

A RECONFIGURATION OF HUMANITY

“The pandemic represents a rare but narrow window of opportunity to reflect, reimagine, and reset our world.”

Klaus Schwab

Founder and Executive Chairman, World Economic Forum



Photo: <https://www.weforum.org/>

A year ago, our lives were taking their courses. The momentum was steady, at an increasingly rapid speed and with ongoing changes. We found ourselves immersed in our routines: work, exercise, vacations, activities with friends, and time spent with family. No one would have guessed that a few months later, the world would take an unexpected turn: the spread of COVID-19 brought along uncertainty and fear. Preventive and contingency measures have abruptly changed our activities, work schemes, and social interactions. Not only that, but it has transformed governance. All countries have had to implement public policies and strategies in response to the crisis. For this reason, the founder of the World Economic Forum, Dr. Klaus Schwab, has published a book entitled "Covid-19: The Great Reset."

The question we all ask ourselves every day is: When will things go back to normal? Schwab's book and argument suggest the answer is never. This moment will be a turning point in the history of humanity. Apart from a 180° spin, it will accelerate trends that were already present prior to the pandemic and lead the way for new changes and patterns to arise. The important thing is to understand that these changes are not linear; they are rather connected to each other and will take place simultaneously. The book concentrates them in five macro-categories: economic, social, geopolitical, environmental and technological.

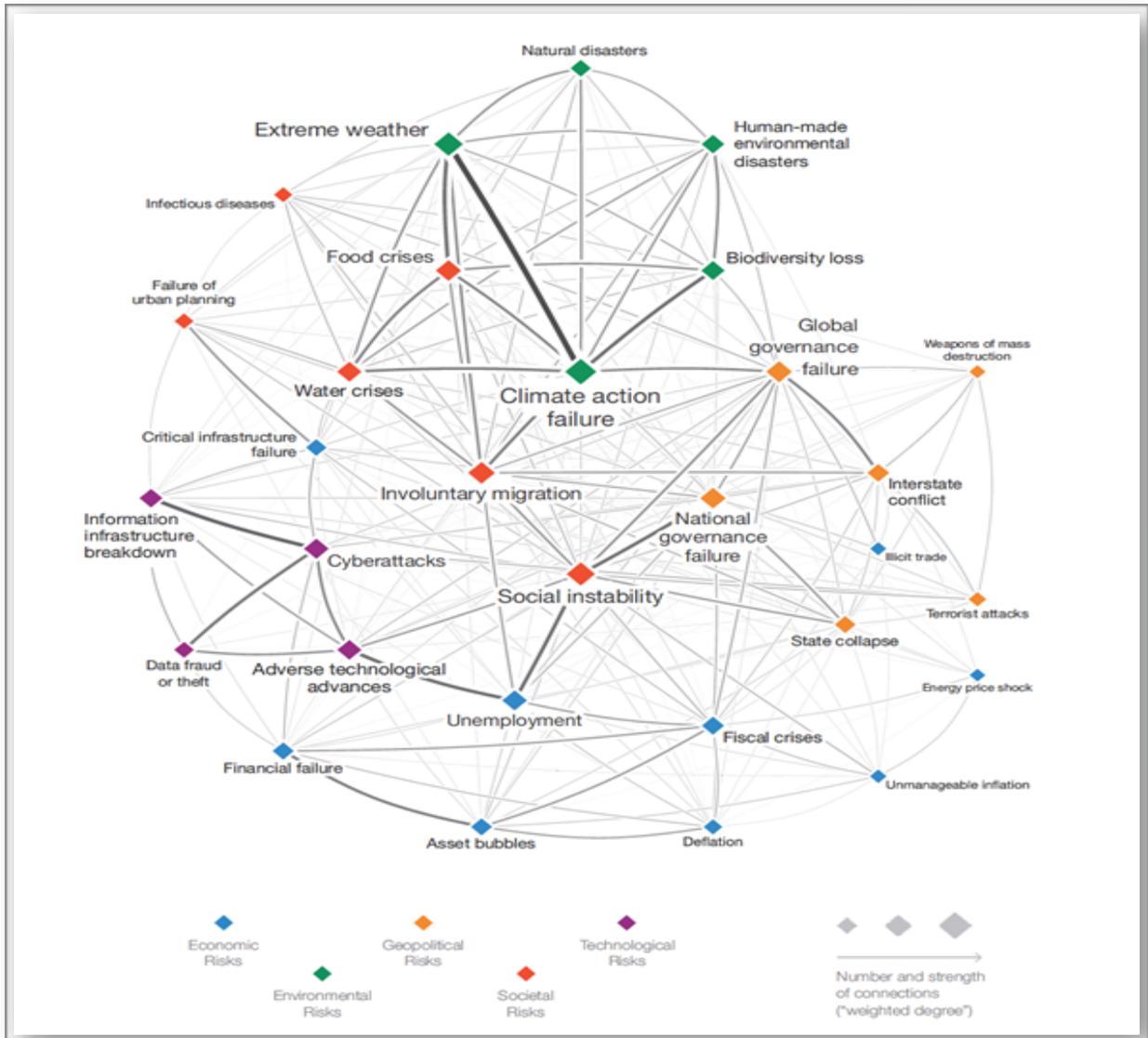


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Regarding economics, governments and banks will opt for lower interest rates and more public spending. It is necessary to maintain the circularity of the economy: to generate incentives for companies, regardless of their size, to operate, as well as to reactivate consumption and demand. Essential sectors such as food and beverages, health services, and commodities will not be severely affected. However, industries such as tourism, construction, and transportation will suffer the ravages of confinement. Governments will have to increase spending. Fiscal stimuli in the framework of the pandemic are estimated to be equivalent to 20% of world GDP in 2020. The loss of jobs will be unusual; it will affect the whole world. Not only because of the economic downfall, but because many functions will be replaced by machines, or technological advances will make them expendable.

In the social aspect, it is expected that, in Latin America alone, the number of people in poverty will increase by 30 million. Therefore, social programs and incentives for small and medium-sized enterprises will be crucial to buffer the impact. In geopolitical terms, international trade will be affected by the closure of borders, disruptions in value chains, and protectionist measures. It will be necessary for the major economies to coordinate for this reconfiguration so that developing countries do not lag further behind.



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In 2020, Covid-19 has been accompanied by disasters such as hurricanes in North America, the earthquake in Turkey, floods in Southeast Asia, among others. This reminds us that climate change has not slowed down; on the contrary, the pandemic should make us more aware of risk-reduction and the importance of caring for the planet. Clean energy and a greener economy are required. Finally, the fifth macro-category links the rest: Technology. This crisis has shown the importance of technology in our routines and how it has helped us to cope with the new schemes. The pace and horizons of the digital world have accelerated, towards commerce, transport, communication, and work.

The “great reset” is a good term, as it implies a beginning, but with precedents- that is, keeping aspects of the old reality and incorporating new trends. Combining these realities is a huge challenge, but if we can overcome it, the resulting world will be more complex, innovative, and interconnected.