THE GREAT RESET

By   **CHANDRAN NAIR**, Founder and CEO, Global Institute for Tomorrow

Countless headlines, since the coronavirus pandemic took hold, have used some variation of the phrases "going back to the new normal" and "everything must change". But what, exactly, is this new normal? And what, exactly, needs to change?

The global pandemic has shone a light on significant domestic and international weaknesses. It also exposed some of the myths and fallacies of conventions used to explain the world. Changes that were already happening have been accelerated, fulfilling in a few months what might have otherwise taken decades.

Yet not every change needs to be a cause for concern. This is the moment for the current and next generation of leaders to make their mark and grab the opportunity to fix these mistakes and allow for a true reset.

The pandemic has highlighted the need to challenge our assumptions and understanding. We need to change what is clearly no longer suited to our times and the future we want in the face of several existential threats. Here are 10 broad areas to consider.

1. Transforming the Corporate World

Before the pandemic, global companies appeared to be incredibly resilient. Interconnectivity was meant to ensure that a problem in one place would shift supply chains elsewhere, and consumers would never see the difference. Goods would remain on store shelves (or, increasingly, on e-commerce sites), with no indication to the shopper of what was happening behind the scenes.

But the pandemic, a truly global shock, exposed the fragility of the global economy and its networks. An interconnected economy, rather than reinforcing resilience, amplified the domino effect – spreading economic pain and disruption around the world, as companies laid off employees.

Governments cannot prevent another global shock from happening, but they can make sure that corporations are ready to meet their obligations to society. This starts with workers, the basis of the social contract between business and society. Policymakers need to think about how to transform corporate incentives to build in actual systemic resilience.

2. Rethinking Monetary Policy for Public Good

To respond to the economic pain and disruption of the pandemic and related public-health measures, governments are passing relief packages of record size, numbering in the billions of dollars. Before the pandemic, governments were sceptical of spending too much money. The question "but how do you pay for this?" was common when discussing massive public programmes in both legislatures and the media.

The pandemic has torpedoed these beliefs. As governments tap into their reserves to unleash public spending, they could invest in necessary infrastructure, pay for the public provision of basic needs and public services, and invest in research and development to prepare society for future challenges.

Providing low-cost housing, for example, would give low-income families security and the means to invest in themselves. From starting their own businesses to improving their health, it would be a long-term investment in expanding the ability of more segments of the population to contribute to society.

3. Reimagining Growth

Before the pandemic, governments relied on continued growth for political legitimacy. Economic growth is a proxy for success. It is common for emerging economies to choose a "growth target": either a targeted growth rate for the year or a targeted economic size by a certain period of time.

The world needs to abandon growth as a target in itself. Perpetual growth pushes society to relentlessly consume more resources. As a result, economic policy is distorted, focusing on accounting and investment gimmicks rather than real economic development and progress. Instead, governments in both emerging and advanced economies need to remember what growth is for: improving standards-of-living for a whole population, and not just segments of society.

If countries abandon economic growth as a metric, they will need more meaningful systems of measurement to guide them. Perhaps some combination of employment numbers, access to basic needs, sustainability targets, and investments focused towards the future.

4. Abandoning the "Free Hand of the Market"

As the pandemic spread, consumers faced shortages of essential products: face masks, hand sanitiser, household cleaning products, toilet paper and frozen food. Hospitals and doctors were short of medical supplies and personal protective equipment.

The pandemic has shown that the market is not able to respond quickly to major crises. But countries with strong governments were able to mobilise and focus the private sector on what is needed for society. For example, China expanded its production of masks and medical equipment, and South Korea was able to dramatically expand testing capacity. The private sector needs guidance, support and, perhaps most importantly, a guaranteed buyer: things the public sector could provide.

Society needs to reassert its control over the market and the private sector, ensuring they are oriented towards the public good. Businesses have a "licence to operate", but when corporates violate that understanding, societies need to ensure that the private sector acts responsibly.

5. Revoking the Free Ride of the Gig Economy

The strains of the gig economy were starting to show before the pandemic, with heavy workloads and tight schedules for couriers. Platforms set strict operating guidelines, penalising any slack in the system. Yet these platforms attract funding based on their ability to scale, offsetting the costs of their model onto gig workers and the rest of society.

For all their faults, the platforms do succeed at what they aim to do: connect providers and customers. A platform that allows a provider – whether a restaurant, a handyman, a driver, an artist, or a small business – to more efficiently provide goods and services to a customer would be a real asset to small- and medium-sized businesses that do not have the resources to create a custom solution.

Governments need to look at which platforms are successful and why, then try to support alternatives that are not reliant on the scale-obsessed model of tech funding.

6. Valuing Work that is Essential

Many countries resorted to "stay-at-home" orders, with the goal of cutting off virus transmission in the community and avoid overburdening the healthcare system. Workplaces and schools were closed, while shops and restaurants were shut. Businesses and whole industries – air travel, tourism, live entertainment – came to a halt.

But not everyone got to stay at home. The pandemic introduced the term "essential worker" to our lexicon: not just healthcare workers and essential public services, but also delivery people, janitors, grocery store workers, farm labourers and factory workers packaging food. These jobs are often underpaid, yet the pandemic has made the social worth of these jobs obvious.

Much like how governments need to rethink the goods that are strategically essential to an economy in a crisis, they also need to rethink what labour is truly essential, ensuring that those working in these positions are properly compensated and protected so they can help sustain the rest of us.

7. Reframing Development Priorities

The economic story of the past two decades has centred around digital opportunities and the internet. Development priorities have shifted to accommodate the rise of the internet and deepen smartphone penetration. This was despite the lack of any real evidence that this was what people truly want.
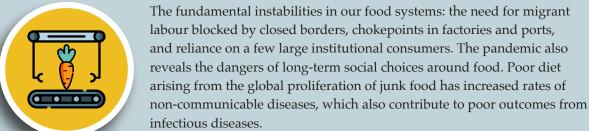
There was underinvestment in infrastructure that would have helped to fight this current pandemic and reduce the risk of the next crisis: clean water, better nutrition, improved sanitation and broader public health infrastructure. Basic services are not the only development priority that have gone ignored. Millions around the world still lack safe and secure housing, stable access to electricity or important public services like education.

Society should constrain the use of any development or public money towards digital technology unless an independent body – and not one dominated by the tech companies – can make a compelling case as to why it would improve development outcomes.

8. Rebuilding the Collapsed Food System

The pandemic has led to two very different stories about the food industry. On the one hand, empty store shelves and panicked shoppers; on the other hand, distressed farmers dumping excess produce.

The fundamental instabilities in our food systems: the need for migrant labour blocked by closed borders, chokepoints in factories and ports, and reliance on a few large institutional consumers. The pandemic also reveals the dangers of long-term social choices around food. Poor diet arising from the global proliferation of junk food has increased rates of non-communicable diseases, which also contribute to poor outcomes from infectious diseases.

Governments will need to radically rethink how we approach food systems. First, governments need to develop better systems for distributing food, especially in poorer communities that lack options. Secondly, governments need to ensure that grocery stores have enough stockpiles of essential goods. Finally, governments need to invest in local food production, especially in staples.

9. Start a Managed Retreat from Nature

One silver lining to humanity's retreat indoors has been environmental repair, from wildlife returning to public spaces to improved air quality. In many countries, environmental damage has been cast as a necessary consequence of growth – a sort of collateral damage for a greater good.

But the environmental repair and regeneration of wildlife seen throughout the lockdown is proof that nature is more resilient. The decline is not irreversible. Thus, we can and should invest in large-scale restoration, repair and conservation.

Governments should see this as an encouragement to be bolder in their environmental strategies. Can air pollution not be minimised, but eradicated? What about solid waste? Can we limit suburban sprawl and expand natural areas? Human society can start to restore certain areas, drastically limiting human activity and scaling back the sprawl of human habitation. If the pandemic is any indication, we might start to see the natural benefits of this sooner than we think.

10. Geopolitics Beyond Western Supremacy

The world's botched response to the pandemic will affect international relations. Asia quickly tightened controls and contained the outbreak. The response of China, Japan, South Korea, Vietnam, Singapore and Taiwan, contrasted starkly with that of Europe and the Americas.

The West's soft power has also been significantly damaged by the pandemic. Far from being China's "Chernobyl", as *The Financial Times* suggested when the disease first emerged, Asian governments have been swift and decisive in their response to contain the pandemic. With Europe and the US deeply divided and struggling to control the pandemic, this has raised serious concerns about the system of governance in the West.

A post-pandemic world will be one with many different powers: China, India, Russia, Europe, Africa, Brazil and the US. Tensions will exist between these different countries, and the boundaries of their influence will be contested. But there are also significant global problems that can only be managed through close cooperation between them.

If there's one thing that the Covid-19 pandemic has taught us, it is that the old assumptions no longer apply.

Countries, corporations and individuals must adjust to the pending new normal.

Countries need to engage with other powers, even those they have severe disagreements with. Otherwise, the global problems will be unresolved and global society will suffer. The Covid-19 pandemic shows that the global system falls flat on its face when confronted with a global problem.

Corporations need to deal with the new realities for resilience in the interconnected economy, and what growth means in an increasing digitalised world.

Individuals, much as we each yearn to return to life as it was before the pandemic, have to adjust to a life that has greater restrictions on what we can do, and most importantly, in harmony with nature.

Leaders, especially, should make their mark and grab the opportunity to fix the mistakes of the past and allow for a true reset. ◼