COVID-19 and the Pandemic

During 2020, like everyone, we turned time and time again to look at the pandemic through a variety of lenses.

Covid-19: the Economic Consequences of the infection, and what it tells us about the frailty of the global economy

Image by Pete Linforth from Pixabay

Many column inches have been filled with the unfolding story of Covid-19 since its emergence in the city of Wuhan last month. There is much speculation about what it means for China itself: its own economic and political stability, and the power of the Chinese Communist Party.

This blog focuses instead on the global political and economic implications of the outbreak, and what it tells us about the robustness (or otherwise) of global systems.

Covid-19 – what we know

As of 16 February, official Chinese statistics report the number of cases as 68,500, with 1,670 deaths. There have been almost 800 cases detected outside China. Scientific modelling suggests that these figures may be low, but there is, to date, little hard evidence to back up that analysis. A research paper in *The Lancet* calculates that on the evidence to date the "spread rate" is 2.68 per case, which would align it with an influenza virus, and the epidemic doubled in size every 6.4 days. But there is no global pandemic yet – although this certainly should not be ruled out as a possibility.

The virus seems considerably less lethal than SARS. But the mortality rate is currently estimated to be as high as that of the Spanish Flu of 1918/19. So it is still a major potential cause of illness and death, especially among people in poor health,

and the scenes in parts of China suggest that the virus, while probably manageable in countries with well-established health systems, could be disastrous for regions with inadequate health infrastructures if the virus spreads globally. If the virus has now spread widely enough to become a global event, then rapid progress on screening, treatment, and a possible vaccine will be critical for international health agencies.

In order to try to control the outbreak, China has placed some 400 million people under some form of quarantine. But China is also keen to "get back to work", following the traditional New Year holiday period. So there are two conflicting desires: the desire to control and minimise what remains something of an unknown quantity, the new virus; and the desire to renew economic activity across China. It may be that it is too late already to contain the virus, and that it will simply have to be managed.

To use an all-too-apt English idiom, when China sneezes, the rest of the world catches a cold.

The economic consequences of Covid-19

It is estimated that the quarantine measures imposed in China will already have the effect of a 1.5% reduction in GDP for the quarter. If the measures have to continue through into March, this would become a 2.5% contraction. Many Chinese businesses, especially SMEs, would suffer serious financial difficulties.

As for China, so for the rest of the world. China now represents one sixth of the global economy. S&P (Standard & Poor) estimates that China accounts for one third of global economic growth, and is effectively the arbiter of the international economic cycle through its predominance in four channels:

- Commodities;
- Capital goods;
- Integrated supply chains; and
- Tourism

To illustrate, the effects of China's slowdown have instantly been felt elsewhere:

- Taiwan's imports fell by 17.7% in January;
- In South Korea, Hyundai has had to shut down all domestic plants because of shortages of vital components from China; other conglomerates have shut down some capacity;
- Nissan has reduced capacity in Japan, and other auto manufacturers are warning that they may have to do the same;
- Crude oil prices fell 20% from early January levels;

- One quarter of German car sales come from China, and there are tight interlinkages in supplies and components: German industrial output fell 3.5% in December (French industrial output fell 2.8%) making Europe's industrial heartland very susceptible to a further shock;
- The Region around Wuhan specialises in electronics, so the impacts are being felt in that sector, for example Foxconn, which supplies Apple, has remained largely inactive since the outbreak of the virus was first made public.

One region appears (so far) to buck the trend. The USA's S&P 500 reached an all-time peak last week. But there are experts who warn that the S&P 500 level has no rationale. The Shiller Cape Index, which measures stock prices against a 10-year rolling average of inflation-adjusted earnings indicates that the S&P 500 is in "bubble territory" – higher than it was before the Great Crash of 1929.

Looking at key components of the S&P 500, it is estimated that:

- 30% of semiconductor earnings within S&P 500 companies come from China; as do:
- 3% of technology equipment earnings;
- 9% of consumer services;
- 11% of household products; and
- 6% of cars and car components.

So just as the Covid-19 itself threatens to spread beyond China's borders, so do the economic consequences. And just as coronavirus seems to have the gravest impact on the old and the sick, so the economic impacts are going to be felt in a global economy that is already not in the best of health. 2020 may be a very bumpy year indeed.

It is also worth noting that, if the virus becomes global, it may lead to anti-Chinese sentiment in at least some parts of the world – unfair though that would be – impacting on the lives of blameless ethnic Chinese people (and no doubt others who "look Chinese") and maybe even affecting business sentiment towards dealing with China and Chinese companies.

Can the World do Better?

Covid-19 is not the first "new" disease – recent examples include avian flu, SARS and Ebola – so we should expect similar shocks in the future. Global (and national) health systems need to be attuned to the risk of emergent diseases (or new strains of familiar ones). Early warning systems and international collaboration are needed to intervene effectively and early. It is too soon to say whether the coronavirus outbreak could have been avoided – or at least minimised by effective early intervention. But a period of weeks of effective denial allowed the virus to spread

rapidly in Wuhan and – seemingly – beyond. As such it may become a valuable source of learning for the future.

More specifically, the prospect of massive urbanisation in Africa and in South Asia raises questions about health provision and vigilance in those regions, where infrastructure is currently very basic. International efforts will be needed to help those regions to build capacity, to maximise sanitation and public health awareness, and educate and train more health workers for the future.

The economic impact of the virus, in such a short space of time, should alarm the world's Governments. Have too many supply chains become virtual monopolies, with no room for contingency planning and no flex, due to over-reliance on "just in time" supply? Protectionists will argue for greater self-reliance: globalists for greater diversity of supply. But the virus is certainly exposing weaknesses in the current world economy.

Finally, is there a global economic safety net? If there is a major economic hiccup, will it precipitate a bigger crisis? Offshore dollar lending is estimated to be $18 trillion. "Official" liquidity – IMF resources, central bank swap lines and the Eurozone bailout fund – are about $3 trillion. A report by former officials of the World Bank and the Bank for International Settlements warns that "The global safety-net is too small". How big does the safety-net need to be?

For futurists, the Covid-19 outbreak provides another useful lesson. Pandemic flu often appears in the outlying regions of the global future risk rankings. The amount of data coming out of this outbreak provides important data about spread, transmissibility, and the effect of containment measures. Equally, it shines light on those secondary effects – effects in which ripples could easily become storms. As climate change, along with the prospect of unprecedented urbanisation, make the spread of diseases and emergence of new viruses more likely, the coronavirus is important data for thinking about the future – as well as a warning about its risks.

Written by David Lye, SAMI Fellow
Published 19 February 2020

After the pandemic

Image by Mylene2401 from Pixabay

At the moment we're all trying to come to terms with the profound short-term personal and business consequences of Covid-19 but we also have to think about how it will impact our lives and business in the longer term as well. Business plans for 2020 are already overtaken, but our assumptions about the next few years may no longer apply either. In some cases, life may return to business-as-usual, but the scale of the challenge the virus poses will likely accelerate many megatrends already underway, and many plausible new disruptions will emerge.

New supply chains

China dominated supply chains, already strained in the U.S due to the trade war, are highly likely to be re-examined. China could well be one of the first major economies to 'recover,' but execs around the world will be reconsidering lean supply chains. Carrying larger inventories and having domestic suppliers may no longer look economically wasteful. The risk exposure in supply chains is likely to become a key KPI, in the near to mid-term, and accelerate onshoring and 3D production at home.

The death of the High Street

The long march of the death of the high street has continued for more than a decade. This will likely accelerate in the wake of Covid-19. There's an old saying that it only takes a month to change a habit, and we may be about to experience the phenomenon that when forced to get used to something, it has residual effects. Those who have hitherto avoided home delivery or on-line retail activity may wade in permanently.

Travel is optional?

Business travel (and education related travel) could also see more than just a significant short-term slump, and level off or even decline long-term as well. There is now a chance to experiment with new ways of doing things – cutting the $1 trillion spent annually on business travel.

Extraordinary monetary policy

Over the past 40 years the big central banks have reduced interest rates by around 4 percentage points in response to recessions. But that option no longer exists. Rates are now near zero or already negative across many of the leading economies and this could spread. This is a very different world, which may be only weeks away. There is also a huge risk Covid-19 could be the straw that breaks the camel's back in the Italian banking system. Does another euro crisis beckon? Huge changes are underway with fiscal and monetary restraint thrown to the wind.

Work, and school, is no longer just a place

The redesign of offices into more decentralised networks is likely to be one of the major short-term trends as companies look for staff to work from home. More and more people will be forced into self-isolation, who hitherto had not considered home-working as feasible for them. Business resilience plans which previously said no way, could evolve into here's how we've found a way. We will then find out whether company cultures and technology are advanced enough to allow this at scale.

Real estate

Could Covid-19 lead to a lot more empty retail and office space, then be re-developed as residential accommodation, and financed by zero or negative interest rates? And could this be eagerly bought up in a negative interest rate induced housing boom? That would be some economic virus.

The shift to a cashless society
If banks do pass-on negative rates to savers, the incentive to hold cash will be obvious. This is not to suggest there could be a wholesale shift to cash, that would be absurd, but the hitherto inexorable transition towards a cashless society could hit a bump in the road which slows its arrival.

A closed world?
The political fall-out has barely begun. Will Governments also become casualties of Covid-19? Governments seen as non-transparent and slow to respond could be the most vulnerable. Covid-19 could shift big versus small state ideology as well.

What else?

Digital open-sourced collaboration will go from a nice to have capability to a core business driver in tackling the economic, legal and even social impacts of the virus. In some cases it will be used to further power the at-home entertainment market, combining new technologies such as mixed reality to 'attend' sports events. We should also expect 'resiliency' against scenarios such as Covid-19 to feature prominently in future company valuations.

Perhaps the greatest irony of Covid-19 could be that at a time when we're fearful of illness and death, and finding refuge at home, it might lead to a baby or a divorce boom by Christmas!

This is a 9/11 moment, after which the world will never be the same again and our thinking must reflect this too. It's likely that some premonitions of change will prove false but others might not, so it will be time, soon, to think this all over.

Written by David Smith, SAMI Associate and Chief Executive, Global Futures and Foresight
Published 1 April 2020

Pandemic-3.0 – from crisis to transformation
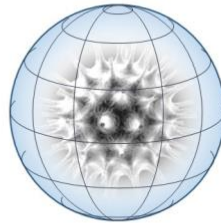
At terrifying speed the Covid-19 global pandemic has brought a multitude of deaths, the lock-down of half the world's population, and the decimation of its economy. The material facts of this disaster bring hard lessons in disaster management, public services and social inequality, which will keep experts and analysts busy for a generation to come.

But here I would like to open up a forward look on the massive transformations now in motion, negative and positive – and explore questions on what kind of pathways could help steer from one kind of outcome to another.

In such global crisis, challenges such climate change or rampant inequality are not going to disappear overnight. In reality they seem more likely to magnify up, as new forms of power and wealth and hierarchy emerge. If this pandemic can be contained or resolved, then we can get back to work on these challenges and others: but if it continues (as seems likely) to be messy and divisive, or indeed as the next pandemic arrives, then we face new challenges alongside the old.

It seems for situations of high urgency with uncertainty and controversy, we need more than standard forecasting or systems tools.   Here it seems a ***Foresight-III* approach from the Synergistic Toolkit is very useful**. This *Foresight Mode-III* or *3.0,* builds on standard practice, to explore the scope of *collective anticipatory intelligence*, the learning and creative potential of organizations, communities and societies. With simple visual thinking tools we can begin to explore and map pathways, directions for forward change, not only in crisis management, but of transformation in all complex systems 'social-technical-economic-ecological-political'.

The sketches below shows three angles on this global crisis of critical danger and opportunity. They start with the saying '*never let a good crisis go to waste*' – and then ask, if new systems of *Mode-III* social-political-economic cooperation can emerge from this crisis, how to let these grow and flourish? And how to counter or bypass the forces of 'winner takes all' populism, exclusion and intolerance, expropriation of wealth and hijack of truth?

This is a brief sketch for a planet-sized challenge, which draws on current thinking on '*collective intelligence and the pathways from smart to wise*'. This is hopefully enough to start a line of thinking which connects the current crisis with potential pathways – and if this crisis can be resolved, then to better prepare for the next….

Scenarios – unknowns or unknowables?

At this moment it's an unknown whether the Covid-19 virus epidemiology can be contained, or continues to multiply, mutate or re-emerge. It's also a *deeper* kind of unknown as to how social and economic and political systems interact with this epidemiology.   It's also a *deeper* unknown (perhaps **'unknowable'**), whether or not social-economic-political systems could return to the old normal, or transform towards some kind of 'new normal', (either positive, negative or mixed). So we need to map out the combinations, as possible 'what-if' scenarios, each with a mix of danger and opportunity. Here in *Figure 1* is a 'starter' map of alternative futures: –
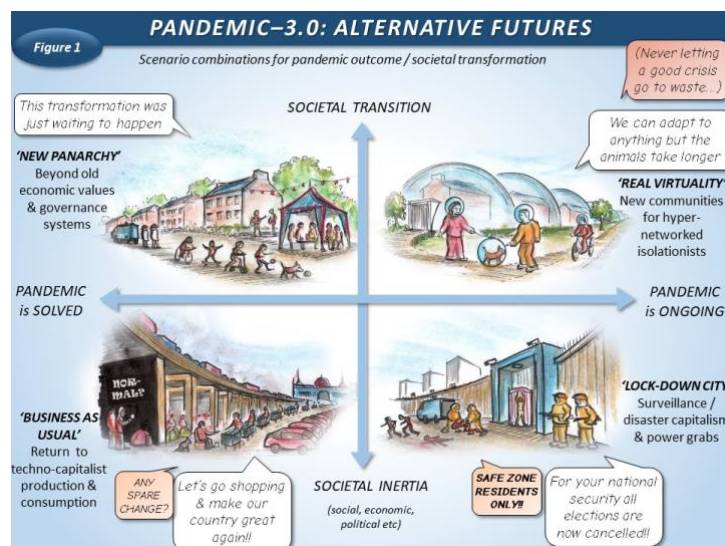
- **'new panarchy':** (*societal transition with pandemic solved).* Here we ask, what-if progress is resumed and the pandemic solved, while staying vigilant for the next one? Meanwhile there is *deeper* and *wider* learning from the 2020 episode, and a serious agenda to look beyond old-style hierarchies and extractive systems.

- **‘business as usual’**: (*societal inertia with pandemic solved).* This looks like the general direction of most official prospectives (OECD, MGI etc) this simply looks to the other side of the pandemic, and aims to reconstruct the familiar game of techno-capitalist-materialist production and consumption.

- **‘real virtuality’**: (*societal transition with pandemic ongoing).* Here everything has changed, with technology as the enabler for hyper-networked-isolationists, a new normal of video-holograms, decontamination suits and sterile pods. While humans are endlessly adaptable, this future brings huge challenges for individuals and communities, and maybe opportunities.

- **‘lock-down’**: (*societal inertia with pandemic ongoing).* This is the most familiar techno-dystopia of 'Blade-runner' surveillance / disaster capitalis Here the ongoing pandemic and its effects of disruption and trauma, is an open door for power-mongers and warlords who merge with the tech corporates. The graphic shows how 'safe zones' can easily turn into zones of exclusion and oppression.

Scenarios for the future or the present?

It gets more interesting, as it emerges these scenarios are not only neutral visions of a possible distant future – they are more like active and contested grabbing of the present and near future (about a week at the time of writing). It also gets more interesting to explore the scenarios not as distinct and separate, more like different angles on a chaotic bundle of *deeper* realities.

The scenario visuals have attracted over 2,000 views / shares (at the time of writing), click here for information – with the backup paper on www.urban3.net

Some users of these scenarios have raised the question, is 4 enough? Naturally there could be endless varieties, but at the end of the day the scenarios are there simply to enable creative thinking. Others raise a strong preference for the top left corner, or possibly the top right if necessary, assuming that societal transition is going to be positive. If these scenarios were extended into an 8-fold cube structure we could list both positive / negative outcomes in each of 4 corners.

Part 2 will follow shortly, by exploring the inter-connecting *nexus* of system problems, the *connexus* of system transformations, and the possible pathways from one to the other. Meanwhile an online system for participative scenario making is in preparation…..

Written by Joe Ravetz, Co-Director, CURE (Collaboratory in Urban Resilience), Manchester Urban Institute and SAMI Principal
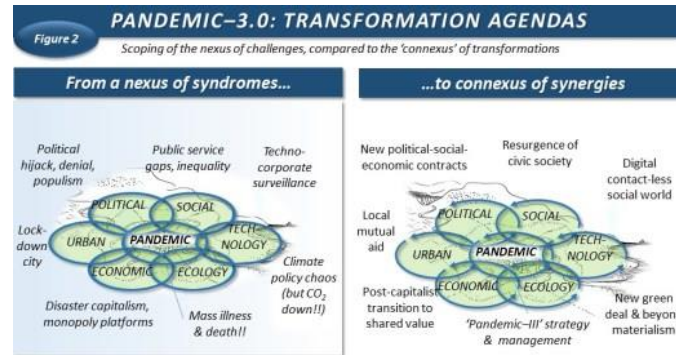*Published 6 May 2020*

Pandemic-3.0 – from crisis to transformation – part II
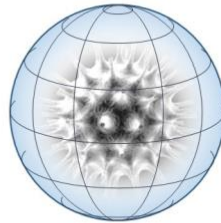
The first part of this blog explored the context – 'what if' the pandemic is contained, OR it continues (with mutations, policy failures, medical gaps etc)? And then, 'what if' society bounces back, OR it transforms? The four scenarios which emerged are not only about possible distant horizons – they are more like active grabbing of the present and near future, by the forces of power, wealth and ideology. Each scenario could be extremely negative – magnifying the health issues up to full political / economic crisis: OR each scenario could be incredibly positive – magnifying the new-found social cohesion, public investment and clean skies into a political / economic transformation.   So these are the bigger questions beyond the immediate pandemic – how to turn crisis into transformation? And this is the agenda of a *collective pandemic intelligence,* or **Pandemic 3.0** (see www.urban3.net)…

Societal transformations – by accident or design?

Reaching for the flip-chart – (here's one we made earlier!) – we see the social, technology, economic, ecological, political, urban domains ('STEEP' for short) – on the left of *Figure 2,* sketched around the pandemic in the centre.   Each of these involves not only material issues, such as economic growth or new technology, but the underlying layers, the psychology and culture and deeper myths of all involved. It seems for each negative part of this *nexus* there's also a potential positive or counter-case, shown in the *connexus* on the right hand side of the picture. So here's a first sketch of negative and positive, a starting point for exploring the possible pathways from one to the other.

PANDEMIC–3.0: TRANSFORMATION AGENDAS
Figure 2 — Scoping of the nexus of challenges, compared to the 'connexus' of transformations

In the *social domain*, the pandemic response locks down most forms of direct social interaction, along with economic activity in services and consumption. It also exposes the gaps and shortfalls in public services, and the underlying inequality and exclusion. However there's a resurgence of social and cultural values, organizations and systems, from singing on balconies to a mass volunteering in public service.

For *technology*, the door is open ever wider for techno-corporate surveillance and financial-ization: while local businesses go down, and while community apps and 3D printing emerge, the global 'GAFA' tech platforms are expanding without limit. Meanwhile in a likely future world of distancing and 'contactless community', the same digital platforms and networks will be indispensable.

Production in the global *economic system* has been through possibly its greatest ever shock and negative growth, with untold suffering for the newly sick, unemployed, uninsured and homeless. However there are new patterns of part-time and home-working, along with a new questioning of materialist debt-fuelled production and consumption.

For the *ecological and climate* agenda, the pandemic slowdown has brought clear skies for the first time in generations, even while climate change, species extinction and toxic overload continues. While international cooperation will be more difficult, it seems possible that in a post-pandemic era, new forms of the green deal will emerge along with non-material lifestyles.

Political implications spread in all directions – the most obvious being the extraordinary acts of the state underwriting businesses and workers (in the UK and many other countries) – and the most extreme where large (tax-avoiding, fossil-intensive) corporates carve up the multi-billion bailouts. Again in a post-pandemic era we look for pathways for transformation, with new political-social-economic games in play, and a potential emerging *collective political intelligence*.

Scientific knowledge and expert practice in a post-truth society may yet emerge as the source of trust and confidence. But the massive uncertainties in the basic science are now entangled with existential controversies: it seems *post-normal science* is one way to approach this, if it can link 'science' with other forms of knowledge.

Collaboratorium – from evolution to co-evolution

Here the players are not 'letting a good crisis go to waste'… rather they are pushing their interests by whatever means. *Figure 3* explores the question, how would different actors adapt and evolve, given these unusual challenges and opportunities?   We see two main kinds of learning and thinking and system organization: on the left the functional *(Mode-I)* and evolutionary market-based *(Mode-II)*, and on the right the **'co-evolutionary'** collective intelligence *(Mode-III)*.
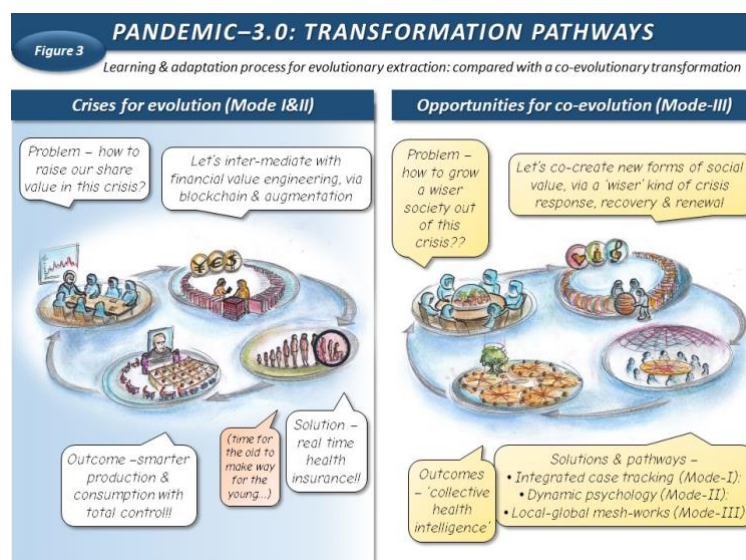
With a **linear** *Mode-I* response, on the left of *Figure 3,* the actors have a functional plan, with testing and tracking, enforcement on transmission paths, backups of medical equipment, and effective communications (as seen in a few countries so far). This is the general framing of epidemiological analysis and modelling, such as the study which informed the UK response. But as and when the shortcomings of linear thinking emerge, then *Mode-II* **evolutionary** thinking might come in – advanced risk management, socio-psycho 'nudges' and smart urban micro-engineering. The result depends on the overall aim and 'frame' – if this is all about maintaining structures of power and wealth, the crisis is a golden opportunity for 'taking back control'. The direction of travel is clearly towards a dystopian logic, a

digital / social engineering system, where the vulnerable are expendable commodities on a real-time health insurance/investment platform.

In contrast the **co-evolutionary** *Mode-III* shows *deeper* and *wider* aspirations – where the problem 'frame' is about how to use such a crisis for transformation of social-economic-political systems. Here we are talking not only 'solutions' but extended pathways, which might combine all three *Modes*. We look for advanced systems of integrated tracking of cases and transmissions *(Mode-I)*: and for dynamic social psychology, with communications for hearts and minds *(Mode-II)*. And most of all we look for a co-evolutionary 'mesh-work' structure *(Mode-III)*, a *collective social intelligence* in the learning and thinking capacity of communities / organizations / networks, local and global. All this points towards a transformation in systems of mutual aid and collective empowerment. It also highlights some fundamental choices, between a 'bounce back' to inequality and alienation, or a 'bounce-forward' to a transformation of *collective intelligence.*

So, whether the future is one of hazmat suits and video-holograms, or new-found communities partying in the streets, these will emerge in the months and years to come. The main question here is how the world can best respond, and make the choice between elite power and wealth, and a *Pandemic-3.0* kind of transformation. In this it will need many of the pathways 'from smart to wise', which are beginning to emerge. It will need collective financial intelligence, integrated positive health systems, inclusive social media mesh-works, synergistic social-business models, deliberative-associative multi-level governance, and so on.

All these pathways, and the methods to map them, are explored in the new book <u>Deeper City: collective intelligence and the pathways from smart to wise</u>.

And more than any one of these, the crisis and *Pandemic-3.0* opportunity calls for a collective open mind and creative spirit, to realize the potential emerging from the ashes.

Written by Joe Ravetz, Co-Director, CURE (Collaboratory in Urban Resilience), Manchester Urban Institute and SAMI Principal
Published 20 May 2020
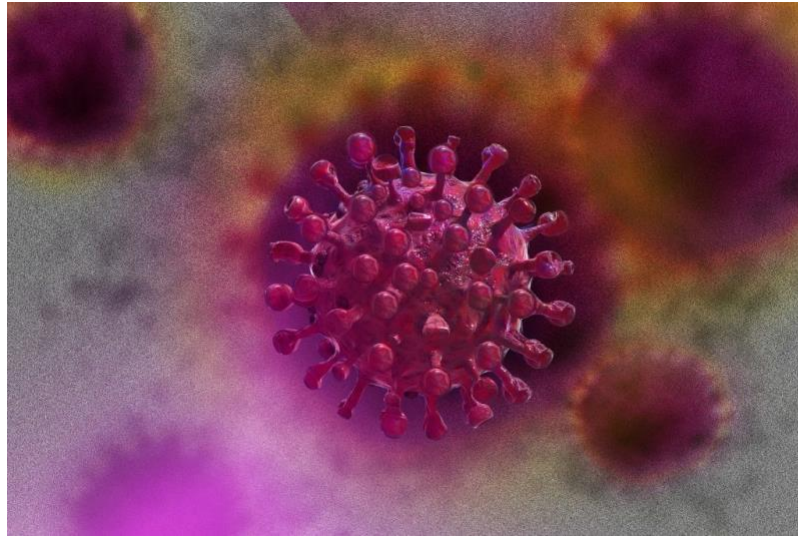
After Covid-19 the world WILL be different

Image by Gerd Altmann from Pixabay

This article is written in May 2020 and explores some potential impacts – beyond the immediate – of the current Covid-19 pandemic. It is based on an original (longer) piece published for the Long Finance Pamphleteers blog in April 2020.

All the news might push you back into primeval brain patterns – making you think, about the pandemic – "OMG it's a bear! Fight or flight?" How could we come to perceive the pandemic and its longer term effects as "No, it's NOT a bear?" This would release our energy and imagination. As Milton Friedman said "Only a crisis – perceived or actual – produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. Our function is to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes the politically inevitable." Or, as we say, the Overton Window has shifted.

How do we stop seeing the world's events as if we were facing a Bear? We think that the world will be very different after the pandemic has receded and there will be a reassessment of many facets of life and society. We are optimists, so we look for the opportunities which will emerge from this disruption. In this article we have uncovered some opportunities and would welcome thoughts from readers on others.

Close to home, the potential for political disruption in Europe is enormous – the disjoint between disparate national health systems has led to the closing of borders for the first time in decades. Europe's future will depend on the ability to rebuild trust between nations.

Taking a wider view, we can see that though the 1 billion people across the planet at Level Four (in Hans Rosling's terminology) may be comparatively protected, the large numbers of people who have recently moved to Level Two or Level Three are likely to be radically affected. They have little economic cushion and may well lose their new incomes and savings. We think that loss of their consumer power will have the biggest impact on global recovery.

The pandemic is changing behaviours; here are some thoughts:

- The role of volunteering to work for the community – working for strangers – over 750,000 people in the UK volunteered to back up health and social care services as they struggled with the pandemic;
- The extent of scientific collaboration in life sciences has broken many barriers as companies and researchers share data and information on the virus in the literature as soon as it is available in the lab;
- Governments could fall if their response to the pandemic is seen as incompetent – rumours abound as we write of what is happening in Brazil;
- Urban surveillance, mobile phone tracking and face recognition is likely to be introduced as emergency measures, and civil society will need to regulate this;
- As IT platforms become ever more ubiquitous, reducing social face to face interaction, it raises questions. How they are regulated and who owns the data?;
- Once IT-enabled teaching has been proven to be effective, we could have refocused education from kindergarten through to universities;
- The role of experts in contributing to policy has started to be recognised – after the rise of populism in the last 50 years;
- There is an opportunity here to revalue and rethink social infrastructure as the pandemic decimates many small enterprises and the income of people at Levels 2 and 3 across the globe.

Also, the impacts of restrictions on travel are both immediate and long term:

- Severe reduction in the amount of travel has a large direct economic impact (travel and tourism account for about 10% of world GDP);
- Globalisation is questioned. Potential positive impacts are diversification and greater stability of supply chains;
- Airlines and the aerospace industry are particularly hard-hit and shedding highly skilled labour;
- It changes the nature of family links, which for several decades have been maintained through cheap flights and could change immigration patterns;
- The rise of video conferencing tools like Zoom and Skype for personal connections is being mirrored by their use in business to replace all sorts of face to face meetings. Work and lifestyles will not completely revert when travel is again on the agenda;

- Office space may well become an oxymoron, so property prices in city centres and industrial parks may plummet. A positive impact could be reduction in residential prices because of its repurposing for housing;
- Reduction in demand for oil has caused prices to plummet and economies based on oil revenues to suffer. There is a positive environmental impact: the reduction in air pollution is visible globally and deaths due to asthma are down in several cities;
- Reductions in travel will add to the problems faced by fossil fuel companies as they try to realign to renewables and recover from the low oil price.

While the headlines are about the crisis of dealing with the pandemic's immediate effects, we think that exploring possible longer term impacts will prepare for action. It can help us see, that all of what is out there, is 'NOT a Bear'. The exploration makes clear where we have choice and influence. It builds hope.

Written by Patricia Lustig, SAMI Associate and MD, LASA Insight, and Gill Ringland, SAMI Emeritus Fellow and Director, Ethical Reading They are authors of 'Megatrends and How to Survive Them: preparing for 2032' and are continuing to explore these trends.
Published 28 May 2020

Coronavirus – Welfare or IP?

Image by Mel Gama from Pixabay

The following article, by SAMI Fellow Richard Walsh, was originally published in the April edition of the IPTF newsletter.

A few weeks ago when Italy was at the centre of the current lockdown, and we were waiting our turn, the Guardian published a powerful letter by the Italian author Francesca Melandri. "Class will make all the difference. Being locked up in a house with a pretty garden, or in an overcrowded housing estate, will not be the same. Nor is being able to work from home, or seeing your job disappear. That boat in which you'll be sailing in order to defeat the epidemic will not look the same to everyone, nor is it actually the same for everyone: it never was."

"If we turn our gaze to the more distant future, the future which is unknown both to you and to us too, we can only tell you this: when all of this is over, the world won't be the same."

In the last couple of weeks around 1.5 million people have applied for Universal Credit. Many of these people will never have experienced the means tested benefit system before and will be having a tough time. The Government have made some welcome changes in response to the coronavirus but times will still be tough for those who need to rely on welfare. Here are some of the key changes.

First many employees will be entitled to Statutory Sick Pay (SSP) if they fall ill, worth £95.85 a week. As a temporary measure, it will be paid from the first day of sickness absence, rather than the fourth. The Government has advised people who are not entitled to SSP to claim contributory ESA which will now be paid after two weeks. But who can live on this amount of money? Not many. So they will also turn to Universal Credit to top up their contributory SSP or ESA.

Here is the rub. No changes have been announced concerning the wait for first UC payments, so new claimants will usually have to wait around five weeks before receiving their first monthly payment. They can apply for a loan but that will be deducted from their future benefits. From April 6, the Government increased the standard allowance of Universal Credit by £1,000 a year, or about £80 a month, on top of the inflation uprating. This means that for a single Universal Credit claimant (aged 25 or over), the standard monthly allowance will increase from £317.82 to £409.89 per month. This applies to all new and existing Universal Credit claimants and will be in place for one year.

The amount households receive depends on their household circumstances and is complex. You can check it out on the ABI Percy calculator.

UC is a combination of several benefits so what happens if you have a mortgage or rent to pay on top of your weekly living costs?

No changes have been made for those who have mortgages ie support for mortgage interest payments has not been re-instated. Instead lenders have been asked to give 3 month "mortgage holidays". But as with all holidays paid on a credit card the bill comes in when you get back.

As for renters, especially private renters, we do have a significant beneficial change for some. Changes to Local Housing Allowance (LHA) and to the support for renters in UC will effectively reverse the cuts to LHA made since 2012. This means that LHA rates will be set at levels to cover 30th percentile rents in the area. This re-linking means that housing support will rise most in areas where rents have risen fastest since 2012 – typically up to £50 per week. In areas where rents have risen by very little, the change will have little or no impact (it will also have no impact in inner London, where there is a separate cap on LHA rates).

What about benefits for self-employed people during the crisis? They won't get the equivalent of furlough support until June. In the meantime they will have no option but to apply for UC.

If you are self-employed and claiming Universal Credit, and are required to stay at home or are ill as a result of coronavirus, the Minimum Income Floor (an assumed level of income) will not be applied while you are affected. This change applies to all

Universal Credit claimants and will last for the duration of the outbreak. Under normal circumstances, the DWP assumes you are earning the same amount as someone in paid work.

Meanwhile those who are sailing in the IP boat can usually benefit from much higher payouts if they are off sick and for those on day one policies expect a payout in a couple of weeks. In addition the claims process is much simpler and is not dependent on a complex means tested household calculation. True it won't help you if you lose your job, unless you bought unemployment cover, but I know which boat I would rather be sailing in, regardless of whether I was living in an inner city flat or a suburban semi with a nice garden.

Written by Richard Walsh, SAMI Fellow
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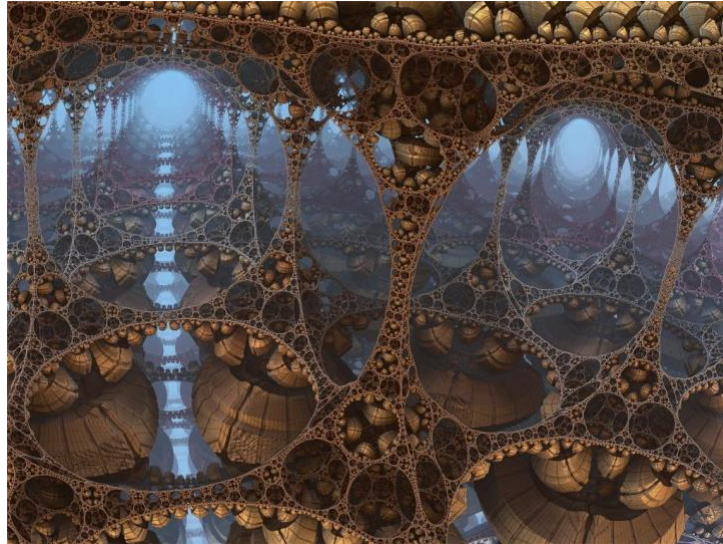# Centre for Cities Webinar: Transport in a Post-Covid-19 World

Image by Pete Linforth from Pixabay

Centre for Cities is a think tank which seeks to help towns and cities achieve their economic potential. They produce research and create policy options that support urban leaders, Whitehall and business develop plans for economic development.

They run a series of webinars on various subjects: a recent one addressed the ways in which urban transport might change after the pandemic.

After a brief introduction from Andrew Carter, the Chief Executive, the first speaker was Paul Swinney, Director of Policy and Research at Centre for Cities. Frances Cairncross, in her 1997 book "Death of Distance", had argued that new communications capabilities would mean that people would no longer travel to work in cities – they could work from anywhere. Paul suggested that despite massive technological improvements in the last 20 years, there was little sign of this happening. City centres and the suburbs still account for over 50% of businesses and jobs.

Consequently in many cities public transport is vital. In London 80% of city centre workers use public transport; in Birmingham, Liverpool and Manchester over 45%. But in other smaller cities – Swansea, Telford – public transport is much less well used. If the pandemic causes a move away from public transport then that is a severe headache for the major cities.

Much is made of post-Covid-19 schemes to increase cycling and walking. Relatively few people in the major cities live within 10km of the centre – the feasible range of

cycling for most. Converting even 5% of these would amount to a 5-fold increase, so is likely to be challenging. When one considers factors such as the weather, pollution, lack of facilities (showers etc) the prospects for a massive shift away from public transport look slim without a matching growth in car traffic – which few would want.

E-scooters or e-bikes could extend the catchment area, but long-term the way to improve things is through planning – denser cities with housing and employment co-located.

Laura Shoaf, Managing Director of Transport at West Midlands, explained the situation in her region. With the lock-down, public transport usage fell by 90% immediately, and the services were focused on key workers. Interestingly, in the suburbs, they re-configured their Dial-a-Ride service for use by key workers – which also showed up some gaps in the service.

Now, as lockdown is loosening, they are facing the challenge of how to manage mass public transport with social distancing – 70% of people don't have access to a bike. You can only get 18 people socially distanced on a double-decker bus; tram capacity falls from 240 to 40; rail to 20%. As buses with fill up further out from the city centres, queues will build up at stops nearer the centre – where they will clash with cycle lanes. Planning capacity is a challenge, because it remains unclear when schools and FE colleges will actually go back and how demand patterns will change.

A recent survey had shown that 40% people expected to work from home more though car drivers more likely to continue to commute. 38% rail passengers expected to switch driving; metro users would switch the bus; bus users would tend to walk more. People's main concerns were how regularly surfaces were cleaned, and how social distancing could be managed in queues and on the service. However, people were keen that there should be legacy – cleaner air, reduced congestion, better work-life balance.

Laura closed with a plea for more integrated modes of travel, fewer budgetary silos. Greater local autonomy through devolved settlements would enable then to co-ordinate transport more effectively.

The final speaker was Jonathan Bray, Director of the Urban Transport Group. He was a keen advocate of "active travel" (walking and cycling), providing capacity for buses rather than cars and ensuring good provision for the disabled. He highlighted the financial problems public transport was facing. Demand was being dampened deliberately and working from home affected business cases when capacity would need to be increased. Bus services had been struggling financially before the pandemic, so subsidies would have to be higher.

The car is still king, especially in the suburbs and for non-radial travel. He advocated promoting car-share and electric vehicles to meet carbon commitments. Jonathan also saw devolution as a solution. Current thinking was moving in that direction, but it depends on the wider economic strategy and how funding would be managed. He saw the crisis as having created an opportunity for change – if not now, then when? Decision-makers had developed a new habit of bold, rapid change, a "can-do" attitude that stepped outside constraints of the previous arrangements. He ended with the hope that "zombie" road schemes with limited impact would be shelved in favour of climate safe developments.

Andrew Carter chaired a Q&A session.

Might the current message – "Don't use public transport" – be in danger of being too successful, will this put people off afterwards? The answer is how to restore confidence – if the loosening is slow and co-ordinated the network can cope. "Please drive" is wrong. Confidence in cleaning is key. Face-covering – mandatory in several places in the world – also increases confidence. Reinforcing good behaviour creates a positive circle, so we should monitor it and encourage respect.

Were temporary cycleways part of a solution? Possibly, but Jonathan thought we would not go back to "normal": there would be more active travel. Working patterns will change: they are already seeing more inter-peak traffic. Laura returned to the theme of devolution and public-private co-ordination enabling better multi-mode travel. De-regulated transport created problems. Entrepreneurial start-ups were running cycle-sharing schemes: West Midlands was acquiring one scheme to incorporate into its generic ticketing scheme. Funding is modal – it needs to be integrated.

Might e-bikes and e-scooters help? There is a cost issue and a challenge of integration. They could extend the feasible catchment area and reduce shower issues (though weather remains a problem). There were regulatory issues but West Midlands were looking at a trial. E-scooter use could be a way of travelling from your parked car to the station and then from the train to our destination centre.

Can we make more short journeys, maybe use district centres for co-working? One could think of moving jobs instead of people. But Paul suggested we had been trying to do this for ages , so he was sceptical. Better would be for more housing around transport hubs such as stations, in high densities.

Will people come to think of "Urban" as automatically meaning "Unsafe"? Maybe but 5-day working from home doesn't work.

What does the Government need to do?

– Align funding and power into a streamlined, simple integrated public transport system
– Devolve decision making; make use of local knowledge – it's ridiculous that bus timetables are determined in Whitehall
– Put the emphasis on Regional transport planning; give then more powers like TfL
– Invest in infrastructure planning – eg underground in Leeds? That would be a Keynesian approach too.

Overall I thought this was a very thoughtful discussion of the challenges facing urban transport in the coming year or two. It was interesting that the limitations of "active travel" were so clearly analysed, but I was surprised that increased working from home was not seen to be a major opportunity to reduce pressure on the system. Other new technology options, like a mix of Uber-platforms and Dial-a-Ride might also be helpful.

However, the discussion felt like a classic example of people reaching for reasons to support their favoured solutions – active travel, devolution – rather than exploring the different ways behaviour might change. It was very focused on the immediate challenges as lockdown is loosened. Looking further ahead, we should explore wider scenarios for the future of urban transport and the future of work, which are themselves shaped by scenarios of the social and political environment and the future of the economy. The High Street was under pressure already – what will increased online shopping, social distancing limiting footfall and people's general reluctance to be in crowds do to it now? What drivers of change have been accelerated or slowed down by the pandemic? What new scenarios might emerge? Will the "Death of Distance" at last materialise?

If you'd be interested in a wider debate on these issues, get in touch and we can set up an online forum.

Written by Huw Williams, SAMI Principal
Published 10 June 2020

New, Next and Never – thinking about how to name our future

Image by Gerd Altmann from Pixabay

What do we call the time after Covid-19? As we've already discussed in these blogs, there is a consensus – which we challenge, but let's go with it – that "this changes everything". And in an attempt to describe what the world is like after a wrenching moment like a global pandemic, people have reached for one main expression: "the new normal".

Names matter to futurists. They have power. Vivid, rich names for scenarios help them to live in the minds of their users; explanatory names help people understand the core assumptions of the scenarios; poor names makes the scenarios drop flat on the floor.

Nicholas Epley describes aspects of this in his 2007 Psychological Review article "On seeing human: a three-factor theory of anthropomorphism". Whilst he is more interested in why humans tend to like and trust things which they consider more "human", and the mental acrobatics they perform in order to make inanimate objects more humanlike, his three determinants ("the accessibility and applicability of anthropocentric knowledge (elicited agent knowledge), the motivation to explain and understand the behavior of other agents (effectance motivation), and the desire for social contact and affiliation (sociality motivation)") play to this need for vivid, psychologically attractive approaches to the unfamiliar.

There's evidence for this as early as you like – after all, it's not very far into Genesis before Adam gets down to giving names to "all cattle, and to the fowl of the air, and to every beast of the field". Aldous Huxley's warning that the trap of language leads us to confuse the words for things with their essences is an echo of Juliet's "That

which we call a rose,/By any other name would smell as sweet". Philosophers and linguistics get tied up in knots about this sort of thing very easily: Kripke's "Naming and Necessity" lectures founded the distinction between descriptivist and non-descriptivist/causal theory schools, the arguments of which are still in play today.

So what's wrong with "the new normal" as shorthand for the world in which we are now living? We start from the position that it is neither "new" nor "normal". Not new, because humans have faced pandemics before – global ones like Covid-19 or the flu outbreaks of 1918-20 aside, Africa had 500 outbreaks of zoonotic diseases alone in 2019. And not normal, because the concept of normality itself varies massively depending on whether you are a world leader with a nice safe bunker somewhere, or a child living in a favela in Brazil. There is no "normal" to be "new".

Foresight projects, such as those we run at SAMI Consulting, frequently make use of the Three Horizons model. The first horizon of current paradigms and assumptions gives way to the second, of incremental adjustments and transformational experiments, and then the third of emerging paradigms and ideas (sometimes visible in the "pockets of the future in the present" that we gain from horizon scanning).

The THREE HORIZONS FRAMEWORK
Wendy L Schultz (from Sharp, Curry & Hodgson)
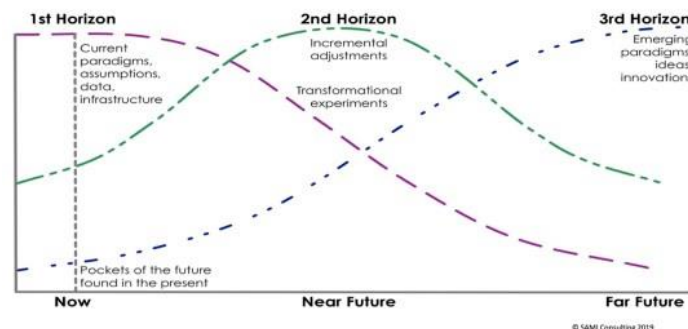
Thinking of our "new normal" problem from the Three Horizons perspective, we can see that the term misses a crucial point: the new normal will only be new and normal until it is replaced. So what would we call its replacement?

What we seem to need is an etymology of normals. McKinsey Consulting use the term "the next normal" – a neat expression which encompasses the possibility of change happening; but it has embedded within it the expectation that that change will itself become usual, a closed off system where we sort of step from the now into the next and then stop.

That's insufficient for a proper model of the future. Equally, concepts such as post-normal come freighted with cultural theory referents which muddy their use and render them too conflicted to fit our requirement of being vivid and clear.

Whilst PNS (post-normal science) has value here, the very depth with which it has already been explored gets in the way of a simple conceptual frame.

We seem to be stuck with "normal". Everyone is using it, it's wrong, but we seem to be stuck with it. And frankly the expression "new normal", unsatisfactory as it is, seems to be shared sufficiently to have developed a common use.

Let us, then call our Horizon 1 "the new normal". It is, essentially, the world of masks and hand sanitisers, of lockdowns and governments intervening in the economy to keep the pre-pandemic going for as long as possible. "Next normal" is attractive for Horizon 2 – it follows the new, and implies a step change from the present.

So what can we call Horizon 3 – the time of opportunity and change beyond the immediately foreseeable? Something that captures both the impossibility of "normal" in a multi-polar, highly innovative, climate-change prone, increasingly fractured world. What about "never normal"? For this is the future. What we think now to be normal is not what we thought it to be when we were young, and it will not be what we think it is when we are older. Our youths are incomprehensible to our children; our children's world is often incomprehensible to us. Our future will be like this – "normal" will be insecurity, weirdness and unrelenting change. It will never be normal.

We suggest three phases, then. New normal for now; next normal for the immediate future. And never normal for what comes after that. Maybe that sort of mental framing – in addition to being useful for futurists – will also be useful for us all, as we try to come to terms with a world that will never settle into a "normal" again.

Written by Jonathan Blanchard Smith, SAMI Fellow and Director
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