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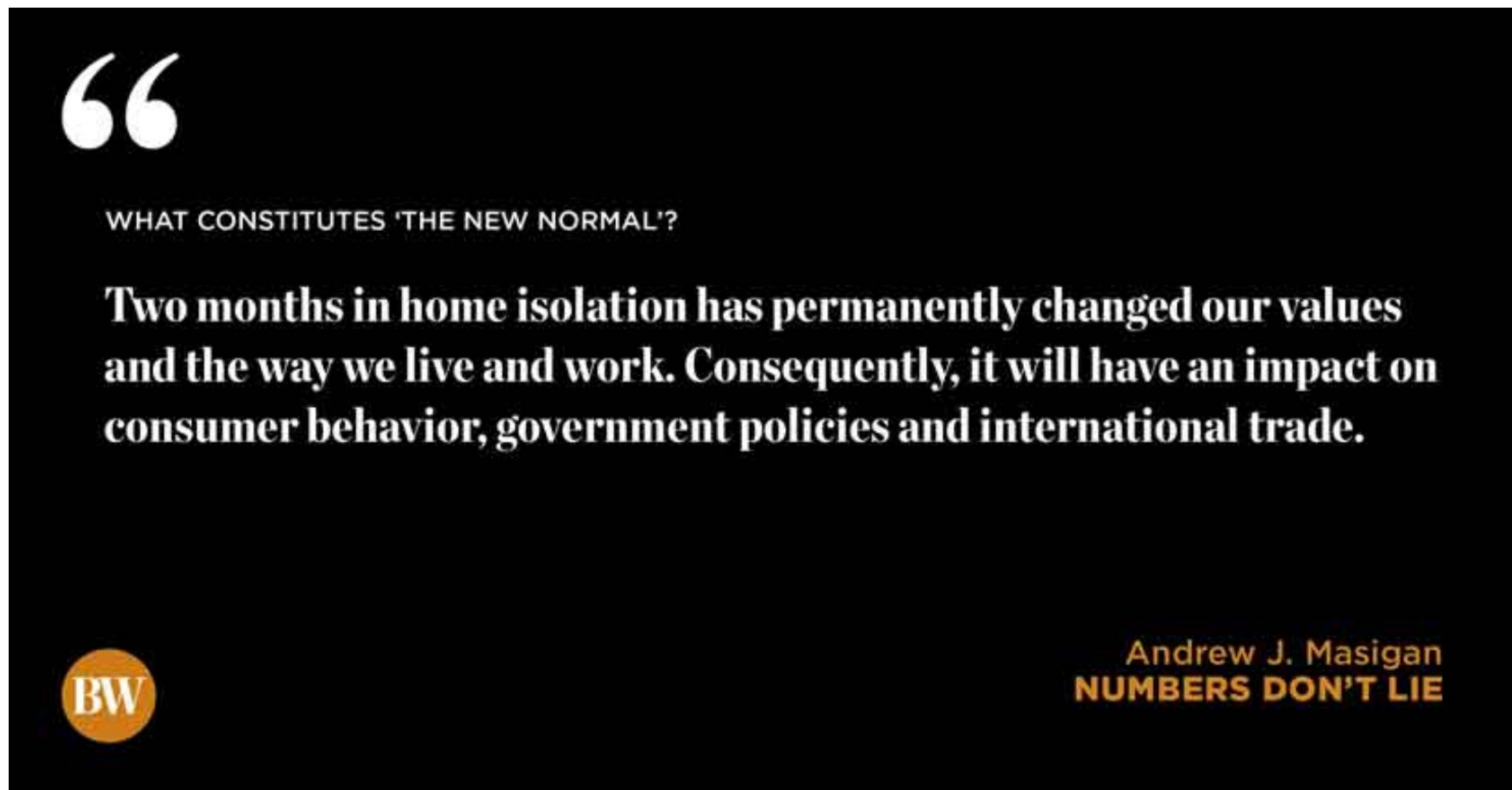
What constitutes 'the new normal'?

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Numbers Don't Lie
By Andrew J. Masigan



Everyone is talking about "the new normal." But what exactly is the new normal?

Instituto de Empresa (IE) — Madrid is the 8th best business school, according to QS University global ranking. IE is where Enrique Dans is a fellow. For those unfamiliar with Mr. Dans, the Spanish doctor of management is the global authority in technology adoption, innovation and future trends. He was named the world's foremost influencer in 2019 by *Forbes Magazine*.

I had the privilege to attend Mr. Dan's briefing via a by-invitation-only webinar sponsored by the Spanish Chamber of Commerce. Mr. Dan's spoke of five imminent post-lockdown trends that will constitute the new normal.

Two months in home isolation has permanently changed our values and the way we live and work, asserted Mr. Dans. Consequently, it will have an impact on consumer behavior, government policies and international trade. Among the more notable changes in the world order will be the following:

Actions to mitigate climate change will heighten. The lockdown in key cities has made people realize that the environment heals quickly and that rapid response to global warming is possible. Mitigating climate change is no longer just a concept to the common man but a goal he can strive for — one that yields immediate and quantifiable results.

As we move forward, advocates will pressure governments, with increasing intensity, to adopt the same drastic actions to mitigate climate change as they did to curb the COVID-19 pandemic. Governments will accede to the pressure and legislate laws to curtail carbon emissions.

Hence, industries that relate to climate change mitigation will realize a renewed spike in demand. Renewable energy solutions like wind and geothermal power will receive more government subsidies and social acceptance. Further, carbon footprint reduction solutions like ride sharing, electric vehicles and the like will gain momentum. Conservationism and the use of eco-friendly materials will dictate buying habits.

Governments will nationalize oil companies. Demand for fossil fuel will plummet in step with the imminent economic slowdown resulting from the COVID-19 crisis. This will consign oil companies to financial ruin such that only government bailouts will save them. This will lead to the nationalization of privately owned oil corporations.

With oil companies under state control, production will be calibrated to make fossil fuel more expensive than renewable sources of energy. This will add further impetus to the shift towards renewables. Within 30 years, the world will be released from its dependence on fossil fuel.

Countries who depend on the oil industry such as Saudi Arabia, Venezuela, Kuwait, Iraq, and Algeria will experience an economic depression like no other unless they diversify their economies today.

Corporate recruitment and education will have no national boundaries. Our time in home confinement has taught us that working from home can be just as effective as working in the office. This is especially true for results-based jobs like auditors, accountants, legal assistants, consultants, etc.

The work from home model allows companies to be more efficient with time (with travel time eliminated) and allows them to minimize office space. It is also more environmentally friendly while offering better quality of life to employees. It's a win-win solution.

Working from home will permit companies to hire specialists from the global community who offer unique talents and/or a more affordable hourly rates. Working from home, in effect, will globalize the job market.

The same thing is true for education. Virtual classes will make education more accessible to foreign students. It will also democratize tuition costs.

The shift to online instruction will allow universities to engage the best professors from around the world since physical presence will no longer be a requirement. The educational system will be more dynamic as a result.

E-Commerce will hit the mainstream. Early adaptors to e-commerce have been the millennial and Generation-Z demographic what with their easy understanding of digital navigation. With the lockdown, consumers belonging to Generation-X, the Baby Boomers, and even the Silent Generation have began utilizing e-commerce out of sheer necessity. They discovered that it works and that it is far more efficient than physical shopping.

The generation barrier has been broken and e-commerce will find its way in our daily life. Consequently, there will be an explosion of e-stores, each specializing in a particular niche.

This is an important step forward towards realizing a cashless society.

A compelling case towards protectionism and socialism. Neo-capitalism (trade liberalization and a laissez-faire economy) has lead to income inequality where the rich get richer and the poor get poorer. In the last decade, economies have began to question the benefits of neo-capitalism, some by way of violent social revolts, as we have seen in Chile, and others by electing leaders who espouse protectionism and a homeland-first approach to trade and foreign policy, as we have seen in Mexico, Brazil, and the United States.

The COVID-19 crisis further underlined the evils of income inequality. While the minority rich were insulated from infections in their comfortable homes with ample provisions, the majority poor were left vulnerable and subject to bankruptcy, homelessness, and hunger.

Post lockdown, government will be under pressure to narrow the income gap by adopting socialist policies. This would mean higher tax rates for all in exchange for subsidies in healthcare, shelter, and even in livelihood. The economic model of the Nordic countries (Sweden, Denmark, Finland, Norway) will be the new gold standard of public governance.

The COVID-19 crisis will bring about more sweeping changes than World War 2 did. The good thing is that humanity has learned important lessons in the last 70 years. As we move forward, we can expect a world that is more environmentally responsible, inclusive, and socially equitable.

Andrew J. Masigan is an economist.

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