



How Isolationist Responses Lead to Nationalist Policies

Friday, April 3, 2020

This webinar focused on the lack of coordination and implications of isolationist response efforts across the globe to the COVID-19 pandemic. Asian countries have adopted varying containment measures, European nations cannot agree on the size of a stimulus package, and American efforts are incongruous. Moderated by Oriel Morrison, former anchor with CNBC International, the three speakers described how disjointed international solutions have given rise to nationalism and jeopardized the future of globalization and cross-border collaboration. Still, industry green shoots are cause for hope.

Webinar panelists included:

- **Oriel Morrison (Moderator)**, Former Anchor, CNBC International
- **Steven Ciobo**, Former Minister of Trade, Tourism, and Investment of Australia and former Member, Australian House of Representatives; Milken Institute Asia Fellow
- **Jonathan McClory**, General Manager, Asia, Portland Communications; author of *The Soft Power 30*
- **Parag Khanna**, Founder and Managing Partner, FutureMap; best-selling author of *The Future is Asian* and *Connectography: Mapping the Global Network Revolution*

The panelists touched on the following:

- Ciobo argued that cross-border scientific collaboration has been significant, and he is hopeful that the G20 will step up as it did during the Global Financial Crisis to coordinate fiscal repair. He anticipates that coordinated policy action to ensure fiscal repair will be “uncomfortably juxtaposed” against raging nationalism. In doing so, other countries will follow Australia in creating barriers to capital by introducing zero-dollar screening thresholds on foreign investment. The post-COVID world will see these two opposing forces at work in markets that require capital to restructure and consolidate their debt position.
- McClory observed that isolationist responses to COVID-19 are consistent with the trends towards nation-states and away from the multilateral cooperation seen in the last few years. The failure of the G7 to put together a joint statement is worrisome. Additionally, global polling shows that negative perceptions of foreign countries have increased since 2017, and COVID-19 is very likely to exacerbate xenophobic views.
- Khanna noted that regional cooperation has been limited because countries are largely acting in their own best interests. Stimulus packages differ substantially in European Union countries due to the general unwillingness to mutualize corporate debt in the eurozone. Beijing has turned its attention inward even as many look to China to drive global demand. However, he sees hope in two major reprieves to nationalistic tendencies in response to the crisis: IMF credit lines and US dollar availability. He explained that the virus has reminded us how interdependent the services sector is, so capital flow and investment in the service industry will be adversely impacted by the virus. If Small Medium Enterprises scale back on commercial real estate, that market will be hit particularly hard.
- A key message by all three panelists was that green shoots have emerged across the globe and this unprecedented disruption presents industries with a unique opportunity to discover and pursue more novel and innovative modes of operation. For example, the mobile delivery market will benefit various industries. Digital connectivity and 5G growth are also unprecedented as our current circumstances enable industry leaders to better understand the infrastructure they require.

- Finally, the panelists all emphasized the merits of a multilateral response and the dangers of retreating into protectionist policies. They agree that the balance of power has been shifting further east over the past two decades, and this trend is likely to continue even if the virus does not immediately impact this shift.

If you would like to listen to recordings of this webinar and the rest of the Milken Institute's COVID-19 conference call series, please visit our [website](#).