

[How do we build from the current corona crisis towards a more sustainable future?](#)**Introduction**

When we look back at this crisis and examine its impact on the world, what will we say? Will this be seen as the major turning point for humanity, who finally recognised the realities of unsustainable living and misplaced values in pseudo-indicators such as GDP? Or will this period be an irregularity, speedily replaced by the old normal of growth at any and every cost? Most likely, somewhere in the middle. The purpose of this essay is to illustrate how we have the opportunity to push the needle of outcomes towards a brighter, sustainable future. We will explore how moves to sustainability can be achieved by building upon this corona crisis, not in spite of it. A wide range of solutions available will be evaluated, while not shying away from the technical details of schemes such as wealth taxes and part-ownership of utilities firms. Most importantly, we will be reflective, understanding that what matters is *the desire for change* making solutions that once seemed radical, commonplace.

Key in this investigation is the focus on the interplay of the economy with society, and a good framework to use is that of the ‘three pillars’: community, state, and the markets (Rajan, 2019). These respectively signify the general public, the government, and businesses, and each has significant roles to play in making sustainability the new normal. New things have been learnt about each of these groups during the crisis, and a section will be devoted to each group, examining historical trends and opportunities due to the crisis.

History shows that crisis act as a catalyst, speeding up trends rather than being a cause for unforeseen creations. For example, the National Health Service was formally established in 1948 having really taken hold of consensus following the 1942 Beveridge Report – during World War Two. However, ideas for a unified health service dates as far back as 1909 (Brain, 2018). It is important to act during the crisis, rather than waiting until the “sense of urgency” subsides (Gordon, 2020). The value of this sense of urgency is shown in the disappointing story of the SARS vaccine, which does not exist due to investor enthusiasm disappearing after SARS was gone (Beaumont, 2020). As Peter Hotez is quoted in The Guardian, “If the global health community had followed through and produced and stockpiled a vaccine, something might have been ready to go now.” Building from the crisis requires society

maintaining a laser-like focus on sustainability, holding those with power to make changes accountable, long after the crisis subsides. This aspect of cultural and societal change is where we will start with our first pillar: community.

Part One: Community and Societal Change

Knowing that the crisis can act as a catalyst for trends, the accelerating pace of the Extinction Rebellion demonstrations and school strikes before the coronavirus crisis is encouraging. They had been making progress on shifting the Overton window, their stated aim (Williams, 2019). Before the crisis, the preeminent economist Thomas Piketty published a book on inequality, *Capital and Ideology*. Its central tenet, as he also described in an interview with the Financial Times, is that the economic systems on which inequality is based are constructs – not based on any natural state of order. He calls out ideology as the main driving force for the structure of inequality, saying that a ‘fast diffusion of ideas is possible’ (Financial Times, 2020). This can also be said of many of the economic systems that are in place today – to quote Phil Barton of Sustainability First, they “are political constructs, not absolute facts” (Sustainability First: Personal Perspective, 2020, p.1) . This change in thinking could be seen during the election manifestos of candidates in the UK and US elections. In the US, Senators Warren and Sanders both put forward plans for a ‘wealth tax’ for high-income individuals, and the UK Labour Party manifesto proposed tax hikes for the highest earners. Polling showed general support for a wealth tax (Schneider, 2020).

Against this trend of shifting societal viewpoints, coronavirus revealed real backing behind these sentiment. First, visible is an increase in communal spirit as shown by the 750,000 people who signed up to volunteer for the NHS, as well as smaller voluntary groups that were established, not to mention donations made for PPE equipment and the weekly clap for carers (NHS Confederation, 2020). This crisis shows people have the ability to come together in times of great need, showing selflessness and awareness of what truly matters. In this way, society becoming more ‘serious’ is a boon for sustainable movements, with many commentators hoping that consumers will translate their awareness into other areas such as moving away from fast fashion (Huet, 2020).

Combine this with how society has seen the government respond to the crisis on the economic front. Where once you may have been justified in thinking that power was held by

large corporations, and the government largely needed to get out of the way of free enterprise, the crisis has shown business's dependence on the state's actions (Borger, 2020). Especially with regard to economic responses, governments have been quick to act with appropriate responses to the scale of the problem, showing lessons learnt from the Financial Crisis. Even then, the scale of the spending has taken many by surprise. Cash handouts in the United States would have been unthinkable a few years ago, yet another 'stimulus check' appears to be on the way (Fay, 2020). All manners of stimulus are being tested, with astonishing numbers to go with them – Foreign Affairs magazine describes how during March and the first half of April the Federal Reserve in the US 'pumped more than \$2 trillion into the economy'. Boris Johnson, the UK Prime Minister, described a temporary rollout of Universal Basic Income, and furlough schemes are proving to be a lifeline for businesses (Mallaby, 2020; Horowitz, 2020). The lesson here is that government does have the ability to act with authority, forging a new path rather than leaving progress to corporations. This shows the government has a huge role in building a sustainable future, and it is the responsibility of communities to hold government to account. A potential issue with this is moral hazard, with companies able to do wrong knowing they will be bailed out, but this is where communities must make it known this will not be accepted. This combines what government needs to implement alongside this changing societal sentiment. We cannot go back just to the market dictating what 'normal' is, the same way we should not go back to a smaller role of community in society. To build on this social sentiment, and understanding of the role of the state, we need new initiatives – supported by the people, rolled into motion by the state.

Part Two: The State

Mark Carney, writing in *The Economist*, highlights the fact that "economic narratives" will change, and value will be placed on other issues, previously unaccounted for (Carney, 2020). To make sure these issues focus on sustainability, the government must immediately build upon the existing positive sentiment about its actions for the economy. Richard Adams in his *Personal Perspective for Sustainability First* describes how people must have "sufficient confidence for the government to lead", and this depends on impressions of how the government handled the current crisis. At time of writing, the UK has the highest number of deaths due to coronavirus, however the economic response of the government has been

praised – and so actions must be taken now to shift to a new economic model, with the confidence of the public.

This must happen to tackle the climate emergency and meet the Government’s aim of carbon net zero for the UK by 2050. A recent report by the IPPR shows clearly that “the government is set to miss its own targets due to insufficient investment and policies aligned with securing net zero”(IPPR, 2020, p.14). A misguided focus on GDP has led countries down this path. GDP does not account for the distribution of income, or environmental destruction, and is not suited to today’s service economy. Simon Kuznets, the inventor of the GDP measure was “adamant that his measure had nothing to do with wellbeing” (Pilling, 2018). Alternatives such as ‘Green GDP’, which account for environmental damage are useful ideas in the debate. Yet we need more than different accounting measures, we need a different social and economic narrative, with concrete changes to the way our economic systems currently operate, if we are to push ourselves onto a sustainable course. The first place to start is taxation.

A large question in the minds of government who have recently borrowed large amount to fund coronavirus stimulus is how to pay for it. Building on growing popularity due to inequality before the coronavirus, wealth taxes are one way of doing so. Wealth taxes are not new, with multiples countries having one including Switzerland and Norway, and France until 2017. Research by Emmanuel Saez and Gabriel Zucman on the net wealth tax proposal by Elizabeth Warren show that the technical obstacles to a wealth tax are able to be managed, and that the main obstacle is political (Sandbu, 2019). This is where the crisis presents an opportunity, as the UK government will be eager to avoid austerity as a way of paying off the debt. Austerity measures would also hit the poor hardest, who have already struggled the most during the crisis. A one-off wealth tax provides an opportunity to resolve these concerns, while building on the public sentiment for a changing social contract. The attitude of society and government is critical here, and significant stigma must be levied against tax dodgers. Work by the OECD suggests that wealth taxes encourage more productive deployment of assets, due to the way wealth taxes work. As the size of an asset is taxed rather than the returns accrued from the asset, there is incentive to invest in areas more productive for the economy, rather than unproductive assets, such as yachts (OECD, 2018; Greeley, 2019). A successful one-off wealth tax could pave the way for more down the line and is a perfect example of building from the sentiment during the corona crisis. The tax would be

able to raise much more than required to combat corona, and these proceeds could be used to fund the require investment for the government's net zero aims.

Other initiatives such as stringent carbon pricing, and a wealth fund focused on sustainability are all viable and necessary. Yet a wealth tax is the best way to build on the corona crisis, taking advantage of current societal changes . To really build towards a sustainable future however, requires the support of businesses, our third corner of the triangle.

Part Three: Markets and Business

Before the crisis, the notion of 'corporate purpose' had been building in society, largely due to savvy younger consumers increasingly considering ethical and sustainability criteria in the companies they shopped at. Environmental, Social and Corporate Governance (ESG) funds had been growing in importance for investors. This progress over the last decade is well document, but so is cynicism that this is a 'fad' and companies are not really concerned with maximising other things besides shareholder value.

The crisis reveals a glimpse of the future, especially in the energy renewable sector and performance of public utilities. The International Energy Agency forecasts that this year the renewables sector is the only part of the global energy system that will grow, illustrating the robustness of the opportunity (Hook, 2020). However the crisis has also shown how a systematic obsession with efficiency led to dangerously low levels of spare capacity for hospital beds and services before the crisis. German hospitals are an example where spare capacity came in incredibly useful for the crisis, despite receiving criticism before (Saliba, 2020). Although the response to the governments calls for industry to mobilise to help the effort (e.g. ventilator manufacturing) is commendable, we must build a new economic system that values being prepared. This will allow commendable short-term responses to the crisis, for example the performance of the UK utilities sector, to translate into being sustainable in the future.

One way is through putting sustainability representatives in the boards of large companies. This idea comes from workers representatives being present in the boards of large German companies since the 1950s, which had the effect of involving employees in the long-term strategy of the firm. Sustainability representatives could be taken from workers themselves,

or independent bodies of sustainability groups. Combined with activist investors this measure would allow traditional shareholders to retain a majority of the shares of a firm, while letting more sustainability advocates hold a share of the decision-making component of firms. This is one area to be considered further and designed together with companies.

The most important component is the social impetus for these changes. The impact business has on society should be a greater concern, growing as it is. The crisis hopefully will help businesses reconsider flights for all meetings, and reductions in non-essential travel can be a starting point for change. Government has a part to play in this interaction, and can publicly commend companies doing their bit for communities while exposing those that dodge tax.

Conclusion

We have the opportunity to build from the corona crisis to a more sustainable future. This essay has explored a variety of feasible yet radical ideas that include wealth taxes, sustainability representatives, and changing business practises. However the key focus has been on the changing social contract, and the opportunity to leverage the catalysing effect of the crisis to forge a new economic system. This system gives value to social objectives, and incorporates the three key components of society. Communal spirit has flourished during the crisis, establishing its sustainability requirements as a source of value. Government has shown itself to have the power to lead in forging positive change, rather than following the market. Businesses have the opportunity to show real change in focus, benefiting communities in the process. By pushing the discussion of these ideas into the public conversation and realising the importance of acting now, we can make sure that we come out of this crisis on course for a sustainable future, a time we can be proud of when we look back.

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