

Czech Perspective on Self-Sufficiency Versus Specialization: Encouraging Autarky or Cooperation?



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Throughout the last year and a half, the COVID-19 pandemic has revealed weaknesses in healthcare, education, digitalization, and data collection, just to name a few. The shortages of *essential* goods experienced by many countries during the pandemic has inspired some to turn inwards, choosing to promote some form of quasi-autarky to protect themselves¹.

The arms industry has often been viewed through an autarkic lens due to military power's central role in realist security theory – military hardware is seen as *imperative* for survival. In the wake of the pandemic, however, the focus has been on healthcare equipment such as masks, medicine, vaccines, and ventilators. Countries want to avoid relying on the big producers in this industry – the European Union, the United States, China, and India. This might seem an intelligent move in theory, but autarkic countries lose out on significant productive potential.

Most supporters of autarky today favor self-sufficiency in selected sectors – such as arms, energy, medical equipment – rather than full autarky. Although not as damaging as outright isolationism, autarky can still limit countries' productive potential, harming their population in the long-term.

CURRENT EXPERIENCE

The Czech Supreme Audit Office examined the state's response to the pandemic in 2020. Specifically, it focused on the purchase of personal protective equipment and medical devices. From January 1 to August 31, 2020, the Ministry of Health and the Ministry of the Interior paid 8.5 billion crowns (app. EUR 336 m) for this gear,

¹ In this context, *essential* may mean a variety of things, such as: food, water, healthcare equipment, or military hardware.

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including transport and other related services. Due to shortages of medical and protection equipment experienced during the COVID-19 pandemic, some experts have suggested that states are overdependent on global supply chains for essential goods such as masks, medicine, vaccines, and ventilators.



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An inspection showed that the Czech Ministry of Health underestimated the necessary preparation for a pandemic of new infectious diseases². The Ministry responded with delay to the lack of protective

equipment in medical facilities. The purchase of protective equipment itself in the Czech Republic was accompanied by chaos due to the fact that there were independent purchasing teams at the Ministry of Health and the Ministry of the Interior that did not cooperate. All this resulted in contractual conditions unfavorable for the state, significant differences in the prices of comparable protective equipment, shortcomings in their quality, and problems with transport from abroad³.

The above-described argument appeals to protectionists and countries with a more belligerent foreign policy (e.g., China, Russia, and Turkey). Such states have a proclivity to flaunt the international rules-based system we have come to rely on, and require defense mechanisms in the form of autarky, should the international community unite against them, hindering their access to globally connected supply chains.

Countries such as the U.S., Germany, and Japan, on the other hand, thrive in and encourage specialization and international trade, and rely on the rules-based system mentioned. As such, these states are more likely to go the opposite direction, towards globalization and specialization. Doing so frees up these states' workforce and resources, which can then be invested in something they excel at instead.

NEAR FUTURE

The ongoing pandemic has highlighted that we must be better prepared for similar disruptions in the future – pandemics and

² The Pandemic Plan of the Czech Republic was last updated in 2011.

³ Supreme Audit Office of the Czech Republic (2021) *Stát podcenil přípravu na pandemii. Nákupy ochranných pomůcek provázal chaos, výrazné cenové rozdíly, nedostatky v jejich kvalitě i problémy s dopravou.* Available [online]: <https://www.nku.cz/cz/pro-media/tiskove-zpravy/stat-podcenil-pripravu-na-pandemii--nakupy-ochrannych-pomucek-provazel-chaos--vyr-azne-cenove-rozdily--nedostatky-v-jejich-kvalite-i-problemy-s-dopravo-id11735/> [in Czech]



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natural disasters will become more common in the years to come⁴. Some criticize the way trade is conducted today as a contributing factor to shortages of essential goods; however, the true issue lies in the lack of supply. Curbing imports in an effort

to strengthen a state's position will only cause more acute economic woes.

Generally speaking, autarky is simply not possible for a rich, industrialized state, as it is impossible to produce all the necessary goods, and their respective components, in one place. Even if this is attempted, it would be a terribly inefficient use of the workforce and resources. Instead, the focus should be on how to keep markets open and redistribute essential goods to the necessary regions or states – in short, *robustness*, which is expanded on below.

The European Centre for International Political Economy (ECIPE) states in one of its reports that we should “*produce what we need where it's possible to do it better and cheaper, so that we can get more of it when we need it*”⁵. This robustness, in combination with regional cooperation on shared issues (e.g., the shared use of water bombers on forest fires across Europe) would provide a more resilient and robust system. It would be cheaper, encourage the maintenance of positive regional relations for fear of exclusion from cooperative initiatives, and allow for states to focus their efforts and resources more efficiently⁶.

An argument against the geographical concentration of the production of certain goods is that any disruption restricted to that region has the potential to cause vastly more damage to the supply of that good⁷. As such, adopting a policy of specialization and ensuring international anti-trust measures prevent one state from monopolizing one good, particularly if it is considered

⁴ Hackenbroich, J. et al. (2020) *Health Sovereignty: How to Build a Resilient European Response to Pandemics*. Available [online]: https://www.jstor.org/stable/pdf/rep25376.pdf?ab_segments=0%252FSYC-5910%252F-control&refreqid=excelsior%3A1d2a0d1c-0c6698a214480b8a3d2faead

⁵ Norberg, J. (2021) *COVID-19 and the Danger of Self-Sufficiency: How Europe's Pandemic Resilience Was Helped by an Open Economy*. Available [online]: https://ecipe.org/wp-content/uploads/2021/02/ECI_21_PolicyBrief_02_2021_LY02.pdf

⁶ Ibid.

⁷ Ibid.

essential, would allow for more flexible responses to crises.

ARMS INDUSTRY

The arms industry is an area which has often seen discussions on autarky and domestic protection. In 2006, NATO Defense Ministers agreed to commit a minimum of 2% of their Gross Domestic Product (GDP) to defense spending in efforts to ensure confidence in their ability to protect the public. However, the current pandemic and its shrinking effects on GDP show how the 2-percent rule does not provide a clear or accurate picture of a country's defense spending.

When we tie spending measures to GDP, we risk falling prey to misrepresentations during economic downturns, which means a subsequent decrease in spending⁸. If other countries continue to increase their military expenditure regardless of the change of GDP due to the pandemic or other economic challenges, the percentage will automatically rise.

Regarding what is considered defense spending, recent years have exemplified that defense is a much larger encompassing concept than just the military. Military investments can support civilian life and *vice versa*. Investment into the civilian sector is also an investment into the nation's defense. For example, COVID-19 has highlighted the vulnerabilities of being dependent on foreign countries for vaccine manufacturing⁹.

Spending 2% of GDP on the military just for the sake of spending 2% of GDP is not an accurate representation of a country's defense capability. Particularly when history results in concerns that certain states have

⁸ Ibid.

⁹ Ibid.



COVID-19 HAS HIGHLIGHTED THE VULNERABILITIES OF BEING DEPENDENT ON FOREIGN COUNTRIES FOR VACCINE MANUFACTURING

a track record of corrupt spending habits, it is counterproductive to mandate 2 percent. NATO members such as Greece, Lithuania, and Bulgaria – all of whom have met the NATO minimum in the past – have instances of bribery and irregularities in their defense contracts¹⁰. The current agreement creates a false narrative that inaccurately portrays military readiness, let alone domestic stability. As the world's security threats evolve, so too should our methods of measuring our financial commitment to address them.

The Czech Republic spent only 1.19%¹¹ of GDP (in 2020) on military expenses. Minister of Finance Alena Schillerová claimed that the Czech Republic will thus not fulfil

¹⁰ *Funding NATO*. Available [online]: https://www.nato.int/cps/en/natohq/topics_67655.htm

¹¹ (2021) *Military expenditure (% of GDP) - Czech Republic*. Available [online]: <https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?locations=CZ>

the commitment it promised to NATO to give two percent of GDP to its defense by 2024. However, according to the Minister of Defense Lubomír Metnar, it is important that the established trajectory of expenditures is directed towards two percent¹². In 2021, the Ministry of Defense should manage a budget of 85.4 billion crowns (app. EUR 3.4 bn) , which is a significant increase compared to the 2020 budget of 75.5 billion crowns (app. EUR 2.98 bn). Due to the coronavirus crisis, it agreed to return 2.9 billion crowns to the state coffers. Expenditure in 2021 should represent 1.46% of GDP. According to Minister Metnar, in 2022 the defense budget would amount to 95.2 billion, and a year later 101.7 billion crowns, which would mean 1.6% of GDP.¹³

Czech Prime Minister Andrej Babiš and President Miloš Zeman have repeatedly committed to achieving two percent of GDP in defense spending by 2024. Experts have warned in the past that, given the plans to increase the budget of the Ministry of Defense for the coming years, it is not a realistic promise to fulfil¹⁴. In 2023 and 2024, the defense budget would have to increase significantly, by about 20 billion crowns a year to meet the commitment.

Security theories have developed sufficiently enough to allow for this behavior to continue without much detriment. Security threats these days originate increasingly from non-state actors, such as nature, and even the most efficient arms industry cannot stave off such a calamity. As a result, the focus should be on the opening up and freeing of markets related to medical

¹² (2020) *Česko slib NATO nesplní, dvě procenta HDP na obranu do roku 2024 dávat nebude*. Available [online]: <https://zpravy.aktualne.cz/domaci/cesko-slib-nato-nesplni-dvou-procent-vydaju-hdp-na-obranu/~8134599afda311ea9d74ac1f6b220ee8/>.

¹³ Ibid.

¹⁴ Ibid.



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equipment, which *can* help during environmental crises.

States which continue to adhere to a realist perspective of security tend to flirt with the idea of autarky regarding their defense industries. This is because realists believe in a traditional sense of security – one where there are clear, sovereign foes who must be challenged militarily, as well as in other manners. The anarchic nature of the international security system translates into a need to prioritize your own interests above others’.

In addition, as technology becomes increasingly integrated with weapon systems, there are myriad threats which accompany producing foreign-made weaponry (e.g., backdoors installed into weapon systems which can be used to spy or sabotage). As a result, states retain production capabilities in order to produce, or ramp up, production of weapons in times of need (e.g.,

Illustration 1: A Turkish drone featured in a parade after the Nagorno-Karabakh conflict¹⁵



Source: <https://themedialine.org/by-region/turkey-to-continue-push-into-drone-industry-after-canadian-ban-analysts-say/>

if the state has been cut off economically through sanctions)¹⁶.

Indeed, even more *peaceful* states, such as Norway, are home to smaller arms manufacturing companies¹⁷. Therefore, there is an argument to be made about at least quasi-autarky regarding the arms industry, particularly if the state harbors ambitious or aggressive foreign policy goals¹⁸.

¹⁵ Jovanovski, K. (2021) Turkey to Continue Push into Drone Industry After Canadian Ban, Analysts Say. Available [online]: <https://themedialine.org/by-region/turkey-to-continue-push-into-drone-industry-after-canadian-ban-analysts-say/>.

¹⁶ In this context, think of Turkey, its purchase of Russian S-400 missile systems, and subsequent ejection from the US F-35 fighter program.

¹⁷ The Norwegian Kongsberg Gruppen is involved in three areas: maritime, defense and aerospace, and digital.

¹⁸ Bitzinger, R. (2015) *New ways of thinking about the global arms industry: Dealing with 'limited autarky'*. Available [online]: https://www.jstor.org/stable/pdf/res-rep04093.pdf?ab_segments=0%252FSYC-5910-Control-Only%252Fcontrol&refreqid=excelsior%3Afffd-c76a3d161196553261b3fd727746

One of the best examples of such a tendency is Turkey – seeing NATO's incompetence in the late 20th century, Turkey began investing heavily in what has become an impressive domestic arms industry. It developed its own infantry rifle – the MKE MPT, produced by the Mechanical and Chemical Industry Corporation – and has a thriving drone industry in the form of Baykar Defense. Having the capability to produce drones, a relatively new and devastating weapon, allows Turkey to export them abroad and increase its influence and relevance internationally. The recent revival of a hot conflict between Armenia and Azerbaijan offered Turkey an ideal opportunity to sell drones to Azerbaijan, which no doubt helped them win the latest iteration of the Nagorno-Karabakh conflict.

HEALTHCARE EQUIPMENT

Outside the arms industries, however, there are still pushes for self-sufficiency in other essential goods, such as healthcare equipment. Ironically, as the biggest benefactors



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of a more globalized and interconnected world, China and the U.S. are catalysts in the push for greater autarky. It seems there is a tacit understanding that future disagreements and conflict of some kind are guaranteed, and they have begun walling off their economies in preparation for a volatile era.

The recent resurgence of populism in Europe and across the world is quite likely connected to the recent popularity in autarky – the two are closely and ideologically intertwined due to their focus *our people first* mentality. As a result, we will likely see autarky persist as an alternative to globalization in the next few years due to its rhetorical usefulness. At the same time, globalization will likely return following this populist resurgence – essentially mirroring the push for autarky, and subsequent unprecedented cooperation experienced following WWII, almost a century ago in Europe.

Brexit provides an opportunity to examine how decoupling from an international economic system can negatively affect states. It started as an inherently populist movement, claiming to fight for its citizens rights first, and ended with Brexit. This shows what can happen when populist policy decisions override common economic sense.

The United Kingdom is a highly developed economy and relies on both other EU Member States and external trade partners to obtain the goods it does not produce. This is a phenomenon which would affect most of the developed world – as developed states began shifting to service goods (i.e., the tertiary sector), manufacturing was outsourced, primarily to Asia. As a result, returning to autarky would disrupt such wide-ranging supply chains, lowering its effectiveness. Brexit also shows that decoupling from the international system in such a manner harms bilateral relations more generally – the UK has found a rather unwilling partner in the EU following its withdrawal¹⁹.

The idea of Brexit in the Czech environment is also pushed by some politicians and experts. Hana Lipovská, an economist and member of the Czech Television Council who will run in the parliament election on behalf of the Free Bloc in the Pardubice Region in the autumn of 2021, spoke in favor of the Czech Republic's unconditional departure from the European Union. "*Czexit is probably the most important of all topics,*" Lipovská said in the program "K věci" on CNN Prima News. "*It is not possible to change to greater independence without*

¹⁹ Sampson, T. (2017) *Brexit: The Economics of International Disintegration*. Available [online]: https://www.jstor.org/stable/pdf/44425386.pdf?ab_segments=0%252FSYC-5910-Control-Only%252F-control&refreqid=excelsior%3A6349015c0a53fb1534147ee4a494d58d [in Czech]

Czexit, a form of some disintegration is necessary," Lipovská added²⁰. Her negative view of the European Union cannot be altered even by the money flowing into the country from the EU.

Czechs' trust in the European Union resembles an unbalanced love affair. It has its peaks and its colder periods, such as the Greek crisis (2007-2008) and the ongoing migration crisis. However, they are lovers who will not break up in the foreseeable future.

It is interesting that the Czech Republic has more confidence in the North Atlantic Alliance than the European Union. About 60% of people trust the Alliance, compared to less than 50% who trust the EU. Sociologist Daniel Prokop of the Median Agency explains this by saying that at a time when people feel that security is at stake, they are leaning towards institutions that represent power²¹. At home, for example, the police have a high level of trust, and NATO is on the international stage.

RECOMMENDATIONS

A return to the isolationist policies and economic warfare seen during the Cold War would only harm everyone involved. At the same time, Chinese-U.S. interaction is guaranteed to have vast economic and political implications on the global economy, and, as a result, the economic policies states adopt. In order to mitigate economic backsliding, there are a few potential focal points which policymakers may consider.

²⁰ Kopecky, J. (2021) *Czexit je pro mě asi nejdůležitější ze všech témat, říká Lipovská*. Available [online]: https://www.idnes.cz/zpravy/domaci/lipovska-v-poradu-k-ve-ci-czexit-volny-blok-vztah-s-bobosikovou-a-ov-cackem.A210811_133532_domaci_kop [in Czech]

²¹ Pokorny, J. (2019) *Čechům EU vesměs vyhovuje, "czexit" by neprošel. Zavedení eura ale také ne*. Available [online]: https://www.idnes.cz/ekonomika/domaci/evropska-unie-cesko-clenstvi-euro-mena-evropa-15-let-unii.A190429_195752_ekonomika_mato [in Czech]



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RESILIENCE AND ROBUSTNESS

The primary response to the recent, and future, pandemics, should be one marked by resilience and robustness. Resilience is the ability to return to normal after a disruption (e.g., a terrorist attack), while robustness is the ability to maintain operations as normal, despite a crisis (e.g., the current pandemic)²². Both phenomena are important and necessary, and states would do well to incorporate these terms into their policies. Such strategies are becoming

²² Anderies, J. et al. (2013) *Aligning Key Concepts for Global Change Policy: Robustness, Resilience, and Sustainability*. Available [online]: https://www.jstor.org/stable/pdf/26269292.pdf?ab_segments=0%252FSY-C-5910-Control-Only%252Fcontrol&refreqid=excelsior%3Aa0ead4fe37d78cdd6088024f59359ea9



RESILIENCE AND ROBUSTNESS SHOULD NOT BE CONSIDERED A PANACEA

more commonplace as threats become harder to predict, and emphasis is placed on mitigating, rather than solving, threats²³.

Resilience and robustness are also being used as justification for adopting autarky, or quasi-autarky, albeit wrongly. Making Europe less dependent on international goods and supply chains would only reduce the continent's resilience and robustness, making it weaker. It is worth noting that resilience and robustness should not be considered a panacea – it is a policy which emphasizes *living with* future crises and surviving²⁴. As the world becomes more complex and unpredictable, this mentality of *mitigating*, rather than *solving*, will become more common. The primary reason for it is the inability of actors to be prescient enough to predict future crises.

The President of the Czech Supreme Audit Office (SAO), Miloslav Kala, stated that the Czech state budget was not prepared for a significant slowdown in the economy or for the extraordinary crisis that has occurred

in connection with the COVID-19 pandemic²⁵. The SAO recalls that gross domestic product fell by 11% in the second quarter of last year, which was the steepest decline in the history of the Czech Republic. State budget revenues fell by 44 billion year-on-year over the entire half-year, while expenditures rose by 130 billion year-on-year.

However, President Kala notes that the pandemic cannot be blamed for everything, we could have been better prepared. He points out, for example, that since the beginning of the year, the drawing of total expenditures has increased year-on-year, by tens of billions of crowns per month, and these increases mainly concerned operating expenditures²⁶. Despite this, while increasing the state budget deficit as part of its amendments, the government did not propose any savings, except for a reduction in expenditures in the chapters of the Ministries of Transport and Defense.

According to President Kala, there are also legitimate concerns that the Czech government pushed for a relaxation of the law on budgetary responsibility rules last spring. This change has made it possible to increase the structural deficit to 4% of gross domestic product this year. This is the general government deficit adjusted for the impact of the business cycle. According to the SAO President, this relaxation of the law allows room for high budget deficits in the years to come.

The SAO notes that the National Budget Council has also spoken out against this change. *"The resulting increased fiscal*

²³ Ibid

²⁴ Hanisch, M. (2016) *What Is Resilience?: Ambiguities of a Key Term*. Available [online]: https://www.jstor.org/stable/pdf/resrep22143.pdf?ab_segments=0%252FSYC-5910-Control-Only%252Fcontrol&refreqid=excelsior%3A9a3168fd5ddb484d9bb7f835f120107e

²⁵ *iRozhlas* (2021) "Rozpočet nebyl připraven na krizi. Za všechno ale nemůže covid, hodnotí kontrolní úřad." Available [online]: https://www.irozhlas.cz/ekonomika/nejvysji-kontrolni-urad-rozpocet-koronavirus_2101051037_pj [in Czech]

²⁶ Ibid.

space does not necessarily have to be used only for expenditure and revenue measures related to the elimination of the economic effects of the current crisis, and there is therefore a risk of denying the meaning of the rules of budgetary responsibility. The SAO evaluates the issue of the use of this increased fiscal space after the end of the COVID-19 pandemic as very risky and will monitor this issue in detail," says the SAO²⁷.

SPECIALIZATION

Utilizing specialization would allow for the optimal use of resources available. It would also encourage trade between states, increasing interdependence and developing friendlier inter-state relations. Even Europe, a self-proclaimed champion of open markets and rule of law, succumbed to the closing of borders and hoarding (and even confiscating) of essential goods.

Although Europe is an exception in that it is an inordinately close-knit community, which suffers more when disruptions and border closures prevent production of certain goods from happening, or from reaching maximum output, it is not alone in its utilization of non-native workforces. As such, isolationism, and tighter border regulations, would only serve to harm states' long-term economic goals. At present, isolationism is practiced by various states which do not coincide with the current international scene and are often described as non-free or totalitarian.

However, the question is a change in world power conditions and a shift to the multipolarity of the world order. This is reflected in the economic, strategic, political,

and demographic levels. As a result of the economic growth of emerging economies, especially East, Southeast, and South Asia, the demands of the global South to participate in decision-making on the rules of the world economy and international trade are increasing. As a result of technological progress, the military capabilities of many states are increasing – and so does their assertiveness and ambition of defining spheres of influence with fundamental strategic implications.

The growing ambitions of countries also lead to competition for limited resources, be they minerals, energy resources

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²⁷ iRozhlas (2021) "Rozpočet nebyl připraven na krizi. Za všechno ale nemůže covid, hodnotí kontrolní úřad." Available [online]: https://www.irozhlas.cz/ekonomika/nejvyssi-kontrolni-urad-rozpocet-koronavirus_2101051037_pj [in Czech]

or water²⁸. Together with the population growth of the global South, this competition increases the risks of further environmental degradation. On the other hand, there are a growing number of states that are unable to perform their basic functions and fall into violent chaos. From this situation global terrorist threats, organized crime, humanitarian crises and migration waves are sprouting. Simultaneously, because of these factors, there is a growing risk of weakening the current world order, which is based on multilateralism and international law. In order to maintain and further strengthen this order, it is necessary to strive for the widest possible circle of states to identify with its principles and participate in the creation of its rules.

In addition to states as traditional actors in international relations, the influence of non-state actors is also increasing. Some actors may be of benefit to the global order, such as NGOs or multinational corporations. They should be involved in decision-making on matters of public interest, but at the same time their sufficient regulation must be ensured. The aim of other actors, such as terrorist organizations or organized crime networks, is to abuse or deny the current world order; therefore, it is necessary to strive for their marginalization and suppression²⁹.

The current international order is also characterized by a high degree of interconnectedness, which increases the likelihood of global impacts of local events, whether with a negative or positive effect, and reduces the predictability of future

²⁸ On the other hand, it also leads to the usage of alternative resources, as they become relatively cheaper.

²⁹ Ministry of Foreign Affairs of the Czech Republic (2019) *Koncepce zahraniční politiky ČR*. Available [online]: https://www.mzv.cz/jnp/cz/zahranicni_vztahy/analyzy_a_koncepce/koncepce_zahranicni_politiky_cr.html [in Czech]



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developments. Interconnection increases the need for international cooperation and a unified, comprehensive approach. Again, the most effective way to solve complex global problems is multilateralism.

As mentioned earlier, the primary contributor to essential goods shortages during the pandemic was not trade issues, but a lack of supply³⁰. Expanding strategic stockpiles, rather than domestic manufacturing capabilities, would serve to partially remedy that issue³¹. Such a strategy is well-placed when dealing with unforeseen future disruptions.

³⁰ Yadav, P. (2020) *Trade, Manufacturing, and Critical Supply Chains: Lessons From COVID-19*. Available [online]: https://www.jstor.org/stable/pdf/resrep29668.pdf?ab_segments=0%252FSYC-5910%252Fcontrol&refreqid=excelsior%3A0a173ab1a5578634391ee8a03762ee75

³¹ Hackenbroich, J. et al. (2020) *Health Sovereignty: How to Build a Resilient European Response to Pandemics*. Available [online]: https://www.jstor.org/stable/pdf/resrep25376.pdf?ab_segments=0%252FSYC-5910%252Fcontrol&refreqid=excelsior%3A1d2a0d1c0c6698a2144-80b8a3d2faead



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This is part of what makes the optimal level of specialization difficult to achieve, as states generally look out for their own citizens first, and others' second, if at all.

The ability to specialize relies on a network of states which are willing and able to trade with, and assist, each other, and is naturally met with skepticism from less idealistic and optimistic regimes. It is a system which depends on benign cooperation and understanding and supporting a notion of the *greater good*. As a result, *regional autarky* is a possible alternative, where states aim for self-sufficiency of *essential goods* within the regional delimitations (such as the EU bloc). This combination would utilize Member States' individual talents and capabilities while retaining ownership and security over the productive capabilities. Such a compromise could appease supporters of both autarky and globalization.

EU FUNDING

The European Union as a whole would see improved healthcare provisions if it were to address the issue of brain drain. Many healthcare professionals from EU states (such as Italy or Romania) migrate to richer and more developed states (such as Germany or the UK). Poorer and less developed states, therefore, lose out somewhat due to this freedom of movement. If these states were to turn inwards, and restrict workers' movements, the EU would suffer, but the sending state would likely see at least a slight improvement in healthcare domestically. However, I would suggest instead to alleviate this issue through increased funding for healthcare development in poorer EU states, hoping to minimize the gap in expertise and opportunities between some EU states, and, therefore, minimizing the brain drain experienced in some areas. On the other hand, sometimes it is not the case of poor funding, but health care systems, which are not managed effectively³². Thus, increased funding would probably be the solution only in a few EU countries.

Foreign investment in states which have the potential to specialize in a certain good, and, therefore, diversifying from the big producers, (such as China or India in the context of the pandemic)-, would minimize the bigger players' influence over smaller, less competitive ones. Having *skin in the game*, so to speak, would also encourage the investors/investing states to promote stable conditions in the producing state, thus potentially improving the quality of life in certain states.

CONCLUSION

Looking to the future, there is a strong likelihood that the already tenuous relationship between two of the world's largest

32 Vlachynsky, M. (2019) "INESS Publishes New Index: Health for Money", [in]: *4liberty.eu*. Available [online]: <http://4liberty.eu/iness-publishes-new-index-health-for-money/>

economies – China and the United States – will deteriorate further. As a result, some states may opt for increased autarky in select industries, as insurance against a volatile geopolitical environment. Although, ideally, autarky should be abandoned entirely, the reality is that states are increasingly looking inwards and behaving selfishly.

The next decade (or longer) will likely see some backsliding towards isolationist policies, particularly with the first true resurgence of great power politics since the Cold War. Regardless, the European Union,



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the United States, and other relevant actors must push for open markets and specialization, as it has the potential to be more efficient than current alternatives.

The foreign policy of the Czech Republic connects the domestic and international environment. It enables the state and non-state entities to operate abroad in such a way to contribute to the promotion of the interests of the homeland and the international community, represented mainly by the United Nations (UN). At the same time, it dampens activities that would harm these interests.

Czech foreign policy receives positive stimuli from abroad that can contribute to the realization of Czech public interests in the domestic environment while at the national, European, or global level, it faces threats coming from abroad. The purpose of foreign policy is also to contribute to the coherence of national policies with the international obligations of the Czech Republic³³. In addition to constitutional bodies and state administration bodies, non-state actors can also contribute to the fulfillment of foreign policy goals, including self-government bodies, civil society organizations, representatives of the business sphere, academic and research institutions, churches and religious societies, and others.

The Czech Republic is a small country in the global context, and a medium-sized country in Europe. The limited human and financial resources it possesses make it necessary to set a limited number of territorial and content priorities. It also motivates active participation in the EU, NATO, UN, OSCE, and other multilateral structures,

³³ Ministry of Foreign Affairs of the Czech Republic (2019) *Koncepce zahraniční politiky ČR*. Available [online]: https://www.mzv.cz/jnp/cz/zahranicni_vztahy/analyzy_a_koncepce/koncepce_zahranicni_politiky_cr.html [in Czech]

which not only expand the possibilities of the state's foreign policy, but also contribute to its security and prosperity as well as maintaining a liberal-democratic constitutional order.

The basic framework for the implementation of Czech foreign policy is the European Union. The manner of the Czech Republic's involvement in EU structures and its policies is defined mainly in the Concept of the Czech Republic's policy in the EU. The country is interested in a unified and strategically functioning EU Common Foreign and Security Policy (CFSP). The Czech Republic will actively co-create the CFSP in cooperation with like-minded EU Member States.

The universal framework for the multilateral action of the country is membership in the United Nations. The Czech Republic

has long supported reform efforts aimed at a more effective functioning of the UN, including the reform of membership in the Security Council³⁴. An inseparable starting point for Czech foreign policy is also compliance with international law.

The Czech Republic is located in Central Europe and enjoys the best relations with its neighbors in history, which are characterized, among other things, by a high degree of interconnectedness between state and non-state actors. With its open economy, the state ranks among the forty richest countries in the world³⁵. The ratio of exports to gross domestic product is about eighty percent, with a substantial part of exports going to the European Union³⁶. Global needs and trends, and especially foreign demand for Czech goods and services, therefore, have a significant impact on the country's prosperity. According to foreign policy objectives, the Czech Republic strives for an open and predictable international economic order based on clear and fair rules.



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³⁴ Ibid.

³⁵ Ventura, L. (2021) *The World's Richest and Poorest Countries 2021*. Available [online]: <https://www.gfmag.com/global-data/economic-data/worlds-richest-and-poorest-countries>

³⁶ Ministry of Foreign Affairs of the Czech Republic (2019) *Koncepce zahraniční politiky ČR*. Available [online]: https://www.mzv.cz/jnp/cz/zahranicni_vztahy/analyzy_a_koncepce/koncepce_zahranicni_politiky_cr.html [in Czech]



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Director of the Institute for Politics and Society, a Czech think-tank, and an elected board member of the European Liberal Forum, a think tank of the ALDE Party