

Maine Policy Review

Volume 30
Issue 2 *Impacts of COVID-19 Pandemic*

2021

Imagining Maine's Economy in a Postpandemic World

Stefano Tijerina
University of Maine, stefano.tijerina@maine.edu

Follow this and additional works at: <https://digitalcommons.library.umaine.edu/mpr>

Recommended Citation

Tijerina, Stefano. "Imagining Maine's Economy in a Postpandemic World." *Maine Policy Review* 30.2 (2021) : 128 -129, <https://digitalcommons.library.umaine.edu/mpr/vol30/iss2/19>.

This Commentary is brought to you for free and open access by DigitalCommons@UMaine.

COMMENTARY

Imagining Maine's Economy in a Postpandemic World

by Stefano Tijerina

Over the trajectory of the pandemic, in a blog on the *Bangor Daily News* website, I reflected on key moments and possibilities of how our *glocal* world could look after such a transformative event. It is now the summer of 2021, and life seems to be going back to normal, but I question this normalcy. I have changed spiritually, emotionally, and psychologically, and I am convinced that similar things are happening to others. After a global pandemic, it is difficult to believe that things will go back to normal. What follows reflects my personal reflections as the world navigated the changing local and global realities that unfolded since March of 2020. I strongly believe that we are entering a changing reality, a period of transition. Humanity, nations, capitalism, and the natural environment will not be the same. We have learned a lesson. Even at the local level, Maine will not be the same. From my perspective, “the way life should be” is about to be revised and redefined.

GOODBYE ECONOMIC BLOCS AND WELCOME NATIONALISM

One of the structural adjustments that resulted from the globalization of the market over the past several decades was the establishment of regional economic trade blocs designed to expand the consumer market, strengthen business capabilities, and reduce the production costs of international businesses. New complex supply chains emerged among trade bloc members, as well as new nation-to-nation partnerships that

increased their interdependence, while reducing the power, autonomy, and maneuverability of individual nation states within the bloc. Today, the global market is divided into trade blocs, with the exception of China.¹ These regional economic trade blocs became the core of the global market system, particularly the most robust blocs, the European Union (EU) and United States-Mexico-Canada Agreement (USMCA). Nevertheless, under the new dynamics imposed by the COVID-19 pandemic, the regional economic trade blocs have lost their validity as the crisis has forced the member nations to recoil back into their rigid borders of the 1980s and before.

It is feasible to say that the regional economic trade blocs have failed to maintain their cohesiveness, showing the world they are fragile economic, political, social, and environmental structures unable to overcome the first real test of globalization. Designed for the acceleration and expansion of commerce, but not for collective collaboration in times of crisis, the USMCA, the EU, and the others have been sidelined. Member nations have instead closed their borders and shut down supply chains as global consumption drastically slowed down.

Essential trade continues to move freely among regional economic trade blocs, but the movement of people has been halted, as in the case of Maine and its borderland region. People are not moving between borders and consuming goods and services, the heart of the hospitality industry has been negatively affected while cross-border families have

been separated.² Now we must ask, Are free trade agreements only tailored for the benefit of corporations and not communities and its citizens?

The EU's reaction to the crisis revealed the inequalities and disadvantages within Europe. Germany and France quickly shut their doors on Italy and Spain, watching from afar as people died in these two affected countries early in the pandemic. The EU's reaction through its institutions and the European Central Bank came too late, raising doubts about the effectiveness of the trade bloc (Erlanger 2020). A year and a half into the pandemic, the financial and logistical support remains less than acceptable, forcing Italy and Spain to depend on aid from China, Russia, and Cuba, instead of receiving the support from the other union members.

The USMCA trade partnership has also revealed its weaknesses, as the United States, Canada, and Mexico closed their borders, shutting the door on the opportunity to coordinate a collective effort to combat COVID-19. Ignoring the facts that our supply chains are heavily interconnected, that our food production systems are heavily interdependent, and that our economies are intimately integrated, the three markets opted to strategize independently, risking the long-term sustainability of the partnership. The trade bloc that survived the nationalist attacks of the Trump administration now seems fragile and almost irrelevant as the three economies slow, and their markets turn to internal solutions.

It is now questionable whether the EU, the USMCA, and the other trade blocs will be able to regain momentum once their member nations overcome the challenges of COVID-19 and begin to rebuild their economies. It is clear that each market will have to be rebuilt from

COMMENTARY

the bottom up and not via the global market system, reviving the spirit of nationalism. If that is the case, then there will be pushback against globalization and particularly the structural bureaucracies of the economic blocs that have bled the national coffers of most member nations.

Here in Maine, the economy of the southern part of the state will rebound as urban city dwellers from New England and beyond find refuge and a higher quality of life in this terrestrial paradise, while western and northern border region suffers incrementally from the closure of the border (Tijerina 2021). Maine's dependency on Canada may force a revision of the state's long-term economic development plan, raising doubts about the benefits of the USMCA.

The popular sentiment is that the local economy will have priority over the global economy. Nevertheless, the interconnectivity of the past 30 plus years will make it difficult for some nations to quickly get back on their feet. How will the EU sell the idea that Germany and France need to be rebuilt first in order to lift the other members? How will the USCMA sell the idea that the US economy will need to recover first in order to lift the Canadian and the Mexican economies? The future survival of economic blocs is less feasible considering the potential devastation of the economies of the member nations.

Either regional economic trade blocs adopt social, environmental, and health policies that look after the collective well-being of their citizens or they will collapse. Citizens of the member nations will hold the transnational government bodies accountable for their lack of action, and if they do not change their corporate-driven focus, they will succumb. This inevitable confrontation that will follow the post-COVID-19 era will perhaps mark the

end of economic blocs and the return of nationalism and regionalism.

The pillars of the global economic trade blocs are now fractured, and as the impacts of COVID-19 spread globally, the damage might be too large to repair. So large, in fact, that some counties within the EU might abandon the union. Separatist movements fueled by nationalism may once again surface, and inequalities and disparities within the reconstruction period may even perhaps result in social unrest and political instability. This may also be the case among the USMCA members, as the regional pockets of disparity and disenfranchisement are unveiled by the devastating economic damage of COVID-19.

The advocates of globalization, therefore, have a big task ahead of them while the nationalist see in the COVID-19 pandemic an opportunity to regain lost ground. This will be reflected in future local and national elections, in the public-private strategies put in place to rebuild economies, and in the popular sentiment of local and national constituents. Will the masses in Europe continue to back the idea of a unified Europe? Will Americans, Mexicans, and Canadians be willing to outsource their jobs one more time? Will the capitalist leaders continue to advance their self-interest over national interests? Will consumers be willing to pay more to support their national and local economies? Will the world of "Made in China" come to an end? As it is currently said across media sources: humanity is navigating "unchartered waters."

NOTES

- 1 This includes the European Union (EU), the European Free Trade Association (EFTA), the Caribbean Community (CARICOM), the African Union (AU), the Pacific Alliance, Eurasian Economic

Union (EAEU), the Arab League (AL), the Association of Southeast Asian Nations (ASEAN), the Central European Free Trade Agreement (CEFTA), the United States-Mexico-Canada Agreement (USMCA), and the South Asian Association for Regional Cooperation (SAARC). After the recent negotiations, the North American Free Trade Agreement (NAFTA) is now referred to as the United States-Mexico-Canada Agreement (USMCA), NAFTA 2.0 or the New NAFTA.

- 2 For more on the impact that the border restrictions between Canada and the United States have had on the borderland economies, please see *Border Barometer*, (Bellingham, WA: Border Policy Research Institute, Western Washington University), 2021. https://cedar.wvu.edu/bpri_publications/127/.

REFERENCES

Erlanger, Steven. 2020. "Europe Fumbles Coronavirus at First: Can it Manage the Pandemic Now?" *New York Times*, March 26, 2020. <https://www.nytimes.com/2020/03/26/world/europe/coronavirus-eu.html>.

Tijerina, Stefano. 2021. "Maine-Québec-New Brunswick." In *Border Barometer*, 73–80. Bellingham, WA: Border Policy Research Institute, Western Washington University. https://cedar.wvu.edu/bpri_publications/127/.



Stefano Tijerina is a lecturer in management at the University of Maine's Maine Business School. In 2018 he was the inaugural recipient of the Canadian Business

History Association's Chris Kobrak Research Fellowship. He has published on the modern history of Canadian and American business expansion into Latin America. He is the author of *Opportunism and Goodwill: Canadian Business Expansion in Colombia, 1867–1979*.