



The world after the coronavirus crisis - more supportive, more digital, more sustainable?

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In times of coronavirus, politics is relying on scientific evidence more than ever. At the same time, the crisis offers the opportunity for a more supportive and more sustainable social and economic model – if we learn the right lessons. Some thoughts on this subject by IAB Vice Director Ulrich Walwei.

The end of the coronavirus crisis is not yet in sight. No one can say today what the transitional phase with gradual relaxation will ultimately look like and how severe the medium- and longer-term consequences of the pandemic will be for society, economy, and labour market. Eventually, however, the coronavirus crisis will be in the past. We must hope that we will be able to control the virus with vaccines and medication in the upcoming year at the latest. Social and economic life will be back in full swing by then. Of course, we cannot take stock yet, however, first lessons are already becoming apparent.

More opportunities for evidence-based politics

The standing of science has improved. It became apparent that politics and practice are well-advised to rely on evidence even and especially in times of crisis. In the past few weeks, virology and epidemiology have provided consulting services of existential significance. The findings from both disciplines – supported by politics – have saved lives and have so far prevented the German hospitals from collapsing and thus forcing the doctors to make difficult ethical decisions, which has already been the case in other countries.

Scientific findings are essential for dealing with the crisis in the future. Also other scientific disciplines such as economics and social sciences or computer sciences are currently in demand as never before. Of course, science may not and does not want to take an active governing role. It can, however, make the consequences of political action transparent. The opportunities of evidence-based politics have clearly grown. Populist politics, on the other hand, which discards scientific findings, quite often – horrible dictu – proves to be fatal in these times.

Deep appreciation for system-relevant workers

It has become apparent how important the system-relevant infrastructure is in case of emergency. The healthcare and nursing system, the institutions of public safety and social security, and trade and logistics are currently making an enormous contribution. Workers in these industries are now met with great appreciation. This also includes sufficient equipment adequate in terms of quantity and quality as well as decent payment of the employees working in these industries.

Society will more than ever need to ask itself whether or not it will be ready to compensate such improvements in public services with higher taxes and contributions for this in the longer term. With professions in the private sector, however, mainly the market decides on the remuneration: If customers prefer to shop cheaply and retail trade is consequently fighting a hard price battle, this narrows the scope for the payment of the sales staff. In this regard, each and every one of us will have to scrutinize their own buying behaviour. And no one keeps you from tipping not only waiters but also the cleaning lady, the hairdresser, or the parcel carrier.

Increasing cohesion in society

This crisis has taught us how important cohesion is in the society. Only massive changes in behaviour and great solidarity allow us to prevent the rapid spread of the coronavirus and to design the controlled start-up period of the economy wisely. Like in other countries, some Germans are recently taking to the streets in protest of lockdown orders. Nevertheless, the vast majority of people support these restrictions.

Cohesion and solidarity also remain important after the crisis, because before the crisis, society seemed to be as divided as never before. Additionally: during and after the crisis, some distribution questions have become more pressing than ever.

It remains to be hoped that, in the end, we will be able to establish: we have overcome the crisis, have willingly paid a high economic price for the lives of many people, and want to continue this path together. This way, we could make great progress also in welfare policy, social policy, and climate policy.

Limits of globalization

Globalization, too, appears in a new light. In particular, because coronavirus does not stop at borders, borders must also not stop solidarity with other countries. With the global shutdown, we are experiencing a worldwide standstill of public life and a strong decrease in economic activity which is unprecedented in times of peace. Economically weaker countries will hardly be able to manage the reconstruction on their own. This is a great opportunity for the global community to come closer together.

At the same time, this also shows the limits of globalization. It is to be expected that many countries will opt for increased support of regional businesses. Consequently, each country needs to have a certain degree of self-sufficiency in vital areas in order not to be solely dependent on global supply chains in case of an emergency. This becomes more than evident, for instance, when you consider the currently observable scarcity of protective equipment in the healthcare sector or also in the supply of drugs.

Digitization on the upswing

Finally, coronavirus accelerates digitization in a hitherto unimaginable speed. We are all now learning at a breathtaking speed what is possible digitally. For instance, many new business models develop in the crisis but also traditional sectors increasingly opt for digital

technologies in their production and service provision.

The world of work is right in the middle of this development. Never have so many people worked from home as is the case right now. Video and telephone conferences are becoming natural parts of communication. After the crisis, we will re-evaluate mobility and make it more cost-effective. This could decelerate our lives a bit. Also our climate and the environment should benefit from that.

Outlook on the time post coronavirus

Of course, the following applies to the coronavirus crisis as for any other crisis: hindsight is easier than foresight. And we still have much to learn in these times. However, it is already becoming apparent what will really be important after the crisis. Although it will take a long time to get over the consequences of the crisis in terms of the economy, you must – if you learn the right lessons – not be afraid of the world after coronavirus.