



PERSPECTIVES

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Post-Coronavirus Societies: Where We Are Right Now

by Dr. Manfred Gerstenfeld

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EXECUTIVE SUMMARY: Societal change is occurring very rapidly as countries emerge from the height of the coronavirus crisis. In some locations, major protests are being mounted against government measures. If a second wave of the pandemic strikes, popular resistance to future measures could be great. In addition to protests, we are seeing the first of what could become a massive stream of court cases. The revival of the economy is a priority for every government, but mistakes can come at a heavy price.

The coronavirus pandemic has created radical new realities in Western societies that may or may not be temporary. For one thing, it has revealed the great structural difficulty of planning coping mechanisms for future events. Such plans are usually based on the extrapolation of past events, but an event of the form and scale of coronavirus is unprecedented. Up to 2020, it would have been considered science fiction.

State interference in society has greatly increased in the wake of the outbreak, and this will remain the case for a long time. Democratic governments were not elected to issue the kinds of measures that have been taken in the past few months. They must now assess which were effective and which were not. This is particularly important as there is some chance of a second wave of the pandemic.

Neither the radical and sweeping measures taken nor the broad obedience of populations to those measures fit the traditions of liberal democracies. The extent of popular willingness in democratic countries to abide by draconian rules issued from on high can be explained only by widespread fear of the virus. But more and more citizens are beginning to reflect on what they have

just experienced. This reflection is bringing with it a rising resistance to measures such as lockdowns, the wearing of masks, and social distancing. This attitude is fed by a growing perception that governments may not have fully grasped the impact of the measures they decided to adopt.

In some countries we are already seeing major protests against government measures. In Germany, demonstrators have taken to the streets in dozens of cities to protest the lockdown. This is sometimes accompanied by expressions of antisemitism, a frequent juxtaposition in Western societies. (For decades, antisemitic rhetoric and incidents have occurred at mass demonstrations on subjects totally unrelated to Jews or Israel.)

As governments plan for a possible second wave, they will have to greatly increase medical preparedness. Their plans should include action programs that define what to do if the feared recurrence occurs. But in the meantime, several countries are reimposing restrictions in advance as a precautionary measure.

If a second wave does take place, popular resistance to renewed government measures could take on a force of its own.

A top priority for every government is the revival of the national economy. The decline in economic activity was shockingly fast, and the return should be as quick as possible. Governments naturally want a V-shaped return—but as the pandemic goes on, even at a lower level, a V shape will be harder and harder to achieve. Some businesses will fall by the wayside. This is true, for instance, in the airline and tourist industries. If governments cannot get their acts together, there will be a U- rather than a V-shaped return. The duration of the bottom of the U will be an indicator of the competence of the authorities.

Government money has been made available to a variety of economic operators during the pandemic. Governments will now have to set policies on who gets money, how much, and under what conditions. For major industries, the question will be: what mix of government grants, loans, and state investment will there be, and on what terms?

The French government, for example, has placed major conditions, mainly environmental in character, on its financial aid to Air France. The airline also has to drastically reduce domestic flights that compete with the railways. These demands may well be an additional economic burden on the company's already strained operations.

France has also announced measures to support the country's automobile industry, which plays a crucial role in the country's economy but has been hit

hard by the outbreak. Four hundred thousand people in France are employed by auto and auto parts manufacturers. Here too, government help will be conditional. Economy and Finance Minister Bruno Le Maire has indicated that there will be incentives for the purchase of cleaner cars and for a broadening of the French effort to develop electric car batteries.

Le Maire also spoke about bringing car manufacturing back to France. Such re-localization may occur in a number of industries in other countries as well. The most obvious is pharmaceuticals manufacture.

The German government has plans to offer a premium to buyers of electric cars. Manufacturers have asked for purchase grants for cars with efficient combustion engines, a demand the government has not yet met.

Investment is another important factor in economic recovery. But to invest money, corporations require some ability to make forecasts about society overall. The ability to make predictions is now lower than it has ever been.

The restarting of economies does provide an occasion for industrial rationalization. The pandemic has made it easier to justify telling trade unions that some employees will have to leave. Lufthansa, for example, has announced that it will reduce employment by 10,000 out of 130,000. British Airways plans to cut up to 12,000 of its 42,000 employees. French car maker Renault will cut 15,000 of 180,000 jobs worldwide, 4,600 of which will be in France. Renault will also refrain from increasing production capacity in Morocco and Romania.

On top of these effects, we will see an acceleration of economic trends that were already gathering momentum before the pandemic.

The New York Times forecast the demise of major department stores, and that prediction that has begun to play out. Neiman Marcus, which was at the top of the industry, has filed for bankruptcy as it struggles with debt and other fallout from coronavirus. JC Penney will do the same. These companies may emerge from bankruptcy, but not at the same scale.

Another forecast likely to accelerate is the decline of glossy magazines, which were already losing subscribers before the outbreak. Will their advertisers continue to support them? Britain's Restaurant Group will abolish up to 90 of its locations before its other restaurants reopen. Swissport Belgium, which handled ground services at Brussels Zaventem Airport, had restructuring plans before the pandemic. It has since filed for bankruptcy, with a possible loss of 1,500 jobs.

One area that could develop into a huge trend is court litigation. Cases will cover a wide variety of issues. At the end of May, for example, a French court

ordered the AXA France insurer to pay €45,000 to a Paris restaurant to cover losses resulting from the disruption of business caused by coronavirus. Such decisions could open the floodgates for lawsuits by companies.

The Austrian town of Ischgl, a winter sport location, might soon face a major court case. A well-known Austrian lawyer, Peter Kolba, claims the local authorities closed the town a week late in an effort to keep tourism going. The week's delay led to thousands of infections that could have been prevented. Kolba calls this a failure of the Austrian state. In his view, people who were infected are entitled to compensation for damages from the Austrian government. In March, a criminal case was brought against politicians, entrepreneurs, and tourism operators in the province of Tirol, where Ischgl is located.

Another quite different issue has been raised by Michael O'Leary, the CEO of Ryanair. He says the possible €9 billion German state bailout of Lufthansa will distort the market by allowing that company to undercut its competitors. O'Leary says Ryanair will appeal this state aid.

These examples are an early indication of what is likely to develop into an avalanche of litigation.

Many corporations and their leaders will have to ask themselves what conclusions should be drawn from the unexpected and massive interruption of their activities. They will have to do this while much uncertainty prevails in view of the threat of a second wave.

One non-economic area where major rethinking will be required is religion. Religious leaders played no leading role during the pandemic. There have also been persistent questions about why protest demonstrations were permitted, often with large numbers of participants who disregarded the rules on gatherings, while religious services were strictly prohibited. This question has become even more pressing with the onset of enormous anti-racism demonstrations.

The Pew Research Center, in a survey released April 30, showed that nearly a quarter of all Americans say their faith has grown stronger during the pandemic, while only 2% say it has grown weaker. Catholics are directly in line with the overall results, with 27% saying their faith had grown stronger and 2% saying it had weakened. Among Protestants, 38% said their faith has grown stronger and less than 2% said it had weakened. Among Jews, 7% said their faith had grown stronger, 69% said it had not changed, and less than 2% said it had grown weaker. These developments may result in greater religious practice.

The pandemic has revealed the great vulnerability of modern advanced societies to the unforeseen. The coronavirus pandemic is radically different from local unforeseeable events like the 9/11 terror attacks in the US and the destruction of a nuclear plant in Japan. Those emergencies were single events that occurred within a limited time frame and that affected a defined population.

Societies cannot close their eyes to their vulnerability to massive calamity, though they may be reluctant to devote the necessary attention to it. As time passes, much more thought will have to be given to this subject.

In the shadow of the pandemic, another case of major societal vulnerability has received little international attention. Iranian hackers attempted to attack Israel's water system, and it appears that Israel and the US retaliated by paralyzing the major Iranian port of Shahid Rajaei. This is a new type of major vulnerability: technological attack on societal infrastructure. This exchange was the first of its kind, but is unlikely to be the last.

Dr. Manfred Gerstenfeld is a Senior Research Associate at the BESA Center, a former chairman of the Steering Committee of the Jerusalem Center for Public Affairs, and author of The War of a Million Cuts. Among the honors he has received was the 2019 International Lion of Judah Award of the Canadian Institute for Jewish Research paying tribute to him as the leading international authority on contemporary antisemitism.