



## PERSPECTIVES

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# How Society Will Change as the Coronavirus Crisis Abates

by Dr. Manfred Gerstenfeld

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**EXECUTIVE SUMMARY:** As they begin to ease their coronavirus lockdown and distancing measures, Western governments will be confronted with a huge set of problems, many of which cannot be foreseen. From a policy point of view, it makes sense to try to return to the pre-pandemic reality, though this will not be entirely possible.

Western governments will have many complex problems to deal with as they begin to relax their lockdown and distancing measures, many of which cannot be assessed ahead of time or even foreseen. Most government leaders in Western countries have gained popularity during the coronavirus crisis, but they will face unprecedented new challenges as the danger to public health begins to abate.

From a policy point of view, it makes sense to try to return as much as possible to the pre-pandemic reality. For the most part, pre-virus society functioned in a reasonable manner. Western economies were growing, albeit slowly. Unemployment varied between low and not very high in the major countries. The pre-virus situation was certainly much better than the untried pseudo-realities promoted by various ideologues.

A full return to the way it was before can never be completely accomplished. Governments' first priority must be the revival of the world economy. There will be battles over resources no matter how they are distributed. Words such as "optimal," "fair," and "solidarity" have limited meaning in this context. Future generations will have to carry some of the costs resulting from the economic upheaval caused by the pandemic. We do not yet know what the overall financial impact will be.

Unemployment has reached huge percentages in several countries. This has to be brought down rapidly. The general picture hides many personal tragedies, with vast numbers of lives severely disrupted by the abrupt tearing away of the former reality. An attempt has to be made to separate out the structural unemployment created by the pandemic. Some businesses will go bankrupt, while others that were marginal before the outbreak are unlikely to reopen. (Consider, for example, the “death of the department store,” as [detailed](#) by *The New York Times*.) Frictional unemployment will also present a challenge. If airlines have to wait to fly for a few more months, employees will have that much longer to wait before they are called to return to work.

There are other reasons why returning to the pre-coronavirus reality will prove impossible. A number of corporations have already announced that they will not pay dividends to strengthen their balance sheets. In the UK this was not voluntary; banks were told to do this by the Bank of England. This will influence pension funds, stock markets, and individual investors.

The International Monetary Fund (IMF) says the world is facing its worst downturn since the Great Depression and is forecasting a 3% contraction of the global economy this year. Before the outbreak of the virus, the forecast was 3.3% growth. For purposes of comparison, the global economy contracted by less than 1% during the crisis of 2008.

There is merit in concrete forecasts. Even if they are largely wrong, they prompt discussion on issues related to the pandemic. One person who has made several specific predictions is David Folkerts-Landau, chief economist of Germany’s largest bank, Deutsche Bank.

Folkerts-Landau holds that we will have to maintain physical distancing for some time in order to control future disease outbreaks. In practice, this will mean no mass concerts or sporting events with huge crowds for a long time. Restaurants will have to move their tables farther away from each other. All forms of public transportation, including airplanes, will have to leave seats free, which will lead to higher prices. Folkerts-Landau also thinks people will move away from the sharing economy. This could mean they will be more reluctant than they were before to rent out their homes on Airbnb, for example.

In the post-virus reality, there will be people who would be able to resume their businesses with timely financial help from the government but who are overlooked in the disorder. For this reason, it is essential to have a functioning non-bureaucratic hardship organization in place. It became clear during the crisis in France, for instance, that there were shortages of medical oxygen bottles and related products for people who were suffering illnesses other

than coronavirus. The only EU factory, Luxfer, which is located in France, was closed a few months ago. Parliamentarians are now asking the government to nationalize and reopen it.

Whatever measures governments take, there will be dissatisfaction both initially and over the long term. That could result in protests which could themselves have unforeseen effects. Governments should therefore make an extra effort to identify those who can be helped with relatively little support and who have been overlooked.

Some believe the time has come for a radical restructuring of the economy and society in general. Many of them held those ideas before the pandemic and see the calamity as an opportunity to realize some of their goals. Environmentalists may think now is the time to shut down polluting businesses for good, all the more so as energy demand is down. Should such measures be put into effect, it will be critical to make sure they do not negatively affect employment.

Many other ideologues sense an opportunity in the world's emergence from the crisis, including supporters of a neo-Marxist revival. It would be unwise to listen to them. Current governments were not elected to enact radical changes. Adding to the uncertainties of the revival will only create further problems.

Some areas where change is inevitable are already clear. One is geopolitics. The West will have to take a thorough look at its relationship with China, for example. This will go far beyond reconsidering the purchase of materials.

De-globalization may become a fashionable word. Unless the agenda for such an idea is clearly detailed, it won't mean much. Supranational bodies have taken a beating during the coronavirus crisis, with most of them doing little other than talk while national governments acted. The EU is creaking even more than before, though it is unlikely to collapse. One indicator that reveals these changes is the language of French president Emmanuel Macron. Over the past three years, he has frequently discussed the concept of European sovereignty. Now he is covering his back by referring to France as self-supporting in several major areas. When Chancellor Angela Merkel announced that she would not be a candidate in the next national elections in Germany, Macron set about building himself up as the dominant EU personality. (That might have been a pipe dream in any case because France is economically much weaker than Germany.)

In the meantime, concrete proposals are being put forward to solve the EU's financial solidarity problems, like the proposals of George Soros and others

that the EU issue perennial bonds. Again, while these plans may not have merit, they are tools for better discussing the problem.

Many studies will be done in a host of areas. One of the most fundamental questions to arise from the crisis is why Germany had far fewer deaths than Italy, Spain, France, and the UK. Other studies will deal with the measures taken by different countries to deal with the crisis at its height and which exit strategies turned out to be best. Sooner or later, people will ask what value different countries gave to the preservation of human life. The Belgian weekly *Knack* has already published figures on the value of lives spared in the crisis thanks to government measures.

There are many other issues. What has the mental health impact been on those in lockdown? How does it compare with other periods of stress? This may lead to a deeper question: Is the current Western generation mentally weaker than those of the past because it has never struggled with huge challenges the way wartime generations had to? Another question: How much anxiety are people suffering about a second wave of coronavirus?

One issue that should be looked at on the macro level is the overall vulnerability of modern societies. Though it is now largely forgotten, there was, not too long ago, a situation of similar widespread fear over a very different potential disaster: the Y2K crisis, which many had expected to afflict the world's computers in 2000. Had that crisis materialized as anticipated, it would have severely disrupted the economies of the countries that are now the main victims of coronavirus.

*Dr. Manfred Gerstenfeld is a Senior Research Associate at the BESA Center and a former chairman of the Steering Committee of the Jerusalem Center for Public Affairs. He specializes in Israeli–Western European relations, antisemitism, and anti-Zionism, and is the author of The War of a Million Cuts.*