

How will coronavirus change the world?

Could the huge shifts in our way of life being introduced as part of the fight against Covid-19 pave the way for a more humane economy?

By Simon Mair

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Where will we be in six months, a year, 10 years from now? I lie awake at night wondering what the future holds for my loved ones. My vulnerable friends and relatives. I wonder what will happen to my job, even though I'm one of the lucky ones: I get good sick pay and can work remotely. I am writing this from the UK, where I still have self-employed friends who are staring down the barrel of months without pay, friends who have already lost jobs. The contract that pays 80% of my salary runs out in December. Coronavirus is hitting the economy bad. Will anyone be hiring when I need work?

There are a number of possible futures, all dependent on how governments and society respond to coronavirus and its economic aftermath. Hopefully we will use this crisis to rebuild, produce something better and more humane. But we may slide into something worse.

I think we can understand our situation – and what might lie in our future – by looking at other crises. My research focuses on the fundamentals of the modern economy: global supply chains, wages, and productivity. I look at the way that economic dynamics contribute to challenges like climate change and low levels of mental and physical health among workers. I have argued that we need a very different kind of economics if we are to build socially just and ecologically sound futures. In the face of Covid-19, this has never been more obvious.

The responses to the Covid-19 pandemic are simply the amplification of the dynamic that drives other social and ecological crises: the prioritisation of one type of value over others. This dynamic has played a large part in driving global responses to Covid-19. So as responses to the virus evolve, how might our economic futures develop?



The way we do business and interact could be fundamentally changed by Covid-19 (Credit: Getty Images)

From an economic perspective, there are four possible futures: a descent into barbarism, a robust state capitalism, a radical state socialism, and a transformation into a big society built on mutual aid. Versions of all of these futures are perfectly possible, if not equally desirable.

Small changes don't cut it

Coronavirus, like climate change, is partly a problem of our economic structure. Although both appear to be “environmental” or “natural” problems, they are socially driven.

Yes, climate change is caused by certain gases absorbing heat. But that’s a very shallow explanation. To really understand climate change, we need to understand the social reasons that keep us emitting greenhouse gases.

Likewise with Covid-19. Yes, the direct cause is the virus. But managing its effects requires us to understand human behaviour and its wider economic context.

Tackling both Covid-19 and climate change is much easier if you reduce non-essential economic activity. For climate change this is because if you produce less stuff, you use less energy, and emit fewer greenhouse gases. The epidemiology of Covid-19 is rapidly evolving. But the core logic is similarly simple. People mix together and spread infections. This happens in households, and in workplaces, and on the journeys people make. Reducing

this mixing is likely to reduce person-to-person transmission and lead to fewer cases overall.

In a normal crisis the prescription for solving this is simple – the government spends, and it spends until people start consuming and working again

Reducing contact between people probably also helps with other control strategies. One common control strategy for infectious disease outbreaks is contact tracing and isolation, where an infected person's contacts are identified, then isolated to prevent further disease spread. This is most effective when you trace a high percentage of contacts. The fewer contacts a person has, the fewer you have to trace to get to that higher percentage.

We can see from Wuhan that social distancing and lockdown measures like this are effective. Political economy is useful in helping us understand why they weren't introduced earlier in European countries (most notably the UK and the US).

A fragile economy

Lockdown is placing pressure on the global economy. We face a serious recession. This pressure has led some world leaders to call for an easing of lockdown measures.

The economics of collapse are fairly straight forward. Businesses exist to make a profit. If they can't produce, they can't sell things. This means they won't make profits, which means they are less able to employ you. Businesses can and do (over short time periods) hold on to workers that they don't need immediately: they want to be able to meet demand when the economy picks back up again. But, if things start to look really bad, then they won't. So, more people lose their jobs or fear losing their jobs. So they buy less. And the whole cycle starts again, and we spiral into an economic depression.

In a normal crisis the prescription for solving this is simple – the government spends, and it spends until people start consuming and working again.

But normal interventions won't work here because we don't want the economy to recover (at least, not immediately). The whole point of the lockdown is to stop people going to work, where they spread the disease. One recent study suggested that lifting lockdown measures in Wuhan (including workplace closures) too soon could see China experience a second peak of cases later in 2020.

As the economist James Meadway wrote, the correct Covid-19 response isn't a wartime economy – with massive upscaling of production. Rather, we need an “anti-wartime” economy and a massive scaling back of production. And if we want to be more resilient to pandemics in the future (and to avoid the worst of climate change) **we need a system capable of scaling back production in a way that doesn't mean loss of livelihood.**



Many of the best paid jobs serve no wider purpose than simply to make money (Credit: Getty Images)

So what we need is a different economic mind-set. We tend to think of the economy as the way we buy and sell things, mainly consumer goods. But this is not what an economy is or needs to be. At its core, the economy is the way we take our resources and turn them into the things we need to live. Looked at this way, we can start to see more opportunities for living differently that allow us to produce less stuff without increasing misery.

I and other ecological economists have long been concerned with the question of how you produce less in a socially just way, because the challenge of producing less is also central to tackling climate change. All else equal, the more we produce, the more greenhouse gases we emit. **So how do you reduce the amount of stuff you make while keeping people in work?**

Proposals include reducing the length of the working week, or, as some of my recent work has examined, you could allow people to work more slowly and with less pressure. Neither of these is directly applicable to Covid-19, where the aim is reducing contact rather than output, but the core of the proposals is

the same. You have to reduce people's dependence on a wage to be able to live.

What is the economy for?

The key to understanding responses to Covid-19 is the question of what the economy is for. Currently, the primary aim of the global economy is to facilitate exchanges of money. This is what economists call “exchange value”.

What Covid-19 is throwing into sharp relief is just how false our beliefs about markets are

The dominant idea of the current system we live in is that “exchange value” is the same thing as “use value”. Basically, people will spend money on the things that they want or need, and this act of spending money tells us something about how much they value its “use”. This is why markets are seen as the best way to run society. They allow you to adapt, and are flexible enough to match up productivity capacity with use value.

What Covid-19 is throwing into sharp relief is just how false our beliefs about markets are. Around the world, governments fear that critical systems will be disrupted or overloaded: supply chains, social care, but principally healthcare. There are lots of contributing factors to this. But let's take two.

First, it is quite hard to make money from many of the most essential societal services. This is in part because a major driver of profits is labour productivity growth: doing more with fewer people. People are a big cost factor in many businesses, especially those that rely on personal interactions, like healthcare. Consequently, productivity growth in the healthcare sector tends to be lower than the rest of the economy, so its costs go up faster than average.

Second, jobs in many critical services aren't those that tend to be highest valued in society. Many of the best paid jobs only exist to facilitate exchanges: to make money. They serve no wider purpose to society.

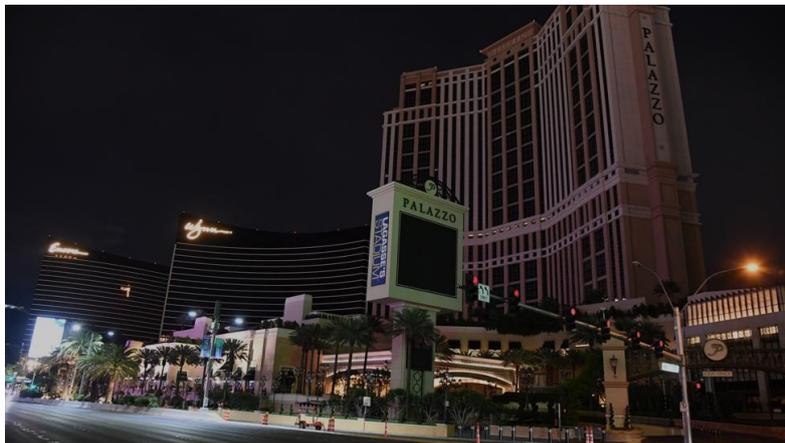
Yet because they make lots of money we have lots of consultants, a huge advertising industry and a massive financial sector.

Meanwhile, we have a crisis in health and social care, where people are often forced out of useful jobs they enjoy because these jobs don't pay them enough to live.

Pointless jobs

The fact that so many people work pointless jobs is partly why we are so ill prepared to respond to Covid-19. The pandemic is highlighting that many jobs are not essential, yet we lack sufficient key workers to respond when things go bad.

People are compelled to work pointless jobs because in a society where exchange value is the guiding principle of the economy, the basic goods of life are mainly available through markets. This means you have to buy them, and to buy them you need an income, which comes from a job.



Even the bright lights of Las Vegas have dimmed as casinos have closed their doors due to Covid-19 (Credit: Getty Images)

The other side of this coin is that the most radical (and effective) responses that we are seeing to the Covid-19 outbreak challenge the dominance of markets and exchange value. Around the world governments are taking actions that three months ago looked impossible. In Spain, private hospitals have been nationalised. In the UK, the prospect of nationalising various modes of transport has become very real. And France has stated its readiness to nationalise large businesses.

Likewise, we are seeing the breakdown of labour markets. Countries like Denmark and the UK are providing people with an income in order to stop them from going to work. This is an essential part of a successful lockdown. These measures are far from perfect. **Nonetheless, it is a shift from the principle that people have to work in order to earn their income, and a move towards the idea that people deserve to be able to live even if they cannot work.**

This reverses the dominant trends of the last 40 years. Over this time, markets and exchange values have been seen as the best way of running an economy. Consequently, public systems have come under increasing pressure to marketise, to be run as though they were businesses who had to make money. Likewise, workers have become more and more exposed to the market – zero-hours contracts and the gig economy have removed the layer of protection from market fluctuations that long term, stable, employment used to offer.

These changes even hint at the possibility of longer term change that makes us happier and helps us tackle climate change

Covid-19 appears to be reversing this trend, taking healthcare and labour goods out of the market and putting it into the hands of the state. States produce for many reasons. Some good and some bad. But unlike markets, they do not have to produce for exchange value alone.

These changes give me hope. They give us the chance to save many lives. They even hint at the possibility of longer term change that makes us happier and helps us tackle climate change. But why did it take us so long to get here? Why were many countries so ill-prepared to slow down production? The answer lies in a recent World Health Organisation (WHO) report: they did not have the right “mind-set”.

Our economic imaginations

There has been a broad economic consensus for 40 years. This has limited the ability of politicians and their advisers to see cracks in the system, or imagine alternatives. This mind-set is driven by two linked beliefs:

- The market is what delivers a good quality of life, so it must be protected
- The market will always return to normal after short periods of crisis

These views are common to many Western countries. But they are strongest in the UK and the US, both of which have appeared to be badly prepared to respond to Covid-19.

In the UK, attendees at a private engagement reportedly summarised the Prime Minister's most senior aide's approach to Covid-19 as "herd immunity, protect the economy, and if that means some pensioners die, too bad". The government has denied this, but if real, it's not surprising. At a government event early in the pandemic, a senior civil servant said to me: "Is it worth the economic disruption? If you look at the treasury valuation of a life, probably not."

This kind of view is endemic in a particular elite class. It is well represented by a Texas official who argued that many elderly people would gladly die rather than see the US sink into economic depression. This view endangers many vulnerable people (and not all vulnerable people are elderly), and, as I have tried to lay out here, it is a false choice.



It is hoped that life will return to normal when the restrictions to slow the spread of coronavirus are lifted, but it might not (Credit: Getty Images)

One of the things the Covid-19 crisis could be doing, is expanding that economic imagination. As governments and citizens take steps that three

months ago seemed impossible, our ideas about how the world works could change rapidly. Let us look at where this re-imagining could take us.

Four futures

To help us visit the future, I'm going to use an old technique from the field of futures studies. You take two factors you think will be important in driving the future, and you imagine what will happen under different combinations of those factors.

The factors I want to take are value and centralisation. Value refers to whatever is the guiding principle of our economy. Do we use our resources to maximise exchanges and money, or do we use them to maximise life? Centralisation refers to the ways that things are organised, either by of lots of small units or by one big commanding force. We can organise these factors into a grid, which can then be populated with scenarios. So we can think about what might happen if we try to respond to the coronavirus with the following four extreme combinations:

- **State capitalism:** centralised response, prioritising exchange value
- **Barbarism:** decentralised response, prioritising exchange value
- **State socialism:** centralised response, prioritising the protection of life
- **Mutual aid:** decentralised response, prioritising the protection of life.

State capitalism

State capitalism is the dominant response we are seeing across the world right now. Typical examples are the UK, Spain and Denmark.

The state capitalist society continues to pursue exchange value as the guiding light of the economy. But it recognises that markets in crisis require support from the state. Given that many workers cannot work because they are ill, and fear for their lives, the state steps in with extended welfare. It also enacts massive Keynesian stimulus by extending credit and making direct payments to businesses.

The expectation here is that this is will be for a short period. The primary function of the steps being taken is to allow as many businesses as possible to keep on trading. In the UK, for example, food is still distributed by markets

(though the government has relaxed competition laws). Where workers are supported directly, this is done in ways that seek to minimise disruption to normal labour market functioning. So, for example, as in the UK, payments to workers have to be applied for and distributed by employers. And the size of payments is made on the basis of the exchange value a worker usually creates in the market, rather than the usefulness of their work.

Barbarism is the future if we continue to rely on exchange value as our guiding principle and yet refuse to extend support to those who get locked out of markets by illness or unemployment

Could this be a successful scenario? Possibly, but only if Covid-19 proves controllable over a short period. As full lockdown is avoided to maintain market functioning, transmission of infection is still likely to continue. In the UK, for instance, non-essential construction is still continuing, leaving workers mixing on building sites. But limited state intervention will become increasingly hard to maintain if death tolls rise. Increased illness and death will provoke unrest and deepen economic impacts, forcing the state to take more and more radical actions to try to maintain market functioning.

Barbarism

This is the bleakest scenario. Barbarism is the future if we continue to rely on exchange value as our guiding principle and yet refuse to extend support to those who get locked out of markets by illness or unemployment. It describes a situation that we have not yet seen.

Businesses fail and workers starve because there are no mechanisms in place to protect them from the harsh realities of the market. Hospitals are not supported by extraordinary measures, and so become overwhelmed. People die. Barbarism is ultimately an unstable state that ends in ruin or a transition to one of the other grid sections after a period of political and social devastation.

Could this happen? The concern is that either it could happen by mistake during the pandemic, or by intention after the pandemic peaks. The mistake is if a government fails to step in in a big enough way during the worst of the pandemic. Support might be offered to businesses and households, but if this isn't enough to prevent market collapse in the face of widespread illness, chaos

would ensue. Hospitals might be sent extra funds and people, but if it's not enough, those who need treatment will be turned away in large numbers.



With millions of people now working from home, returning to office life as usual may be difficult (Credit: Getty Images)

Potentially just as consequential is the possibility of massive austerity after the pandemic has peaked and governments seek to return to “normal”. This has been threatened in Germany. This would be disastrous. Not least because the defunding of critical services during austerity has impacted the ability of countries to respond to this pandemic.

The subsequent failure of the economy and society would trigger political and stable unrest, leading to a failed state and the collapse of both state and community welfare systems.

State socialism

State socialism describes the first of the futures we could see with a cultural shift that places a different kind of value at the heart of the economy. This is the future we arrive at with an extension of the measures we are currently seeing in the UK, Spain and Denmark.

The key here is that measures like the nationalisation of hospitals and payments to workers are seen not as tools to protect markets, but a way to protect life itself. In such a scenario, the state steps in to protect the parts of the economy that are essential to life: the production of food, energy and shelter for instance, so that the basic provisions of life are no longer subject to the whims of the market. The state nationalises hospitals, and makes housing freely available. Finally, it provides all citizens with a means of accessing

various goods – both basics and any consumer goods that we are able to produce with a reduced workforce.

Citizens no longer rely on employers as intermediaries between them and the basic materials of life. Payments are made to everyone directly and are not related to the exchange value they create. Instead, payments are the same to all (on the basis that we deserve to be able to live, simply because we are alive), or they are based on the usefulness of the work. Supermarket workers, delivery drivers, warehouse stackers, nurses, teachers, and doctors are the new CEOs.

Mutual aid is the second future in which we adopt the protection of life as the guiding principle of our economy

It's possible that state socialism emerges as a consequence of attempts at state capitalism and the effects of a prolonged pandemic. If deep recessions happen and there is disruption in supply chains such that demand cannot be rescued by the kind of standard Keynesian policies we are seeing now (printing money, making loans easier to get and so on), the state may take over production.

There are risks to this approach – we must be careful to avoid authoritarianism. But done well, this may be our best hope against an extreme Covid-19 outbreak. A strong state able to marshal the resources to protect the core functions of economy and society.

Mutual aid

Mutual aid is the second future in which we adopt the protection of life as the guiding principle of our economy. However, in this scenario, the state does not take a defining role. Rather, individuals and small groups begin to organise support and care within their communities.

The risk with this future is that small groups are unable to rapidly mobilise the kind of resources needed to effectively increase healthcare capacity, for instance. But mutual aid could enable more effective transmission prevention, by building community support networks that protect the vulnerable and police isolation rules. The most ambitious form of this future sees new democratic structures arise. Groupings of communities that are able to mobilise substantial resources with relative speed. People coming together to

plan regional responses to stop the spread of the disease and (if they have the skills) to treat patients.

This kind of scenario could emerge from any of the others. It is a possible way out of barbarism, or state capitalism, and could support state socialism. We know that community responses were central to tackling the West African Ebola outbreak. And we already see the roots of this future today in the groups organising care packages and community support. We can see this as a failure of state responses. Or we can see it as a pragmatic, compassionate societal response to an unfolding crisis.

Hope and fear

These visions are extreme scenarios, caricatures, and likely to bleed into one another. My fear is the descent from state capitalism into barbarism. My hope is a blend of state socialism and mutual aid: a strong, democratic state that mobilises resources to build a stronger health system, prioritises protecting the vulnerable from the whims of the market and responds to and enables citizens to form mutual aid groups rather than working meaningless jobs.

What is hopefully clear is that all these scenarios leave some grounds for fear, but also some for hope. Covid-19 is highlighting serious deficiencies in our existing system. An effective response to this is likely to require radical social change. I have argued that it requires a drastic move away from markets and the use of profits as the primary way of organising an economy. The upside of this is the possibility that we build a more humane system that leaves us more resilient in the face of future pandemics and other impending crises like climate change.

Social change can come from many places and with many influences. A key task for us all is demanding that emerging social forms come from an ethic that values care, life, and democracy. The central political task in this time of crisis is living and (virtually) organising around those values.

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<https://www.bbc.com/future/article/20200331-covid-19-how-will-the-coronavirus-change-the-world>