

# FROM THE GLOBALIZATION TO THE LOCALIZATION: LESSONS AND SOLUTIONS TO THIS PANDEMIC CRISIS

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## Abstract

*The purpose of this study is to compare two different concepts: the globalization and the localization. Globalization means the free circulation of goods, information and technologies. Localization considers that the local plan is the most important, such as: local products and local administration.*

*The Actual Corona Crisis is the case study for better understanding those concepts. This article presents some recent fiscal and monetary policy measures in terms of public spending, taxes, and other financial support both for companies and population in four countries, including Australia, China, Germany and Italy.*

*The risks of actual globalization, means that we have to discuss about a new concept the localization. The definition of Localization is the main contribution of author to the economic literature.*

**Key words:** globalization, localization, crisis, Covid-19, solutions.

**Jel Classification:** B22, F68

## 1. Introduction

We touch a development limit determined by globalisation. This pandemic crisis represents the end of the actual globalization. We have a slowdown for Environment, for Earth, for families, and a decrease of global industries such as: manufacturing made in China, the air and navy transportation, the hospitality industry. Now is time to produce at home, being in harmony with Nature, the Environment, to think ourselves as prosumers. In this respect, the Localisation means that we shall produce in our city, our village, our area, building jobs for our neighbours and citizens.

Firstly, the Localization puts in center the individual as a citizen of citadel, as a creator and a producer. Secondly, the new concept places the individual as a consumer. The concept emphasizes that it is more important to concentrate on the real economy and the interconnected relations of individual as network centre.

The main conclusion is that the economy should be understood from the following holistic approaches: economic, social, cultural, philosophical, political and spiritual. The method of the present work is both the paradox and the case study. The novelty of the paper consists in the development of a new economic doctrine named Localization. This doctrine places the individual in the center as a citizen of the city/village. Thus, the economy is seen in close correlation with social, culture, politics and spirituality. The time has come for an economic system, which focuses on the individual as a citizen of the city/village, seen both as a consumer and as a producer/creator. Education must ensure a balance: to be both a mass financial education and a mass spiritual education.

## 2. The globalization

In our days no one sphere of life can act independent and isolated. All processes and events should be examined and understood in the broad sense of economic, social, political, ecological, technological, legal and demographic context, taking into account their interdependence. Globalization is an approach which expands the economic theory as well as other scientific fields.

Subject of globalizations are: the state, global companies, regional structures, international economic organizations. These are strong influence the market mechanism, the production, the distribution, the competition, the natural environment, the everyday life and

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every aspect of life peoples. When we study the globalization, we have to look her „from the point of view of balance between the results and the impact of long-term increasing”. (Kolodko, p.75)

Countries that do not have strong institutional framework, solid social policies and networks to cope with negative externalities most suffer the negative effects of globalization.

External factors, such as the global trading environment, are crucial in creating greater opportunities or in posing constraints on a country’s economic growth. On the general historical level globalization is effected by several main factors: technical and technological progress, quality of interaction between man/women and nature, culture and communication.

In our days the catalyst factors of globalization are technologies, communication, transportation, financial and internet. The inter-correlations established between states call on the table the main economic actors: the national states, the United Nations, the World Bank, the International Monetary Fund, the World Trade Organization and the transnational companies.

Toffler considers that the tomorrow economy will put the accent on: „hiperagriculture, nanotechnologies, green energy, continuous payments, instantaneous markets”. (Toffler, 13)

The entrepreneurs tend to overestimate the benefits of globalization and underestimate its costs. For this reason Global Acumen is a vital part of any manager’s strategic toolkit. Global Acumen is a „mathematical algorithm that estimates institutional risk spreads between countries in an effective, useful, and flexible way”. (Salomon, 2016)

### **3. Methodology and Method**

The paper is based on both on the paradox method and the case study. We use the paradox in the sense that each school of economic thinking no longer responds to the complexity of the present world. The paradox is an “opinion contrary to the unanimously acknowledged truth”. (Le Petit Larousee, 1995). The paradox seems to contradict, but at the same time it could also be true (Dinu et. al, 2017). Also, the economic paradox breaks down in the economic research the myth of the theory that benefits from generalized applicability.

We use the case study to understand the results of the corona crisis. The case study is „a situation determined by paradox””. (Le Petit Larousee, 1995). This paper studies the global economic impact of COVID-19. The study is based by some recent fiscal and monetary policy measures in terms of public spending, taxes, and other financial support both for companies and population in four countries, including Australia, China, Germany and Italy.

The period of the analysis was May 2020-September 2020. The aim of the research is to clarify the new concept localization as a new way of thinking.

When we study the Covid Crisis, there are four steps:

1. The answer gives by the national and local authorities,
2. The answer gives by medicin and nourses,
3. The answer gives by the researchers,
4. The answer gives by the population.

The medicins are loss or more prepared, but the most importnat is that any pacient give a different answer to the same treatment and to the same illness.

The most important answer come from the authentic reserchers and today we have the cure: the vaccin, but population are afraid because sfe don’t know the answer to that cure.

Generally, the population respect the authorities recommendation, but are some uneducated and the young, that give the illness to appropriate, because they don’t respect the mimimum distance.

A long term strategy includes the „increasing funding for the construction of new hospitals and in the same time, the ability to quickly build temporary hospitals to properly manage the peak of infection”. This would rapidly increase the responsiveness of the National Health System. (Bigiani et al., 2020)

Comparing social distance, hygiene, sharing personal, unnecessary touching things, improper food habits, daily fresh food items and immunity, Singh and Avikal has been seen that „unnecessary travel has the highest impact and the most important factor in spreading virus. Touching own body parts and hand shake are the next important issues in spreading the same”. (Singh and Avikal, 2020)

According to Chase the concept of rapid demand response (RDR) forecasting is based on „updating demand forecasts to reflect real and rapid changes in demand, both during and between planning cycles. It can help also the Internet of Things (IoT), the predictability of the models using MAPE (Mean Absolute Percentage Error) and Demand Planners”. (Chase, 2020)

**Table 1: Fiscal and Monetary Policy Response to Covid Crisis**

Country	Fiscal	Monetary
<b>Australia</b>	Lending facility for SME covered by AUD 9-billion at 25bps	Policy rate cut by 25 bps.
<b>China</b>	( 2.5 percent of GDP) of fiscal measures or financing plans have been announced, of which 1.2 percent of GDP are already being implemented.	The PBC provided monetary policy and acted to safeguard financial market stability. The exchange rate has been allowed to adjust flexibility.
<b>Germany</b>	(4.9 per cent of GDP) which includes: -spending on program of private healthcare equipment, hospital and R&D (vaccine), -expanded access to short-term work ("Kurzarbeit") -50 billion in grants to small business owners and self-employed persons severely affected by the Covid-19	Pandemic Emergency Purchase Program
<b>Italy</b>	(76 percent of GDP) On April 6, the Liquidity Decree for additional state guarantees to 25 per cent of GDP. The guarantee envelope from this and earlier schemes is aimed to unlock close to 50per cent of GDP of liquidity for businesses and households.	Pandemic Emergency Purchase Program

**Source:** Rangan D, Chakraborty L, (2020).COVID-19: Global Diagnosis and Future Policy Perspective, *Prajnan*, Vol. XLIX, No. 1, 2020-21, pp. 9-29.

As we see, the governments make it’s job, helping the companies and the business environment, as the affected population as well. Rangan and Chakraborty consider that according to the last pandemics experiences the „direct public investment in plant expansions should be emphasized and international cooperation” are very important. (Rangan and Chakraborty, 2020)

**Table 2: Other measures related to financial assistance**

Country	Loans, funds and debt	Other financial measures
<b>Australia</b>	Loan repayment deferral for small business for 6 months.	Establishment of Swap Facility with US Federal Reserve of USD 60 million Government allocation of AUD 15 billions to invest in wholesale funding markets
<b>China</b>	Credit extension covered byRMB 350 billion to micro and small enterprises.	Reverse Repos and Medium/term Lending to foster a liquidity injection of RMB 4.6 trillion in the banking system

Country	Loans, funds and debt	Other financial measures
Germany	KfW Quick loan Program: loans for all business at 3% interest for terms of 10 years	Regulatory easing performed by BaFin in reducing countercycle capital buffer for banks to 0%.
Italy	Central Guarantee Fund: Guarantees (90-100%) free of charge to companies suffering loss of income due to Covid.	Postponement of payments for holders of debit accounts.

**Source:** Perasolo L, Schaller D, Stitteneder T and Valeyatheepillay M. (2020). Covid-19: Economic Policy Interventions Across Continents, *CESifo Forum* 3 / 2020 September Volume 21, pp.49-57

The countries like, China and Germany, with a commercial excedent has multiple actions choices in a period of crisis. We have to thinking not when shall stopped the actual pandemic crisis, but when shall starts the next pandemic crisis. For that a good solution is thst each cuntry to invest a every year rate of 0,7% from GDP to the Word Bank for future equipment and vaccin.

#### 4. The localization

Britain's outpouring of the European Union and the election of President Donald Trump marks the end of the process of contemporary globalization, launched by Prime Minister Margaret Thatcher in the UK and President Ronald Reagan in the United States. As the two countries have begun this process, it is natural that they will finish it.

What comes next after globalization? The location follows, meaning the community becomes more important than the overall. In this context, the man/women stands out as a citizen of the fortress, who becomes aware of the birth of the New Consciousness, to which he contributes precisely by becoming a producer, player and member of the local community, not only a consumer. The artistic spirit of the citizen awakens and produces, in addition to economic goods, artistic creations. For these reasons the authors have called this concept Localization.

Rojey considers that we have to built „flexible and rezilient capabilities”. Because the actual organization „based on profit maximization, lead to loss rezilience”. (Rojey, 164-165) Flexibility is corelated with culture, religious, geography, history, in a one word with localization.

Erwin Laszlo believes that 2012 marks the gateway to a *new world*, a new *civilisation*, based on a new way of thinking and a more evolved consciousness because the current distribution of wealth, the global financial system and the current social system changed (Laszlo, 2008, pp. 139-140)

The New Consciousness takes into account the other, the neighbor and does not focus on pursuing the own interest at any cost. Mankind gradually awakens from the sleep of reason, selfishness and greed, and discovers spirituality, co-operation, and altruism. These values constitute the cornerstone of Localization.

D Korten in „From Ghost Rich to Real Rich” makes a real action plan for a new economy: „restoring the sovereignty of the national economy; restructuring financial services to serve the Main Branch.” (Korten, 2009, pp. 128-129)

Korten (2009) developed a true Constitution of Spiritual Localization, in which the primary focus is on the real economy rather than on the symbolic, the individual and not the state. Inthe center of this concept is the communitie.

Chang identifies: „a better balance between finance an real economy”, and production shallbe the key. (Chang, 2011, pp. 254-261). Chang focuses on long-term, honest, cooperative, salient, and real economy.

Aivanhov (1991) discusses about the economy of the future by pointing to the wound and against the current debauchery consumerism. „ ... The leaders of the countries should first learn:

how man is built, as he is bound to the whole Universe, which are the hierarchies in the Universe.” (Aivanhov, 1991, pp.110-113). Here, Aivanhov shows that nature is wiser than politicians. Today's politicians need to know the laws of the spirit, and what they will do will be perfect.

Mascouse considers that „people want companies to believe in something beyond maximizing profits”. (Mascouse, 270) We have to integrate the social costs and the ecological costs. On the local plan is best possible „the general equilibrium between the total demand and the total supply”. (Jesusa, Labrouse, Vitry, 326) A free market economy can lead to inequality. A socialist economy „ensures more equal distribution of wealth but can hamper economic growth and development”. So, a social market economy aims to make markets fair, by creating a middle way. (Kishtainy, 2012, 222)

However, Georgescu-Roegen noticed that the essence of development consists of „the organizational and flexible power to create new processes rather than the power to produce commodities” (Georgescu-Roegen, 1971: 275).

This law in the economic field take into consideration the natural resources that „take place in the production process and we have as a result pollution”. (Gheorghiu, 136) The development of intelligent communication systems can lead to the emergence of a global “brain” capable of dealing with Earth's problems. Tomorrow's company must be able to integrate social, affective and spiritual values, not just economic ones (Rojey, 2011, p. 160-162). Lovelock suggested that „the entire planet makes up a single, self-regulating, living entity, which he called Gaia”. (Hart-Davis, 2014, 315)

Companies can do „high-quality components and design plus added value this with new features, innovative function or add-ons designed to benefit.” (Mascouse, 2014, pp. 320-323). The *dao*, or *Way*, is the fundamental principle of the universe. „The *dao* sustains all things. The *dao* remains unchanged, while all else flows around it. Through meditation and inaction individuals accept the *Way* of the universe.” (Ambalu *et.al*, 2013, p. 66)

E. Laszlo identifies a New Conscience defined by: „crossing from extensive development to intensive development; crossing from external authority to internal authority; crossing from mechanics system to life system. (p 99)

The curator of Neanderthal Museum in Germany, when asked what factors are responsible for human race survival, replied: „intelligence that allowed adaptation and innovation; synergism; spread to avoid critical density; diversity of food sources; the unique culture that defined the motivation, sacrum, socialization; spirituality consisting in collective consciousness”. (Bran, p.194).

Economics can not be a natural science. It is closer to „the quaternary structure of reality and being: the human-cosmic-God and the unfathomed equation of existence”. (Brăilean, pp.83-86) Essential is the human-society equation-Cosmos-God. Basically, the answer to all the problems of mankind is this: the return to the sacrament and the consciousness that we are stardust. The old man-society paradigm has brought us to the crises of our day: that is, a sum of economic, spiritual, ecological, social, political, environmental crises.

## 5. Conclusions

The solutions to the next crisis are on the hands of researchers, medicines, authorities and entrepreneurs. Of course, are important also, the medical infrastructure: new hospitals, the research institutes, labs, the academic personnel.

The people must be conscient that the cure are in their hand doing: sport, prevention, minimum of medical education, positive thinking, healthy nutrition, fresh air, walking in nature.

This paper demonstrate that among the principal actors-the state and the market, we have a new actor: the network. Also, the two opposite concepts – the globalization and the localization can be understand in correlation with the network. In this situation the network is the central element of the today and tomorrow economy.

Men/women can leave both in globalization and in localization. The dynamic men, which has a lot of connections with partners from abroad, live in globalization, but the static men, the spiritual men, live in localization, because the last is get on together with God, Cosmos, Environment, people, animals.

The recent covid crisis requires rethinking the economy as a materialistic discipline and addressing the economic realities of holistic overview: spiritual-political-social-cultural-economic. The political economy itself is in crisis, and this is due to its very basic foundation. The symbolic economy overinflates the real economy, just as the political economy negatively affects the religion. The starts can be give by: the open workhops, the fabrication labs, the Fab Cities, the do-it-together and 3D printer, those makink possible the local production.

It is the time for a modern human being to no longer worship to the money, the greed, and the chaos. Human beings should turn to themselves, to the divine self, to the search for the meaning of life. Life is here and now and is waiting to discover it, giving up the illusions and discovering what is eternal in men. The time has come for a new economic system which places the individual as a citizen of the city, viewed both as a consumer and as a producer/creator. The organization for today and tommorow is the horizontal network. That is why the authors introduced the term Localization.

Education must ensure a balance: to be both a mass financial education and a mass spiritual education. In conclusion, Localization concept offers a new economic direction, which is focused more on the individual, and his (spiritual) needs, the economy will provide significant growth that will be proven through macro and micro economic indicators.

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