
ECLECTIC VIEWS ON THE CONSEQUENCES OF COVID-19

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Abstract: This research, with which we aim to penetrate through the Covid-19 fog, consists of four chapters.

In chapter one, very concisely, we identify the consequences of the 2008 crisis.

In chapter two, we have searched for biblical proof and philosophical explanations of the pandemic, upgraded with a paradox of the capitalist economic system. We have provided a graphical representation of the impact of the pandemic, different from the “V”, “U”, “L” and “I”- shaped interpretations.

Chapter three adopts a thesis by Renaud Girard, but we have also made an independent overview of the weaknesses of three ideologies. Furthermore, we have added to the G-20 recommendation for the restoration of transborder commerce.

Chapter four offers a second, author’s variant for graphical representation of overcoming the consequences of the pandemic. It is emphasized that it is not a one-season phenomenon. We have synthesized the damage caused to each sector and profession in the world. We claim that the structure of product range depends on the structure of consumer demand and the changes in the new environment. Therefore, the key word is “Transformation”.

These are followed by thoughts and conclusions divided into three major characteristics of the pandemic and four models of human behavior. We propose new organizational and structural changes for the firms, enterprises, and corporations. We argue that management now tends to be based on algorithms, protocols, and economic platforms.

Key words: biblical proof, graphical representation of the crisis, effects of Covid-19, new environment, digital transformation.

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Introduction

We live in times when a pandemic (Covid-19) marches across the globe. This phenomenon sharply and “fiercely” changes intentions, halts national and international projects. It has brought back to the managerial and governmental masses the indefiniteness, the unknown. It has “blasted” the traditional models of behavior among people, whereas societies and individuals have grown suspicious among each other.

All this imperatively supposes serious rethinking of almost all aspects of the socio-economic life on the planet, because, apparently, humanity has crossed certain red lines.

In this respect we have set the modest aim to penetrate through the fog of the pandemic and to detect the signals which it sends out.

1. On an August day of 2007 in the USA, the crunch (mortgage crisis) “breaks out”. In 2008, it grows into a world financial crisis, whereas in 2009, into an economic one. In some countries, it even causes political repercussions and many countries change their governments. Since then, thousands of papers on the topic have been published. Probably, learners and non-professional observers will find the most plausible explanation of the crisis of that time in the movie *Inside Job*. In this motion picture, the global financier, philanthropist, etc., George Soros¹ demonstrates and explains that if the internal walls of each compartment on an oil tanker are removed, then a catastrophe is inevitable. This actually illustrates that the removal of certain regulations results in a mortgage, and then in financial crisis.

Now we will try, with only several fragmentary sketches, to present that time as a base of comparison with today’s ongoing world processes. Thus in 2008, salaries are frozen, renovation activities are restored, people behave economically and tend to save. Bankruptcies are insignificant, while the structure of gross domestic products does not change. On balance, within several years, people prefer to spend only on clothes, food, and medicines. The prices of property decrease as well.

2. It may be true that throughout human history, only one **mortal** has managed to predict a future natural disaster. That is the biblical person **Noah**.

Today, during the first half of 2020, we witness the breaking out of a pandemic for which the humanity is not prepared. Unexpectedly, and without

¹ Those who do not understand or suspect him had better visit Sofia University “St. Kliment Ohridski” and read his speech given in the winter of 1993 on the occasion of his being awarded the honorary title of Doctor Honoris Causa of the first Bulgarian university.

any stages, it begins to destroy. In weeks, even days, it has paralyzed international institutions, integration unions, governments, various sectors of the world economy.

Probably, and this is what happens in practice, national countries have regained composure and begin to act, to save human lives, certain industries, and activities as long as that is in their power.

The reasons for this cataclysm without doubt are sought and will continue to be sought. We will only present an opinion without claiming to validate the phenomenon.

The Moses segment of the Bible describes the first macroeconomic, short-term (seven-year) plan, known as the “**Joseph Plan**” and formulated in Pharaoh’s Egypt.

In this respect, after the harvest period following the financial crisis is over by 2019, the world recession is “bubbling”. The pandemic only comes to its rescue. It fundamentalizes the negative processes in the world’s economy.

This is one explanation. The other, in our view, is rooted in employment. Over the last years, the unemployment in many countries has been around the sanitary minimum, whereas in other countries it has fallen below it. Thus, a certain paradox has emerged – we call it a **paradox of the capitalist economic system**. It is characterized by the fact that, at a certain moment, labor begins to “**command the capital**”, to set conditions. For the capital, this is unacceptable, and the spread of the pandemic quickly eliminates this paradox. In this respect, it directs its attention to other instruments as well.

Thirdly, we may turn to the laws of dialectics, but without getting into depth. These are, mostly, the laws of unity and fight of the opposites and the turning of quantity accumulations into quality changes.

The contradiction between globalization and deglobalization has been smoldering for a long time, but since 2015, it has found numerical expression. This is also increased by the “economic nationalism” which has been gaining ground (Damyanov, 2018, pp. 7-39). It is characterized by quantity accumulations.

We might assume that the global production and economic relations have already become an obstacle in the development of the national production forces. Why? Because large corporations have partially or fully outsourced their production activities, mostly their “smoking chimney” factories, to other countries across the globe. Thus, they have increased the pollution of the environment in those countries, which has led to more serious environmental problems. These internationals do not update their technologies, they do not purchase new machines and equipment, etc.

In addition, the international subcontracts block the construction and project activity, respectively the development in those countries. Similar effects can be found in the outsourcing activity, etc.

We cannot disregard the fact that they do not allocate funds for the development of the health care system in the countries where the internationals exploit human and natural resources. They slow down the economic development of certain countries as well.

Logically, a question arises: In what graphical shape can the current crisis situation be represented? In this respect, the prominent American economist Nouriel Roubini proposes the following: *“Whereas analysts expect a drop in a “V”-shape form – a sharp drop of the production for a quarter and then fast recovery, it shall be clear that now the crisis is something totally different. Now the shrink is neither “V”, nor “U”, nor “L”-shaped/sharp decrease, followed by stagnation. Rather, it looks like “I” – vertical line, which represents a collapse on the world financial markets and the real economy”* (Money.bg., 2020).

An American sociological agency has expressed a second opinion. As of this moment, the end of the month of April 2020, the Latin letter “U” proposed by this agency is not confirmed.

Our assumption, or rather a hypothesis, is that what is happening in the world can take a hybrid form (fig. 1.) – a vertical downward line plus a staircase upward movement.

The vertical downward line reflects the collapse of the national and global economic sectors. At a certain moment this is followed by a recovery. But why not in the form of a staircase? Because, after taking a financial and market breath, firms and enterprises begin to look around from the narrow plateau where they find themselves and they must make a decision.

V a r i a n t #1: They assume that there is no point in continuing and terminate their economic activity (they shutter their business).

V a r i a n t #2: They understand and perform certain resource, human and technological transformations. They retain full balance on the plateau and move up the next step.

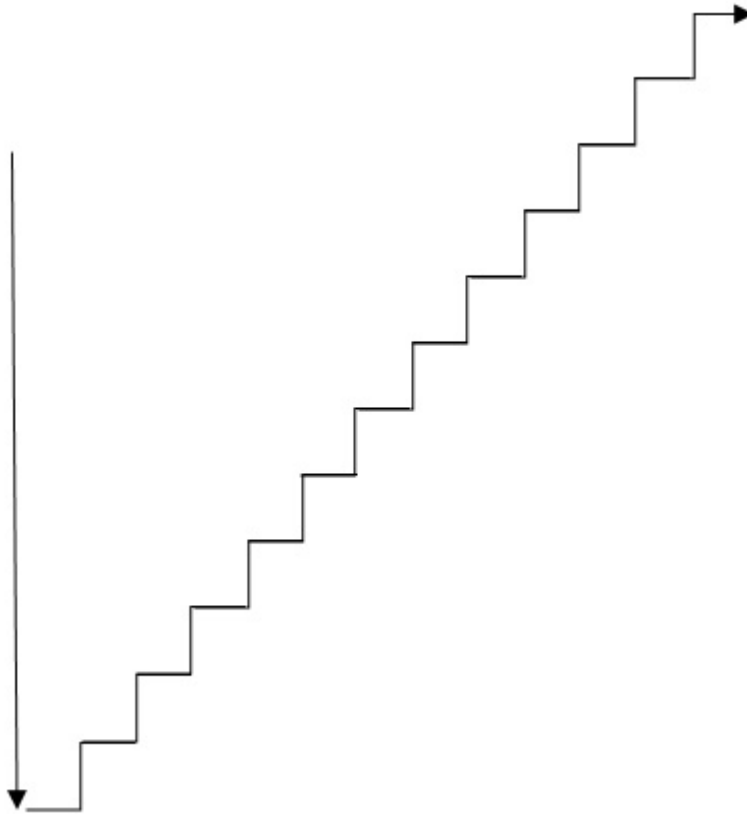


Figure 1. Hybrid profile of the line of development

V a r i a n t #3: They were born, challenged by the pandemic, ready to clash, but bravely move up the staircase. Maybe somewhere midway, they start moving upward on the vertical.

3. What are the effects, the consequences of the pandemic in an economic aspect?

3.1. In nature, as a result of human activity, millions of microbes, bacteria, etc., have multiplied and modified. Suddenly, but not so wonderfully, those quantitative multiplications are transformed into qualitative changes. These are the new contaminations that turn into epidemics, respectively into pandemics, such as the ongoing one. It is entirely possible that all this is the result of reckless human behavior.

3.2. On 18 March 2020, in the French newspaper Figaro, Renaud Girard claims that the ongoing pandemic has found weaknesses in three ideologies:

- * Communist (China, etc.).
- * Europeanization (the European Union).
- * Globalization (the USA, etc.).

What conclusions can we reach on the basis of this claim?

F i r s t l y, when we talk about communist China, we shall always approach the topic very carefully. If a country has a population of a billion and a half, then it cannot be governed through the mechanisms of western democracy. Rather, the tools of centralized government are used; they are prototypes of the philosophies of Confucius, Laozi, etc. Besides, the millennial traditions of absolute emperor power, combined with numerous discoveries (gunpowder, porcelain, silk, etc.), have overtaken western development (Damyanov, 2020, pp.3-12). They plan everything for decades in advance; thus, it is not by accident that they have developed Globalization 2.0 through the Belt and Road project.

3.3. Europeanization. The pandemic has struck radically the heart of the European economy – the Common market. The defeat has had an impact on the free movement of goods and services, capitals, and the labor force. Not only have the EU's outside borders been closed, but also the national ones have been restored.

A sudden disagreement has appeared; it has been charged with potential and real contradictions. It has even grown to **age segregation**. The Council of Europe, the European Parliament (EP) and most significantly, the European Commission (EC) are not prepared to meet the spread of the pandemic.

Why does the European Commission have 27 commissioners who are responsible for various issues, but there is not a department responsible for health care? At that, providing that all EU member states have limited sovereignty and have transferred part of their state functions to Brussels. Does this pandemic have to bring to the fore such a serious **organizational and structural defect of the European Commission?**

It is too late when the President of the European Commission, Ursula von der Leyen, states in the middle of April 2020: **“If Italy falls, that will be the end of Europe.”** This is not without reason because during the first weeks of the pandemic in Italy several countries provide help to it: a Chinese liner carries medicines and physicians; the air force squadron of the Russian Federation brings various types of medical personnel. Cuban doctors, who

have previously fought the Ebola epidemic in Africa, fly across the Atlantic to Italy. All these are signs of sympathy.

After the initial shock, it is only Germany that begins to transfer infected people from Italy to Germany and treat them. Then, in the same way, it lends a hand to France. In our view, this is human initiative and solidarity.

Thus, right after the appearance of Covid-19, the EC ought to organize a package of analytical tools such as Brainstorming², rather than dealing with “Blamestorming”³.

3.4. Consequences for the Globalization. The pandemic has posed many questions. One of the most important ones, however, is about the benefits and costs of supporting the globalization processes. Let us remind ourselves the thesis of the prominent scholar Lester Thurow about this world dominant. For him, **globalization is a private project run by separate international corporations**. No governments or other national organs participate in it.

Nevertheless, what happens in the first months of 2020 with the closure of the outside borders of the EU member states suggests: **the search for asymmetric stable equilibrium between the advantages of globalization and the imperative of relying on a country’s own national power**.

One of the serious signals that something has occurred comes from the Chicago School of Economics (Milton Friedman). He claims that the pandemic attacks the “**delivery chain**”. In his view, the delivery terms for certain goods have been extended. His conclusions refer mostly to the USA.

We would support this claim by giving it international dimension. The number of products has been reduced, carriers have dropped out, distribution schemes have been changed, etc.

Therefore, not by accident, the G-20 summit of March 2020 places the emphasis on the necessity of **restoring transborder commerce with the government efforts of each country**. As we have pointed out, new carriers and schemes are sought. Global chains are to become more regional and local.

In 1998, we claim that a common world economic tissue (CWET) is established. It is exaggerated to state that globalization is coming to its end. Furthermore, this contradicts the law of national and international labor separation of the classical English political economy. Nonetheless, it is evident that things shall be rethought.

² Brainstorming – classical method of generating ideas and developing working solutions.

³ Blamestorming – searching for people to blame for one or another situation and to suspect noble gestures.

On balance, we can expand the logical chain from pandemic to effects: **step #1: epidemic – step #2: pandemic – step #3: crisis situation – step #4: effects, consequences.**

It is obvious that to a large extent, each country in the world has followed those four steps.

4. Specifying the effects. The detection of concrete, significant consequences of the spread of the world pandemic does not free us from the necessity to think about the formal graphical representation of the crisis situation.

In this respect, we take the liberty to delineate a second (our) scenario for positioning the impact of Covid-19. It can be represented in a new form (fig. 2.).

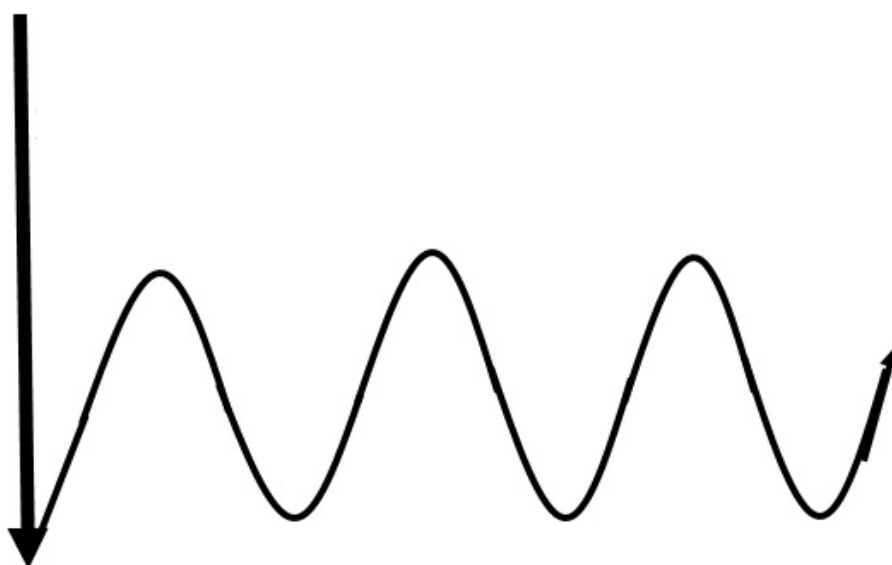


Figure 2. Scenario for positioning the impact of Covid-19

This new, graphical model is based on forecasts by the World Health Organization, the Robert Koch German Institute for the development of the pandemic. The latter, despite being expansionist and aggressive, will not end as the former two within **one season**⁴. It will weaken, which will lead to a slight recovery. Then, again, it will strike back, which will be accompanied by a new economic recession, etc., until a cardinal medical or other solution is found.

⁴ I hope I am wrong ...

Thus, certain economic sectors, jobs, and vocations have been impacted to a different extent. Without attempting to rank them, these are:

- * Tourism (tourist destinations, tour agents, packages, national, international tourism, etc.);
- * The hospitality industry;
- * The fitness industry;
- * The fashion business;
- * The petrol industry;
- * Cooperative supplies, etc.

The pandemic has also attacked the transportation industry: buses and coaches, taxis, air transport, sea transport, including the transportation of goods, railway transport, etc.

The crisis has had an impact on the Sharing economy for passenger transportation and business. The following have also been hit by the pandemic: attorney and consultancy activity, bank managers, event managers, translators/interpreters, teachers/lecturers and tutors.

The pandemic has **provoked the acceleration of the processes of digitalization and automatization in the world**. It has only been several years since the graduation of the **first doctor-robot** in China. At the time, this would seem rather exotic, but today robots have made a powerful entry in all spheres of socio-economic life. Digitalization and robotization in the production of certain goods are bound to develop at high rates. Certain positions may be closed, especially semi-skilled ones – for instance in factories, industrial units, offices, etc. There will be an increased demand for manual labor workers: carpenters, plumbers, painters, etc.

All this, combined with the previous trends, will lead to a change in the structure of the GDP of certain countries. It is expected that, as a reaction to the closed positions, non-standard and short-term activity will gain more popularity.

Over the last 50+ years, there has been a restructuring of shopping centers, with an emphasis on the large ones. Their existence will also be reconsidered from the pandemic point of view (stale air, unmaintained filters, which can be a source of contamination). In this respect, after the pandemic is over, many shops will not reopen, while others, at a later stage, will be closed down.

This will be facilitated by the expansion of the business based on platforms because they provide unique advantages compared to the classic business models.

Later, there might be a necessity of reviewing the nomenclature and structure of the products through the prism of:

Structure of products – structure of demand – structure of the new environment (national and international) – detecting the signals of the future.

Despite the fact that everything is marked by high turbulence, in a short stretch of time the economic inertia will fade away. This will then be followed by sharp technological and business changes.

People's and businesses' demands, we think, will be mainly determined by two factors:

First – the internal sense and sensibility of the individual.

Second – the new environment.

Thus, the new structure of the demands will lead and inspire the new structure of products and services after the pandemic is over.

The key word of today, and in the medium-term, **is transformation!** Transformation shall be holistic, perspective, which shall defend the business and the people from malicious phenomena which, however, **“visit”** us periodically.

Further thoughts and conclusions. We can conclude that the current crisis caused by the pandemic is marked by three major characteristics: **synchronicity** – it spreads almost simultaneously in many countries in the world; **high rate** of increase of unemployment; **depth** – collapse of the GDP of certain countries, which makes it incomparable to the 2008/09 crisis.

As a result of the spread of Covid-19, certain behavioral models have been revitalized and enriched, namely:

a/ a human's morbid fear for his/her life;

b/ real aspiration by governments throughout the world to obtain uncontrolled power;

c/ unquenched thirst for more and more money and influence of the richest people on the planet;

d/ the striving for domination of one sector – the pharmaceutical.

Some of these models have grown to factors and driving forces in the current crisis.

Until recently, much effort is made to rethink the business strategy in the age of artificial intelligence (AI). Now, however, we think, we shall aim to delineate a strategy in the conditions of pandemic situations. At that, the former will become subject to the latter, which also involves its business, medical and social, etc., aspects.

Firms and enterprises will build their new organizational structures by incorporating new departments and technological philosophies; by outlining the design of the new enterprises or by modifying the existing ones.

The first step was made 20+ years ago with the inclusion of IT.

The second step is the establishment of businesses based on platforms.

What follows is the third step of complex company transformation, and with a view of the pandemic and other phenomena, medium and large enterprises will have analytical and futuristic structures.

However, as the “structure” and the “strategy” are like a hand and glove, we shall also seek a suitable company and corporate strategy which shall meet the requirements of the enterprises’ governing bodies.

In this respect, Euvin Naido⁵ proposes seven winning strategies for fighting Covid-19. We will apply the third one – **Implementation of an OODA cycle**:

„The OODA cycle, which is often used by the supporters of flexible methodology, originates in the war battles and gains popularity through Colonel John Boyd of the United States Air Force, who is a fighter pilot, instructor, and later a Pentagon strategist:

O: Observe

O: Orient

D: Decide

A: Act

Boyd’s insight comes from the necessity of developing a strategic approach – simple in nature, easy to execute and transfer, which compensates the fact that the enemy, at that time, uses more modern planes and weapons (many managers today probably feel discouraged when they face an invisible enemy who always seems to be a step ahead). Boyd realizes that he can compensate for the delays by developing the best possible approaches which shall deal with the rapid change. In the same way, the process of making flexible decisions can be a competitive advantage in the correct context. The ability to have the thinking and the operative muscle memory to go through the OODA cycle several times helps Boyd’s followers win constantly and cut the critical time until backup arrives. This operative and iterative making of decisions is applied at companies such as Tesla, Amazon and Salesforce” (Naido, 2020). In this case, such a strategy is the most suitable in both methodological and methodical aspect.

Higher education also has the unannounced task to formulate new professions, majors, going towards the Renaissance man at a second, higher level. One of the ways to do this is to outline interdisciplinary trends – internal and external in their nature.

It may be strange, but as early as 1973, the slogan of a world educational congress held in Tokyo (Japan) is “**The Future of the Teacher**

⁵ *Euvin Naidoo is a Senior Lecturer of Business Administration in the Accounting and Management Unit at Harvard Business School.*

or the Teacher of the Future”. Today, this is also valid for university lecturers (Damyanov, 1987, p. 9)⁶.

Thus, without much making much fuss, we reach the governing of countries. Over the past months (February, March and April 2020), we have become convinced that social life is more and more dependent on the algorithmization of its governing.

In the new environment, countries are already governed, although secretly, through **algorithms, protocols. In addition, this is also done through formed coalitions of social platforms.**

A number of power structures in the EU and the world are already obsolete. It is not by accident that in the USA and in the EU, we observe a manifestation of the **“sovereignty parade”**.

And finally, we propose a bold idea: Is it possible to create a virus table similar to Mendeleev’s periodic table? Its purpose will be to find dependencies and, on the basis of them, we will be able to predict future “uninvited guests” in the countries.

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⁶ Education for the new era. What can the teacher do? The role in a rapidly changing society. Tokyo, 1973.

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