

Covid-19 and the end of normality

By Mark Gem, Head of the Clearstream Risk Committee

It is a truth universally acknowledged that each single society in possession of a good crisis must be in want of a “new normal”. And while announcing the advent of “new normals” has almost become routine in the chain of crises we saw since 9/11, this year’s global Covid-19 pandemic has further stretched the limits of our imagination – or has perhaps rather pushed them back into the “old normal” times when public life was not as safe and playful as many of us in the Western world have grown used to. Francis Fukuyama recycled the 19th century idea of the “end of history” at the end of the 1980s, just as it was starting to get interesting. Does the beginning of the 2020s mark the “end of normality”?



Anecdotal evidence even of the innocuous sort seems to support this. Who would have even considered the idea that the World Economic Forum might one day take place outside Davos – and in the summer to boot? And yet this is the current state of affairs for 2021. Who knows, the world’s largest gathering of global business leaders might even take place in an entirely virtual space – just like Sibos does now. And perhaps a virtual environment is indeed the best setting to discuss the risks the Forum has identified in its 2019 and 2020 surveys among its participants: climate risk, cyber risk and geopolitical risk were the three that topped the list. Covid-19 makes us see each of them in a new light.

Climate change: Covid-19 gives us a foretaste of the huge impact that exogenous, environmental changes can have: on markets, on nations, on our very lives. Let us all hope that this year’s forest fires in Australia, Brazil and California will not mark the beginning of the end for eco-systems we had thought to be part of normality. As Bill Gates wrote in a recent opinion piece: “Covid-19 is awful. Climate change could be worse.” The temporary reduction of CO₂ emissions the virus has caused should certainly not be misconstrued as carte blanche to return to the carelessness of the “old normal”.

Cyber risk: think-tanks and financial associations report a significant acceleration of cyber-attacks from both criminal and state-sponsored groups in the past three years. The increase in digital traffic caused by the virus as a replacement of face-to-face interaction has further strengthened their potential of putting an end to normality altogether. Our industry rightly congratulates itself on the resilience it has exhibited in the pandemic, but it is a resilience that rests entirely on the internet and a very young set of tools that allow us to run the global financial system from our kitchens. The internet has become as vital to society as food or water. That means that we have become as vulnerable to cyber warfare as cold war society was to nuclear warfare.

Geopolitical risk: to make matters worse, the multilateral and ideally global governance structures necessary to combat both climate change and Covid-19 are currently being eroded by fragmentation and populism – cynically fed by political leaders denying the impact of both and pretending to defend artificially sweetened ideas of normality.

But let me end on a slightly more optimistic note. None of these developments should cause us to bury our heads in the sand. Rather, they should make us more vigilant, more alert and more prepared. Jane Austen allows one of her heroines to err, in her own words, “[on the side of safety, not of risk](#)”. Perhaps we should rather devote our scarce resources to achieving the right balance between sustainability, social utility and safety instead of wasting them by announcing “new normals”. Just a thought.