

# 2021: the year of sustainable globalisation

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We are living in exceptional times, a period of fundamental change. And the Covid-19 pandemic has simply sharpened some of the underlying transformations. The closure of borders and the lockdowns to stop the spread of the new coronavirus have shocked many people. The virus has shown that our globalised and interlinked economies, as well as our societies, are vulnerable. Supply chains have been interrupted, the necessary medical equipment was initially in short supply.

Climate change and biodiversity loss are existential challenges of our time. They not only facilitate the emergence of pandemics but also call our resource-intensive and polluting economic model into question. The fourth industrial revolution, based on smart technologies like artificial intelligence, the Internet of Things, 3D printing, genetic engineering, and quantum computing, is changing production systems and consumption patterns fundamentally. Increasing inequalities in income and wealth undermine the cohesion of many societies and favour populist movements, threatening democracies. The big international financial and economic crisis, which started in the US in 2007, has shaken confidence in the neoliberal economic model that guided the hyper-globalisation process in the years before the crisis. Furthermore, the populist 'America First' policy of the Trump administration has undermined multilateral institutions, international cooperation, and trust in democracy. A more assertive China has taken up the challenge of big power politics. It is striving for supremacy in key technologies. It also shapes a new China-centred international order, with the new Silk Road and new international financial institutions like the Asian Infrastructure and Investment Bank.

As a consequence of all this, many citizens feel insecure. Leading policymakers propose de-globalisation instead of globalisation as the remedy. Disruption has become the keyword for business and politics.

As the most open big international market, as a role model of shared sovereignty between democratic countries, and as the home of many multinational companies, the European Union is well placed to promote a new vision of sustainable globalisation. The year 2021 should not therefore become the year of status quo, of going back to the pre-Covid normality of hyper-globalisation and geopolitical power politics.

The year 2021 must instead bring progress towards a sustainable and inclusive society, towards an international economy that benefits everybody, independent of social status and place of birth. Progressive forces in Europe should cooperate with the incoming Biden administration to promote a new agenda for international cooperation based on common rules and multilateral institutions.

*The fight against climate change could be an area where European, American, and Chinese efforts converge.* The EU is a frontrunner in green policies. But China too has signed the Paris Agreement to fight climate change, and has the ambition to become an ecological civilisation. The new Biden administration wants to re-join the Paris Agreement – but it remains to be seen whether Republican opposition in the US Senate will be able to block this. Even if it does, the Biden administration, together with progressive US states and cities, can achieve substantial environmental progress.

*Democracy should be strengthened.* This cannot be achieved by engaging in geopolitical and ideological confrontation with authoritarian political systems. It will only be achieved by building a more cohesive society. The European experience of social market economies can provide guidance for building a united society with a robust social safety net.

*International cooperation should promote shared prosperity.* For decades, the opening up of China and that country's economic rise have benefitted the global economy, attracting foreign investors and lifting millions of people out of poverty. But this picture seems to be changing. A state-driven economy is now stifling fair competition. Indeed, non-Chinese companies are excluded from key sectors of the Chinese economy. The new US administration and the EU should therefore join forces to convince and pressure China to accept fair competition and further open up its huge market.

But we should not indulge in illusions. There might be areas where a Biden administration too will want to protect American interests against foreign competitors. The EU should therefore develop its own policy instruments to defend European interests and strengthen European economic and political sovereignty.

The year 2021 should become the year of a stronger European Union, promoting a new model of sustainable globalisation for the benefit of ordinary citizens.