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**What kind of post COVID-19 Recovery? *Unpacking the World Economic Forum's (WEF) Reset 2021 report***

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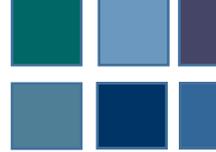
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### **About the authors**

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## Introduction

The global Covid-19 pandemic crisis is the gravest global disaster of modern times. Above all it is important to reflect on the sustainability of the mode of hyper globalization of the past three decades, which was witnessed through multiple interconnectedness of global-regional-national-local value chains, enabled by the internet digital economy, offshoring, outsourcing, rapid urbanization and a borderless world of travel and commerce. It is Globalization that enabled the rapid ‘warp like’ spread of the Covid-19 pandemic, destroying over 2 million lives and disrupting every nation and economy. Humanity was presented with a unique opportunity to cooperate with the United Nations (UN) around a common historical crisis. Sadly, it rapidly descended into a mostly rabid nationalistic form of vaccine nationalism and selfishness, which became the moniker of international relations, especially with regards to the Covid-19 vaccine development, starkly divided by geopolitics and mistrust.

In his speech to the World Economic Forum (WEF) Virtual conference on 27 June 2021, President Cyril Ramaphosa made a heartfelt appeal to wealthy nations not to hoard Covid-19 vaccines, but free them up for the Developing South. For a leader of the AU and South Africa as member of the G20 and BRICS to plead in this manner, shows emphatically the stark unequal power relations of the rich developed world vis a vis the precarious position of the developing South in the most tragic crisis humanity has faced, with rich nations and their patent-profit driven pharmaceutical corporations, even while receiving mega taxpayer subsidies in their home jurisdictions, buying up (speculating) and hoarding tens of millions of vaccine doses and viewing the pandemic as a profit opportunity for emerging markets<sup>1</sup>

In this context, the latest publication COVID Reset 2021, co - authored by WEF’s Dr Klaus Schwab is timely as it provides thought provoking expert insights on the varying and structural impacts in a Covid world order and contours of a global post-Covid economic recovery.

“The deep disruption caused by COVID-19 globally has offered societies an enforced pause to reflect on what is truly of value. With the economic emergency responses to the pandemic now in place, the opportunity can be seized to make the kind of institutional changes and policy choices that will put economies on a new path towards a fairer, greener future. The history of radical rethinking in the years following World War II, which included the establishment of the Bretton Woods institutions, the United Nations, the EU and the expansion of welfare states, shows the magnitude of the shifts possible (Schwab and Malleret, 2020, p.45).<sup>2</sup>



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The report further elucidates that options to boost growth performance & economic recovery are better known (i.e. addressing basic distortions), yet new approaches will have to be found as the manufacturing-led development model is fast losing its power with the advent of the Fourth Industrial Revolution. This is a critical statement from the WEF as the erosion of manufacturing capacity especially in the developing South and Africa will mean the path towards normal industrialization of the Kuznets type mode - structural transformations through manufacturing, the engine room for job creation will face insurmountable headwinds as the tools and processes of the 4IR (robotics, AI, IOT), penetrates economic and industrial recovery programs. The publication boldly and in a sobering mode observes:

“In the pre-pandemic era, new artificial intelligence (AI) based technologies were being gradually introduced to automate some of the tasks performed by human employees. The COVID-19 crisis, and its accompanying measures of social distancing, has suddenly accelerated this process of innovation and technological change. Chatbots, which often use the same voice recognition technology behind Amazon’s Alexa, and other software that can replace tasks normally performed by human employees, are being rapidly introduced. These innovations, provoked by necessity (i.e. sanitary measures) will soon result in hundreds of thousands, and potentially millions, of job losses. As consumers may prefer automated services to face-to-face interactions for some time to come, what is currently happening with call centres will inevitably occur in other sectors as well. “Automation anxiety” is therefore set for a revival, which the economic recession will exacerbate. The process of automation is never linear; it tends to happen in waves and often in harsh economic times, when the decline in companies’ revenues makes labour costs relatively more expensive. (Schwab and Malleret, 2020, p.43).

### **A post Covid 4IR Austerity era beckons**

These sobering observations clearly point to a new post ‘*Covid-19 4IR*’ *austerity order emerging*, and the social sector- especially labour should expect in the coming months and years ahead. It is a text book case of the 1980s Thatcherite dictum ‘There is No Alternative (TINA)’. The report further points to a dystopian reality awaiting workers everywhere and especially for Africa.

“In emerging and developing countries (particularly those with a “youth bulge”), technology runs the risk of transforming the “demographic dividend” into a “demographic nightmare” because automation will make it much harder to get on the escalator of economic growth.”

(Schwab and Malleret, 2020, p.44)



This emerging ‘*Demographic nightmare*’ scenario, enabled by displacing 4IR technologies is especially concerning for the African development agenda, where the youthful population was seen as a powerful engine for human capital development to propel African nations towards industrialization, socio-economic development, and crucially social cohesion. For a host of reasons, this scenario is now less feasible in the post-Covid recovery scenario.

The *WEF Reset 2021* report does a detailed assessment on all components – *economics, politics, technology, labour, climate change, gender and environmental impacts*. It does acknowledge and promote a social market-social democratic model and calls for a ‘social compact’ economy, inclusive of stakeholders.

“*The social economy spans other high-growth and job-creating areas in the fields of caregiving and personal services, education and health. Investment in childcare, care for the elderly and other elements of the care economy would create 13 million jobs in the US alone and 21 million jobs in seven economies, and would lead to a 2% rise in GDP growth in the countries studied.*” In addition, the growth that did materialize disproportionately accrued to individuals at the top end of the income distribution. A more effective approach may be for policy-makers to target welfare-enhancing interventions more directly.” (Schwab and Malleret, 2020, p.49).

With regards to education and skills development the WEF 2021 Reset report is refreshing and calls for an expanded investment in education, re-training and skills development. In the sphere of health, it calls for massive investment in health systems and infrastructure, a far cry from the austerity IMF type model which for decades prescribed cut backs in social expenditure.

“Education is also an area of massive job creation, particularly when considering primary and secondary education, technical and vocational education and training, university and adult training together. Health, as the pandemic has demonstrated, requires much greater investment both in terms of infrastructure and innovation as well as human capital. These three areas create a multiplier effect both through their own employment potential and the long-term benefits they unleash across societies in terms of equality, social mobility and inclusive growth. (Schwab and Malleret, 2020, p.49).

An interesting observation is that in this latest report, the WEF, a bastion and cheer leader of free market globalization over four decades, is reviewing parts of its own orthodox market economic trajectory, with the acknowledgment on the need for the developmental state models like China, Germany and even Cuba, which have been more successful in addressing the public health crisis and economic recovery (WEF, 2021).



However, nations like South Africa face existential realities and crises and new contours of inequality abound. It is in this context that a new developmental and inclusive model is required. Whereas 4IR tech, ICT and online learning platforms have been a boon that allowed professional classes to continue work as normal, however, on the other side of the digital divide and 'dirt tracks' millions of blue collar workers, poor students, rural folk and SMME's have largely been excluded, partially due to our unaffordable data rates and uncoordinated national program to provide broadband and teacher training to the public education system. Sadly, policy-regulatory disconnect and monopoly-duopoly pricing and challenges pose significant challenges. The real challenge for the basic and higher education system going forward will be new organizational readiness for online learning, capacity building for administrators, new forms of pedagogical training for teachers, investing in Learning Management System (LMS), workplace training, and restructuring the TVET college system to upgrade learners for the technology enabled global economy.

It is in this context that South African leadership has strategic choices in the uber austerity Covid global economy - the real new normal; choosing between neo-liberal austerity and orthodoxy or looking at the successful developmental state models. We have the policy space and now the evidence based results of the Covid pandemic, and which nations succeeded and which ones failed.

Stark choices need to be made if we are to navigate the headwinds of a Covid-19 Reset world, where power is distributed and the economic geography is shifting East. South Africa has choices should it wish to explore alternatives. Above all do we have the decisive leadership that can act in the national and public interest?

## References

<sup>1</sup> [www.healthjusticeinitiative.org](http://www.healthjusticeinitiative.org)

<sup>2</sup> COVID Reset, Dr Klaus Schwab and Malleret, C, WEF, Davos , 2021

