with the Pareto principle, which is to get the smallest possible group of actors in the room that can make the biggest possible difference and build widening circles of cohesion (while not assuming those actors are governments only), represents the key to problem-solving in the future.

Otherwise, we set ourselves up too easily for failure. This failure reflects not only a failure of leadership, but a failure to understand from where the threats will almost certainly come in the future. Unlike after the 2008 global financial crisis—or even during the financial crisis, when George W. Bush was able to take the lead, call his fellow heads of state (including China, which was the engine that pulled the world out of the global financial crisis)

and create a global stimulus package that offset the impact of the crisis to a considerable extent, including for developing countries—there was and still has not been a comparable response to the present crisis.

Indeed, the rising tensions between the U.S. and China constitutes the greatest threat we now face. Whether the issue is pandemics, climate change, or assistance for development, no serious global problem can be solved without, at a minimum, an understanding between great powers like the United States, the European Union, China, Russia, and India on what U.S. President Joe Biden recently called “some basic rules of the road that we can all abide by.”

Consider the fact that development aid has gone down at a time of record need: well over a 100 million people have been pushed into absolute poverty by the pandemic, with World Food Programme Executive Director David Beasley saying that “270 million people worldwide are marching towards starvation.” The numbers are clear and striking: far, far more people are likely to die of starvation than have died of COVID-19. The fact that

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Frankly, nothing has ever derailed development in the way that has the pandemic. The SDGs have been completely derailed by the pandemic, so in certain respects the pandemic has been even bigger than wars in derailing global development.

**ACCELERATED TRENDS**

But other aspects of globalization have been rather robust. Not only digital technologies

and financial markets, but the very nature of the transformation itself has been largely a success story. I believe that the pandemic has accelerated pre-pandemic trends because many of these things were happening before, including supply chain and value chain transformation.

Here we can examine four trends, of which only one can be somewhat related to the pandemic.

The *first* is technological change: robotics, automation, AI, and machine learning are leading to a complete transformation of the way production systems work, whether it's in manufacturing, services, or agriculture. That transformation is

leading to dramatic shifts in comparative advantage. These need to be deeply understood to understand the future of growth prospects for different regions. Anything that is repetitive and does not require empathy, dexterity, creativity, or intuition could be done by machines in the future. This means that everything from garments to manufacturing processes in other areas, but also services like call centers and back-offices of global firms (on which, for example, 1.6 million people in the Philippines rely on) are vulnerable to be automated and put into a cloud and re-shored over the coming 10 to 15 years. Many of these processes have been accelerated, machines do not get sick and they do not ask for higher wages. Moreover, the price of capital—which is required for capital intensive production systems using robots and automation—is lower in the advanced economies and near the big markets than it is in developing countries. This means that the drive of globalization to lower-cost locations is no longer a factor in determining the location of semi-skilled and unskilled production processes.

The *second* big trend that has been accelerated by the pandemic is customization—the immediacy of product development for individuals. For example, there is a big factory that produces BMW Mini cars up the road from me in Oxford, largely using robotics. It employs less than 800 people in a shift. When I was a student there were 22,000

people employed in that factory. There are over one million different varieties of these cars from which consumers can choose, and this can only be done thanks to the automated production line. Human beings cannot create that capacity to interchange and differentiate at the speed and efficiency done by machines. In other words, customization—ranging from products like genetically differentiated drugs to t-shirts with our names on them—require automated processes at scale.

The *third* trend is immediacy. What the pandemic has accelerated is our desire to have things delivered to our front door this afternoon or tomorrow at latest, but not in three weeks' time, coming in a container from the other side of the world. And that requires production nearer to home.

The *fourth* is that the pandemic has accelerated concerns of a political nature that are not, by and large, financially sensible. In the United States and some other Western countries, protectionist and nationalist tendencies have accelerated the desire to do more things at home under the rubric of resilience, which I believe is a false rubric. In fact, the pandemic has shown that the globalization supply chains are remarkably resilient: even at the height of the lockdown, we still bought in our supermarkets fruit that came from all over the world. Apart from some supply

constraints that would have occurred equally had production been at home, we have seen remarkable resilience in the production of products like masks and computers, but also genomic sequencing and vaccines, that come from globalization. Yes, there are occasional blockages in the Suez Canal—the nodes and networks of globalization need to be managed more effectively. But this does not require production to be shifted back home; rather, it requires a more sophisticated use of global supply chains.

#### BUTTERFLY DEFECT

Globalization, by which I mean the flows of goods, services, finance, people, and ideas over national borders, has been the most progressive force for progress in human history. At the same time, we need to recognize that globalization could be the source of its own undoing. Globalization does not only spread “goods,” it also spreads “bads.” I call this the “butterfly defect” of globalization.

We are in a complex and dynamic system that is very unstable. We saw this with the cascading risks that came through financial centers being connected, which led to the global financial crisis; we see it now with cyber risk: our

cyber connectivity can lead to increasingly dangerous cyber-attacks. And we have seen this through the spread of bad ideas, as well as good ideas, during the pandemic. The good ideas that have spread include learning about the importance of wearing masks and

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about what to do to stay healthy, and of course the development of vaccines. This last would never have been possible without globalization in general and the globalization of science in particular. At the same time, fake news, anti-vaccination movements, jihadism, and other dangerous ideas spread through the internet like wildfire. And of course, the pandemic itself.

Globalization's super-connectors are also the super-spreaders of the bads, whether it's an airport hub, a cyber hub, a financial hub, or another type of hub. The answer does not lie in closing down the hubs but in how they are managed going forward. This is absolutely critical.

We need to work out how better to manage the super-spreaders. I believe this is absolutely possible—whether it is in finance, cyber, or pandemics. We should also understand that something good can lead to something

bad. It is great that in the past 40 years 2 billion more people in the world received electricity for the first time, but this achievement is part of the plethora of factors that have led to escalating climate change. It is wonderful that over 1 billion people now have access to antibiotics for the first time, which hugely improves their life expectancy and health; but at the same time, this is leading to rise in anti-microbial resistance.

How we manage the externalities—the spillovers of our success—becomes increasingly critical. As more and more people have access to the goods of globalization, the spillovers get greater and greater. The richer we get, the more connected we are, and the more our individual lives and choices impact upon the rest of the world. Taking responsibility for our choices at both the individual and national level becomes more and more important; and doing so inevitably requires more coordination.

**CABINS ON AN OCEAN LINER**

There is no wall high enough that will keep out the threats we face in the future, be they climate change, pandemics, or others. But what high walls do do—even for the strongest of major powers like the United States or China—is keep out the opportunities to manage

these threats: the people, the ideas, the technologies, and, most of all, the will to cooperate. So, the greatest threat we face is too little globalization, not too much—particularly too little globalization in the realm of ideas and in politics.

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It is politics that needs to be more globalized: that we are all in this together is perhaps the most important lesson we need to learn from the pandemic. As Kishore Mahbubani eloquently wrote in *The Great Convergence* (2013), “people no longer live in more than 100 separate boats. Instead they all live in 193 separate cabins on the same boat. But this boat has a problem. It has 193 captains and crews, each claiming exclusive responsibility for one cabin. However, it has no captain or crew to take care of the boat as a whole.” The ocean is beset with storms, and we need to cooperate. There is simply no other viable option. We cannot forge an individual future without the world becoming a healthier place. How we do this is going to require the great powers and many others to come together.

Not everything requires global unanimity or collective action. When it comes to climate change, for example, a dozen or so countries account for around 80 percent of emissions. With respect to finance, again,

about a dozen countries are systemically important, and the rest are not. Anti-microbial resistance? New York State consumes more antibiotics than the whole of Sub-Saharan Africa: 48 independent states are less important in terms of antimicrobial resistance than is New York State. Space debris? Just a few countries have created and can solve that problem.

But pandemics are different. What pandemics teach us is that threats can come from everywhere—the smallest, poorest country is a threat, as is the richest. Everyone is in it together and we seem truly to be recognizing the fact that for the first time in the history of humanity we are facing a common threat. And by learning about it, we learn what we need to do, which is to work together to solve this shared problem for humanity.

**THE FUTURE OF WORK**

There are many dimensions of the pandemic that will also accelerate other dimensions of our life—work, for example. How is the way we work likely to affect national economies or the various activities of our everyday lives? Far from the pandemic being a great equalizer, it has led to very rapidly rising inequalities—both within and between countries. Within countries, because some people can work remotely

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and others can’t, because some people are more vulnerable health-wise, and mortality rates are hugely differentiated. In the UK, for instance, Black, Asian, and minority ethnic groups are four times as likely to die from the coronavirus than the rest of the population.

Young people are also differently affected than older people. In many cases, young people have made sacrifices in their social lives, education, job prospects, and debt burdens.

We need to think differently about the consequences of this type of inequality, which stems from the work issue. For example, the future of cities can be at risk. If office workers flee and nothing replaces them, then the income base of cities is undermined, which in turn would further increase the public indebtedness of public transportation systems, which would in turn threaten the dynamics of the ecosystems of cities. If this is combined with a curtailment on migration, then because migrants are a major source of dynamism in many cities, it could add to the factors that lead to a degeneration of cities. We are already seeing signs that a combination of these factors may already be providing major challenges for global metropolises like London, New York, Singapore, Mumbai, Shanghai, and other global hubs.

Major cities are hubs of innovation and creativity not by accident but by design, because they bring together diverse people with capital, leading to new ideas. When I interviewed numerous CEOs for my latest book *Rescue: From Global Crisis to A Better World* (2021), I asked each of them to describe how the pandemic was affecting them, and because my target group were in technology, online retail distribution of food, or other services (law firms made record profits working remotely) that were doing well in the pandemic, they more or less answered as expected, namely that the pandemic had not been very negative for them.

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But when I asked them: “have you had any creative ideas,” their answers amounted to some version of “no.” And their answers to “how have you done with bringing young people in,” their answers amounted to “it’s not easy.” And the basic reason for these types of answers is that most jobs are apprenticeships. We learn not by reading a book or watching a video, but by watching people and engaging, often informally. We engage and we challenge. Unless we are able to have those informal interactions, we are unlikely to be able to pose the difficult questions that challenge organizations and force them to continue to learn and thrive.

So, as we think about the future we need to think about a combination of virtual engagements and not forget the physical sort of engagement—particularly with regards to young people. We also need to ensure that we invest in those categories of people that cannot work remotely—either because they do not have the circumstances at home (many are sitting at the end of their beds with poor Wi-Fi or with children or elderly dependents to take care of); or because they don’t have the privacy or home equipment; or because they are simply in jobs that cannot be done remote. And that is true for all essential workers, like those that do online deliveries, or collect our garbage, or the care workers—the doctors and nurses for whom we clap and celebrate publicly but have not rewarded adequately.

We need to recalibrate, and we need to invest in the way that we do things. We should be particularly concerned about how we recalibrate and think about work in cities and ensuring that we have dynamic employment ecosystems.

There are many other aspects of the pandemic which are significant. For instance, as we accelerate the move

to remote work, we are also going to change the opportunities for professional services work: if we can work from home, why do we need to be in the same country? Therefore, some places will benefit. Why should we pay a lawyer \$1000 an hour because he or she is sitting in New York, London, or some other expensive city, when we can get the same job done for \$50 an hour by hiring an excellent lawyer sitting in some remote location with a low cost of living? The globalization of professional services is going to be greatly accelerated by the effects of the pandemic. As that happens, new opportunities will arise for skilled people around the world to do professional services in new ways. I believe we also will see an unbundling of many of these.

This raises big questions about the future of work—and not only for skilled people, and the related question of where they will be located, but also for the semi-skilled and the unskilled. What are the 100 million people who are coming into the workforce over the next 10 years in Africa going to do? What jobs will they do, if the opportunities for repetitive rules-based jobs in manufacturing or in services are disappearing? Are we going to have to revert development models to a more primitive one focusing on tourism and commodities exports in a world of accelerated artificial intelligence, robotics automation, and remote work? These

are deep questions that were being posed anyway—before the pandemic—but now have been accelerated because what we thought would emerge over a period of 10 years or more, is now likely to emerge much sooner.

**IMPLICATIONS**

The implications arising out of the pandemic for various regions across the globe are numerous and profound—and in some cases different. In East Asia, for example, best practices adopted from past health crises make a tremendous difference. The wearing of masks, the bowing and not touching of hands, and other deep patterns of behavior have been embedded in populations’ cultures. And of course, the ability to understand very quickly what is in the public interest.

The difference between I and We—between Me and Us—is better understood in many Asian societies than in those where individualism has run rampant, particularly in Europe and North America—especially in the UK and the U.S. in the past 50 years of so. In the West, we have seen a swing to individualism becoming dominant. This has led both to a much greater difficulty in accepting restrictions that the pandemic has imposed upon us and to the reluctance of governments to do the right thing, which is to follow WHO guidelines quickly and effectively.



It is no accident that the UK and the U.S. were laggards and had some of the highest mortality rates per capita. At bottom I believe this is due to governments' prioritizing individuals over society and by being very reluctant to place any restrictions on social gatherings and mobility. That, of course, led to a very late response to the pandemic, with tragic consequences for millions of people. So, one big difference that I am seeing is a better ability to understand norms and behavior changes.

The second implication arising out of the pandemic for East Asia is its ability to benefit economically from having had the wherewithal to emerge from its effects sooner: higher rates of growth, a much higher focus in R&D investment in many countries, and, with that a different balance between the government and the private sector. As the center of economic gravity moves to East Asia, as their skill levels relative to other regions build, I believe we will see this tendency being further reinforced. The question now becomes: what is the political response going to be and how will it impact on global cooperation? Relations between Australia and China, for example, are critical in this respect,

as well as its interaction with the United States and the rest of the world.

**M**y hope is that we can take away from this pandemic an understanding of the urgent need to recalibrate relations as well as how to think deeply about how globalization works and leads to benefits, but also threatens us through the superspreading of dangers. It would be a tragedy if we were to choose to manage these threats by retreating into a cocoon, for this would lead to slow growth and slower problem-solving for all of us. Even worse, I fear: it would lead to a more unstable and a less predictable world: we would all find ourselves in a much more dangerous place.

We have to take from this pandemic the lessons of World War II, not World War I. The ability, in the midst of this pandemic, to recognize that bouncing back to business as usual keeps us on a path which is leading us over a precipice—keeps us doing the wrong things. This is not about “bouncing back” or even “resetting.” The latter implies going back to the operating system that's locked into the system: when I reset my computer, I go back to the factory settings.

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We need to do things qualitatively differently. Can we do this? I think the evidence accumulated during the pandemic demonstrates that we certainly can.

**W**e are doing many things differently today that would have been unimaginable in January 2020. If someone had told me that the government would tell us all when we would be allowed to hug our friends, when we could fly, how far we could circulate in our own neighborhoods, I would have thought that was impossible: my first instinct would be to point to North Korea as a place where that sort of thing happens. And yet, I embrace it today. The vast majority of us do.

If someone had said to me that a Conservative government in the UK—and right-of-center governments in many other places—would run a fiscal deficit of 10 percent or more of GDP, embrace record debts, pay workers not to go to work, and support firms not to go bankrupt, I would have thought that to be impossible. Not even the most left-wing governments in Europe would have dreamt of that. And yet, that is what governments of all stripes are doing today across the globe.

We have seen changes in the behavior of individuals, societies, and governments in ways that were unimaginable less than two years ago. We know beyond a shadow of a doubt that we can change, and we know that the old orthodoxies need no longer apply.

There are no critical debt thresholds. Of course, we need to worry about debt, but as long it's invested in growth it appears to be sustainable. The lesson from the Roaring Twenties is not to spend on consumption: rather, we need to invest sensibly, and I believe that needs to be aligned with growth, which improves livelihoods and leads to lower carbon emissions.

**T**he other lesson is that great powers need to cooperate. We need to show solidarity, we need to be giving more to other countries, and we need to focus on problem-solving. We must never forget that the moment in history in which the Bretton Woods institutions were established represents the moment in which victors came together primarily to finance the reconstruction of their enemies (Japan and Germany) and others that had suffered so terribly in the war. This is the spirit that we need to embrace again. The spirit that understands that we can only be as good as others are; the spirit that understands

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that global growth requires global cooperation; the spirit that understands that good things can emerge from these tragedies—if, that is, they teach us to work together and not repeat the mistakes of the past.

The opportunity is now. If we wait until after the pandemic, we will become complacent again; we will enjoy ourselves and we will get on with things thinking the worst is now behind us. The sense of urgency will pass.

The other lesson of World War II is that in the midst of the war leaders and society created a vision for a better future. This happened while the bombs were drop-

ping and while Churchill and Roosevelt and the other Allies were fighting battles on five fronts. In the UK there was a real danger of being invaded—elderly people were being put to work to build block houses to stop the German invasion. At that time of peak crisis and existential risk, a new world was created: the Atlantic Charter, the United Nations, the welfare state, the Bretton Woods institutions, and the world of global solidarity.

Our time to create a better world is now, not tomorrow. My hope is that we can learn from this terrible pandemic and that from this crisis we will create a more stable, a more predictable, and a more prosperous world. ●

