

15 May 2020

This summary centres on the long-term impacts of COVID-19 on the economy, the environment, global geopolitics, and society.

We have summarised and linked to five selected pieces. All have recently been released, one by Stakeholder Strategies, and the other four by international and local thought leaders.

Our contribution is intended to help decision-makers think about what conditions might be like after the COVID-19 event. The decisions we make during the event will affect both the possibilities post-event and the competitiveness of the New Zealand economy as it emerges from the crisis. On the day prior to releasing this summary, Government released the 2020 budget with provision for \$50 billion of fiscal stimulus to respond to the COVID-19 economic event. \$20 billion of the fund remains unallocated, reflecting that there is a need to understand more about our collective future, and possible futures, before committing the whole fund.

You can find our previous briefing reports and research summaries, and a link to sign up to future updates, at <https://stakeholderstrategies.co.nz/covid-contact/>

Stakeholder Strategies: Update on long-term scenarios

<http://stakeholderstrategies.co.nz/scenario-planning-for-navigating-covid-19/>

Our fifth COVID-19 update provides long-term recovery scenarios for New Zealand and proposes tools to develop effective strategies under high uncertainty

- Scenarios are important tools to help leaders develop strategy and shared understanding in the face of high uncertainty
- New Zealand's "new normal" future will be driven by four forces: the global economic recovery, global integration and collaboration, prioritisation of resilience and sustainability and the appetite for long-lasting societal changes
- Four scenarios are proposed, ranging from "Green New World," which envisions a bright global outlook with greater emphasis placed on resilience and sustainability, to "Struggling Alone" which explores a breakdown in global systems leading to more conflict, inequality and uncertainty
- We think the most likely scenario is that New Zealand becomes a 'Vibrant Haven,' where the world experiences slow recovery and low collaboration, while New Zealand successfully recovers and adapts to become resilient and sustainable
- Effective strategy in times of high uncertainty requires taking stock of risks and uncertainties, updating scenarios and assumptions, identifying decisions and trigger points, and monitoring signals for new information as it emerges.

Foreign Policy: How the World Will Look After the Coronavirus Pandemic?

<https://foreignpolicy.com/2020/03/20/world-order-after-coronavirus-pandemic/>

12 leading global thinkers share their views on how COVID-19 will change the global order beyond the pandemic itself

- Most commentators predict reduced cooperation and increased nationalism post-COVID-19 due to accelerated erosion of the faith that globalisation adds value to the world

- Most expect China to fare better than the USA, with the balance of views predicting an increased pace of the de-coupling process that was already taking place. More commentators view China as doing better due to the lack of international leadership demonstrated by the US in response to the crisis, and China's stronger belief in globalisation
- The reduction in reliance on long-distance supply chains is cited as a driver of both the decrease in international cooperation, and the de-coupling of the Chinese and US economies. Long-distance supply chains have already been an area of political discourse, and COVID-19 has exposed how reliant we all are on other, sometimes distant, economies.

Beyond COVID-19: Reflections on the long-term impact of a new type of crisis

[https://www.parthenon.ey.com/Publication/vwLUAssets/EY-beyond-covid-19/\\$FILE/EY-beyond-covid-19.pdf](https://www.parthenon.ey.com/Publication/vwLUAssets/EY-beyond-covid-19/$FILE/EY-beyond-covid-19.pdf)

EY-Parthenon outlines social, political, and economic impacts of COVID-19 for businesses

- COVID-19 is distinct to other crises because it hits both the demand and supply sides of the economy and affects people psycho-socially as well as economically due to confinement and high levels of uncertainty. The current crisis is unlikely, however, to be unique, with both health and environmental disasters likely to increase in frequency
- Consumers will reprioritise spending due to isolation and the downturn, and where an in-home alternative is available, it is likely to grow. Categories with few alternatives, like beauty services and gyms, are likely to bounce back quickly
- Some of the lockdown-driven move towards digital connectivity is likely to remain, while supply chains are likely to become more resilient and require more redundancy, with the drop in efficiency likely to drive adoption of Industry 4.0 technologies such as 3D printing
- Unprecedented government interventions in citizens' lives is likely to change the 'social contract' and could see a permanent increase of government involvement in markets and private life. A poor response or unbalanced interference in individual freedoms could erode trust in government
- Fundamentally, increased resilience will reduce efficiency which will increase prices, meaning that companies will need to focus more on creating long-term value and societal good.

Victoria University: Geopolitics after COVID-19

<https://www.wgtn.ac.nz/news/2020/04/geopolitics-after-covid-19>

Professor Robert Ayson and Associate Professor David Capie explore the implications of increasing tension between the USA and China for New Zealand's geopolitical relations

- The COVID-19 pandemic has increased existing tension between the USA and China. China has been accused of being opaque and opportunistic, whilst the Trump administration has blamed China and been slow to respond to the crisis, and is using it to press for a reduction in America's reliance on China for much of its inputs
- New Zealand is stuck in the middle, with strong economic ties to China, and political ties to the USA through participation in world institutions

- COVID-19 has weakened both China and the USA, but there are no other options for global leadership, with COVID-19 exposing the weakness of international groups like the United Nations, ASEAN, and European Union
- Given low levels of trust in both world powers, global cooperation is likely to emerge slowly, and on an issue-by-issue basis.

The University of Auckland: Social Cohesion in a Post-COVID World

<https://informedfutures.org/wp-content/uploads/Social-Cohesion-in-a-Post-Covid-World.pdf>

Experts from Kōi Tū, New Zealand's new Centre for Informed Futures, argue that New Zealand's strong national unity during lockdown is now under threat as grim new economic realities and prolonged disruption in personal lives hit home for many

- The authors argue that sustaining and enhancing social cohesion in a post-COVID-19 New Zealand should be a collective priority, defining social cohesion as “the presence of high levels of trust, a sense of belonging, a willingness to participate and help others, and policies that ensure social and economic inclusion”
- The risks to social cohesion posed by COVID-19 are material, with Government decisions having a direct and strong impact on people's livelihoods, and communities coming under severe stress. Under these conditions people may become suspicious of one another, and this can lead to a reduction in cooperation and collective action
- New Zealand must consider how the reset opportunity offered by COVID-19 can be used to improve social cohesion rather than erode it. Improving social cohesion must include recognition of those who are most vulnerable.