

12 June 2020

Please see below for summaries of, and links to five articles developing themes covered in previous weeks' issues: the evolution of our understanding of the virus, how to navigate the economic impacts of the crisis, the implications of the virus for connected issues such as the climate and workplaces, and what New Zealand should do next.

We have also linked our updated "COVID-19 Briefing Report" which integrates our thinking over the last two months. We hope you will find it useful as a COVID-19 reference collection. Our COVID-19 Briefing Report can be found [here](#). You are welcome to forward the content to others who would find it useful.

As understanding develops and pace of change slows, we expect to continue to reduce the frequency of our releases.

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/>.

Thank you again on behalf of the Stakeholder Strategies team,

Rick, Sarah, and David.

**Michael Baker and Nick Wilson: New Zealand hits zero active coronavirus cases. Here are 5 measures to keep it that way**

<https://theconversation.com/new-zealand-hits-zero-active-coronavirus-cases-here-are-5-measures-to-keep-it-that-way-139862>

*Michael Baker and Nick Wilson, Professors of Public Health at the University of Otago, outline five measures to prevent a second outbreak of COVID-19 in New Zealand.*

- Although mathematical modelling predicts a 95% likelihood that there are no latent cases of COVID-19 in the New Zealand population, we must avoid complacency. The alternative is to risk a second outbreak, as experienced in Singapore, South Korea, and Australia
- Baker and Wilson propose effective measures to reduce the risk of a second outbreak. They are:
  - The mandatory wearing of fabric masks on aircraft and public transport, and at border control and quarantine facilities
  - Using Bluetooth-enabled devices to enable more effective and rapid contact tracing, as evidence from Singapore shows optional-download apps are not effective
  - Adopting a science-based approach to managing the risk of reopening borders. This implies extending a bubble to other nations who have eliminated COVID-19, such as Samoa and Tonga, and expanding the groups of people who can enter the country while maintaining the 14-day isolation period
  - Establishing a public health agency as part of remedying historic underinvestment in public health and pandemic preparedness
  - Conducting an interim review of the COVID-19 response so far to inform New Zealand's ongoing response to the virus
- Baker and Wilson also recommend that New Zealand should commit to a recovery that addresses other health threats such as climate change and loss of biological diversity.

## **The Boston Consulting Group: Climate should not be the virus's next victim**

<https://www.bcg.com/publications/2020/coronavirus-climate-impact-green-recovery.aspx>

*BCG outlines how Governments, companies and investors can support climate resilience during the recovery from the COVID-19 crisis.*

- Despite the sudden drop in emissions with the onset of the COVID-19, there are four reasons COVID-19 could exacerbate the climate crisis:
  - The current asset base is carbon-intensive and difficult to shift
  - Fossil fuels are relatively cheap
  - Capacity for government funding of decarbonisation has eroded
  - Health and economic wellbeing may be prioritised over the environment
- Governments should invest in a recovery that optimises social and environmental as well as economic outcomes, through measures including:
  - Driving green recovery programmes
  - Prioritising bailouts of sustainable companies and sectors
  - Preparing for 'just transitions' during and following the employment crisis
  - Using public capital to catalyse private spending
  - Addressing inequality
  - Rebooting international co-operation and multilateralism
- Companies should find measures to reduce their cost structure and carbon emissions and build resilience. BCG analysis has found that companies can cut 20-40% of emissions while saving cost
- Investors should integrate climate risks into credit risk assessments whilst navigating COVID-related market volatility and use a climate lens when investing to restart the economy.

## **The Economist: How SARS-CoV-2 causes disease and death in COVID-19**

<https://www.economist.com/briefing/2020/06/06/how-sars-cov-2-causes-disease-and-death-in-covid-19>

*The Economist outlines the current understanding of COVID-19 and how it attacks the body.*

- In most mild cases, SARS-COV-2, the virus behind the COVID-19 disease, attacks the alveoli deep within the lungs, constraining their ability to supply oxygen to the blood, and causing a flu-like illness and, in some cases, pneumonia
- However, new theories have emerged to explain severe cases, which argue the virus may be:
  - Affecting the nervous system, causing the characteristic loss of taste and smell
  - Damaging the blood vessels by binding to a compound involved in blood vessel dilation and causing oxidative stress
- The nature of the virus makes hospital treatment very challenging:
  - COVID's impact on the body's inflammation response can trigger acute respiratory distress which often requires ventilation
  - Ventilation requires sedation due to discomfort, which then requires intensive nursing, and increases the risk of blood clots and heart problems
  - Many patients experience kidney problems, though it is not yet clear whether the kidney problems are due to a direct effect of COVID-19, or dehydration

- Administering the anti-inflammatories sometimes required to prevent total organ failure can dampen the immune response needed to fight the virus's progression
- The long-term impacts of COVID-19 are not yet known, but are likely to include muscle weakness, and damage to the heart and lungs. Stays in intensive care can cause cognitive issues, PTSD, and anxiety long term.

### **McKinsey & Co: Reimagining the office and work life after COVID-19**

<https://www.mckinsey.com/business-functions/organization/our-insights/reimagining-the-office-and-work-life-after-covid-19>

*McKinsey outlines four key steps for reimagining work and the role of offices in creating safe, productive, and enjoyable jobs and lives for employees.*

- COVID-19 has forced many organisations to adopt alternative ways of working, with a large proportion of employees reporting that they enjoyed the experience, and many felt more productive
- Many employers see an opportunity to reduce real-estate costs and access more talent that is less location-dependent. However, there is a risk that the benefits of working entirely from home could only be enjoyed temporarily due to trading on social capital built up from earlier time spent with colleagues in the office
- McKinsey proposes four steps for reimagining work:
  - Reconstruct how work is done by strategically considering what functions should and should not be done remotely, and reimagining how digital processes can be most effective
  - Consider which roles can be done fully or semi-remotely and which need to be done on-site. Leverage wider pools of talent for roles that can be fully or semi-remote
  - Redesign the physical workplace to support organisational priorities, to facilitate interactions that cannot be carried out remotely, and to enable seamless physical and remote collaboration
  - Creatively reconsider how much office space is required, and where.

### **The American Interest: How to Fix Globalization—for Detroit, Not Davos**

<https://www.the-american-interest.com/2020/05/22/how-to-fix-globalization-for-detroit-not-davos/>

*A wide-ranging interview with Lawrence H. Summers, a former Treasury Secretary, on “decoupling” from China, reforming capitalism, and the shape of a post-pandemic fiscal policy.*

- There is a debate emerging as to whether the United States should be diversifying supply chains and ‘decoupling’ from China. Summers argues that the United States should engage with China from a place of mutual respect and strategic reassurance, but without the pretence of friendship
- Summers argues for a position of “responsible nationalism” where global cooperation is based on broad popular interest rather than market freedom. To achieve this outcome, businesses must be more heavily regulated, as profit and competition can be strong incentives to exploit workers and the environment. Regulation should rebalance the prioritisation of profit over societal good.
- Regarding government debt and economic recovery, Summers does not believe a 30% deficit can be maintained for long, and that the economy will be sluggish for several years.

Summers recommends that the US Government focuses on an agenda that will involve higher tax recovery and infrastructure investment, including infrastructure for a green informational economy

- Summers suggests that the easiest way to raise the required tax revenue is to enforce existing tax law against people with high incomes; this could raise over a trillion dollars. Another lever would be to change corporate tax structures to reduce incentives for US companies to produce outside of the United States
- Summers suggests a wide range of further measures from supporting minimum wages, and a greater focus on tracking health indicators during the initial phase of recovery from COVID-19 but does not support a Universal Basic Income or Wealth tax. He comments on the negative impacts of failing to attract competent young people into civil service careers.