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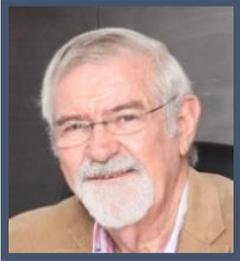
A New World Order



By: Peter L. Wallace

ABOUT THIS REPORT

WBF Research Special Reports cover hot-button issues affecting the business community operating in the Philippines. The topics are varied but often tackle concerns of interest to the Wallace Business Forum (WBF) and its corporate clients.



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Peter is the Founder and Chairman of the Wallace Business Forum. His commentaries on Philippine politics and economy are regularly featured in the newspaper, the Philippine Daily Inquirer (PDI). Known inside his company as “PLW”, he is the force behind all reports and insights published by WBF Research, inspiring his team to always, *“tell it as it is”*.



A New World Order

They're calling it the "New Normal". A world in upheaval. What will that new world look like?

Let me suggest a few of the changes we may see.

The first thing to recognize is that of the changes we're seeing now, many of them will be permanent. In the same way 9/11 changed the way we move in society; tight airport security checks never existed before 9/11 now they're an unfortunate daily way of life. So too will it be After Covid (AC), societies will be structured differently. More odious travel arrangements the least of them.

The most important change COVID-19 has triggered is digitization. It was coming, was already occurring, but now it will be at much greater speed. It's a machine gun sweep across many of the things we do at once. Ten years ago we didn't have smartphones. Ten years from now we won't carry them they'll be built in. AI and nanotechnology are going to put us into a world so different we'll wonder what the hell happened. Bluetooth is just the beginning of a wireless world. Power, real power will be able to be transmitted by being close. There are already examples of it. When the radio was invented it was called a wireless because it operated without the wires telephones had. It was a miracle. Those miracles are now escalating at warp speed.

Ten years from now forests will be growing as paper disappears. That, together with renewable energy power, that hopefully includes nuclear, and electric vehicles mean the cleaner air we're witnessing today will become a more permanent reality. But perhaps not to the same degree we're witnessing now. Coal-fired plants will follow the steam train. Almost all activities will be digital. This includes money, and banks will be one of the industries that will most urgently need to change. Paper money and checks will be displayed in museums. Bank branch offices will be few, and far between. All financial transactions will be on the internet, there will be a more pronounced use of mobile banking and online transactions. I postulate there'll be fewer, bigger banks, and they'll be the multinationals who'll have absorbed the locals. Money knows no borders.

In regard to the present crisis. James Galbraith, an American economist, has a good point when he said much of people's debt cannot be repaid, and should not. It was no fault of the debtor that he couldn't meet his mortgage, he'd been thrown out of a job through no fault of his own. A social upheaval will arise if banks try. Governments will have to step in. To pay those debts, or the cost of extending their term. After World War II, war debts were written off, that may be necessary now too. People can't lose their homes because of COVID.



It may be wishful thinking, but we could see a decline in the influence of politicians and the rise of genuine experts to take their place. COVID-19 has shown-up the ignorance of too many politicians around the world counteracted by the wisdom health experts have shown (try golfer, maskless Donald Trump versus National Institute of Allergy and Infectious Diseases director Dr. Fauci). That could well extend into other fields. Global warming being a major, immediate one where the experts need to be listened to, and the politician's posturing cast aside. Or we all drown as the oceans rise and the land heats up to unlivable levels.

Personal privacy will be even less than it already is. Governments will be monitoring everywhere you go, where you are. Some, as China does, may intrude into what you say too. Thinking just might stay protected, for now. But I wouldn't be surprised if we learn to read people's brains. Scientist already have in an experiment where one man was connected by nodes on his head to nodes on another man's head. He could read the yes or no answers of the first man's answers to questions. Big Brother is but a step away. 1984 was only delayed.

It's going to need a much more active public to resist this that I don't see happening. It's the frog in cold water gradually brought to the boil. The public just adapts. Look at the horror of air travel today. Security check, followed by security check, and then, often, another. In my heyday of travel you walked from the car to check-in to the plane, unimpeded. It was pleasurable. Today its torture. Add, now, health checks and the queue stretches around the block. The two hours before flight becomes 3 or 4 (read the Economist article at the end of this report Tongue-in-check, but in the early months not unlikely). Airlines will recover, the ones who survive, and families will travel again. But the freedom of yore will be gone.

COVID-19 has introduced a protectionist mindset amongst many, with Donald Trump the exemplar of that. As an aside, if he wins a second term the US will rapidly decline into relative obscurity as China rises ascendant in the world and dominates much of how the world operates. Europe is already losing its grip on itself, Western – style democracy will be at risk. Borders will tighten for people travel for years to come. The refusal to accept immigrants will grow, leading to increasing social unrest in many places.

The world will become more isolated and less globalist. There'll be a move to manufacture more at home. The disruption to supply chains that COVID-19 introduced will result in a manufacturing rethink: Come back home, or diversify. This latter could be an opportunity to pick up some factories fleeing China – if the Philippines can provide attractive, competitive conditions in which to invest. Indonesia and Vietnam are already benefitting as they actively entice the shift. COVID will be an opportunity for cash-rich China to gobble up cash-starved American and other countries businesses. The attempt of Trump to isolate the US from China can't succeed. The manufacturing cost differential is just too high, up to 10 times more in daily salary cost alone. Apple will defy this and still build its phones in China, but shift some production elsewhere. The *"all eggs in one basket"* is no longer an option.



Education will no longer be rigidly constructed. Off-site learning will be part of all schooling. There'll be a flexibility in how people learn. And "people" is just that, not only the young, but all. As the world ever more rapidly changes, new skills, will be required at all ages (my son is trying to force me into the digital world of today. His son will try to force him into whatever wondrous thing is next). We'll be learning the new all our longer lives—100 years will define the senior citizen. Already 60 is unrealistically classified as senior. In Christ's time 40 was senile.

The young will learn in a different way, and with a different curriculum. It will be more oriented to a rapidly changing world where the ability to shift skills will assume importance. The three R's must still start it all, but beyond that becomes a need to be competent at a specific skill for a limited time. There will be a need to learn another skill based on a general competency taught at the beginning. Flexibility will be the key word. Teachers won't teach they'll be the guide for students as they maneuver the web in their self-motivated search for knowledge.

The way in which we work, and where will shift too. Mental work will be done wherever most convenient. So Work From Home (WFH) will be one of the new norms for numerous business activities, 9-to-5 will be a thing of the past. There will be more flexibility in where we work, and when, particularly in the knowledge industry. Working from home opens the door for more women to work. They'll no longer need to choose between baby and job, they can have both. Gender equality will take another step forward. The physically disabled will more readily get a job too. The difficulty of travel will no longer apply. This doesn't mean the demise of the office, just less of it, fewer people in them. The open plan office will end its short life. Which pleases me no end, I never liked it. I need a cloistered environment in which to think. Team bonding, joint creative thinking is still needed. But in a more flexible way. Those activities will occur but will be less. Work flexibility will be the name of the game.

Working from home will bring a nice side benefit. Workers will get time to be with their families, to be a daily part of a child's growing up. It may lead too, of course, to more acrimony as daily interaction heightens differences for those unfortunate couples who can't get along in constant close proximity, and the children who have to suffer the acrimony. it's time the Philippines joined the rest of the whole world and allowed divorce.

Much of the mental work will be done by computers through artificial intelligence (AI). No more will lawyers spend days pouring through innumerable documents seeking for precedents, AI will do it in seconds. Humans will still be needed to argue in court-for now. But I wouldn't be surprised to see super-intelligent robots arguing before a robot judge. All that will be lacking will be the emotional quotient. Maybe AI will learn that too. It will answer many of your queries too — putting many in the BPO industry out of a job. Accountants will be looking for something new to do too. Computers are adding machines par excellence.



In medicine the General Practitioner (GP) will disappear as little technical boxes do all the testing in a local clinic, or at home. Then transmit the data to a specialist who, for now, will still be human. Although AI may even intrude here.

This is where I see the greatest fear in the new world order: job loss. Physical, work is already being lost as robots take over in factory after factory. So what will those people do who were doing the manual jobs robots will now do? The world population is growing beyond what this planet can sustain. And its ageing people are living longer, with more productive years so they're consuming earth's limited resources for longer. And needing more money to stay alive. Where will it come from? Some governments are considering a dole-out, but this can't be a permanent solution. Work must be provided.

Throughout modern, post-industrial history, the fear of machines taking over has risen with each revolutionary change, from the steam engine till AI today. But each time it turns out far more jobs get created in other arenas. This time I'm not so sure. Much of the alternative work that will be available will require the intelligence of man in areas AI can't go. An IQ of 100 (the average) won't hack it, even 120 won't. AI can do their work. Billions don't have the intellect for mental work, it must be menial. One area will be those where the volume of work is not sufficient to cover the cost of robotizing. But that cost will ever diminish. It's going to be one of the most serious quandaries of the decade. The challenge will be to create work. But what kind of work?

Agriculture can be a principal one. The current pandemic has led governments across the world to reboot the agricultural sector through refocusing policies, programs, and projects to adapt to the changes brought about by COVID. Many of the unemployable in an IT world could transition to agriculture. We need farmers as the present generation fades away. We need to make growing crops, catching fish profitable enough for the children to stay on.

Although more technology and less manpower will be required as a shift to more mechanization occurs to improve productivity. Monitoring of crops by drones using AI algorithms that are better than the naked eye to see the pest infestations and other diseases. High-technology tractors more efficiently plow fields. There's one that can harvest a dozen rows of crops at a time, pick 5 strawberries per second, and cover 3 hectares in a day. But there will still be demand for people well into the future.

Urban farming such as vertical and rooftop farms and backyards will be increasingly common.

There will be a high usage of digital technology to link producers to consumers through e-commerce. That will result in fewer middlemen in the food supply chain. A most welcome development.



Restaurants are in trouble. And even after a vaccine is found it will be a long time before they're back to normal, if at all. Certainly seating arrangements will be different, with more spacing. Buffets are a thing of the past. Online food ordering will be part of the norm. With delivery apps used for ordering, payment, communication and delivery of favorite restaurant and fastfood dishes from the comfort of one's own home.

Fast food restaurants and drive-thrus will be fully robotized. From the cooking to handling to the delivery to customer it will all be done by robots. The robots will even wear silly hats, and smile. Payment will be through various apps. It will all be cashless.

Pre-packaged junk food will be ascendant as freshly-cooked fine food enjoyed at table fades.

Health service delivery will also move rapidly towards digitalization over the next decade. No more queuing in health centers just to get an appointment. People will not need to visit a physician. Consultations through a smartphone, tablet, or laptop, will be part of the new normal.

The health system will increasingly go paperless. Medical records will be uploaded in an online patient portal which can be accessed and updated by any doctor or nurse from any health facility visited by the patient.

Internet of Things (IOT) powered devices and sensor technologies will be a common feature in the post-pandemic world. Together with a rise in the usage of wearables that can provide real-time monitoring of the patient's heart rate, breathing patterns, and blood pressure, and subsequently upload the results to the patient's medical record online.

Enhancing the capability of the health system to conduct telehealth would not only expand access to health care services but also prevent people from crowding in health facilities where they can contract viruses and other diseases. But there will be an increased need to protect patient privacy. Countries need to invest in cybersecurity measures to ensure that data will not be manipulated or hacked. And this is true in every field. Cyber security is a whole new industry of itself getting ever more sophisticated as hackers uncover ever more tricks to break the walls.

Large social gatherings will resume, but only after vaccines and cures have been found and have led to the eradication of COVID-19 throughout the world. That's years off. In the meantime sports and concerts will be watched on ever bigger screens, maybe in 3D that really works. They'll survive because you'll pay to watch. But the fun of the crowd will be gone. Temperature checks will be mandatory for the players, and the media and league officials, all who are present. Footballs will be disinfected. Everyone except the players will wear masks whilst there's no vaccine or cure.

Once a vaccine becomes available, expect a new normal for sports, music, and performing arts. Some degree of social distancing might still be enforced in seating arrangements. Venues will ramp up sanitation measures before and after every event. Temperature checks will become mandatory in entrance points. There will also be an increased presence of alcohol and sanitizer stations at venues. And places to wash your hands.

It will be a long time too before people spend in the profligate way of the past. You won't buy the latest fashion if the old one is still wearable. Fashion will change, but not every season. So too of ever so many other products. Conserving cash will take priority. And what is bought will be bought online. I don't see how malls will survive, and certainly not in the way they're structured today. The revenues they need to justify the huge capital and maintenance costs won't be there at the levels of the past. Restaurants will be fewer, and with fewer customers at each sitting unable to pay the rents of old. Fashion shops will be fewer, and incomes less too. The close socializing Filipinos love, and which make malls no money, is at least a year away. Malling will be a reminiscence to tell our grandchildren.

E-commerce will increase as consumers shift to shopping in the comfort and safety of their homes. Retailers will open up online stores or join existing online marketplaces such as Amazon, Lazada, Shopee, Shopify, etc. Retailers will build supply chains and logistics services to service the increasing demand of e-commerce. Delivery will be by drone or automatic vehicles. Payments will be online, through various apps such as GCash, Paymaya, and PayPal.

Tourism will be one of the slowest to recover. And won't really happen to any significant degree until there's a vaccine widely available, and a cure on the pharmacy shelves. And we learn to live with it, and its inevitable deaths the way we do with all other diseases. The world doesn't stop forever for just one disease. Till then going somewhere for a vacation is a free choice, while there's risk to your family why go. Who's going to sit in a plane with hundreds of others of unknown health. Who's going to step on board a cruise ship with thousands of others whose health you don't know, to visit cities you can't trust.

The day of the overcrowded public vehicle is over, at least for the next two or three years. The Philippine government can, and will have to take this crisis as an opportunity to do what should have been done a long time ago—bring discipline to public transport. The laissez-faire operation of buses and jeepneys must go. Bus Rapid Transport (BRT) systems will be ever more common. As will train services, both urban and long haul by bullet train. Short flight air travel will become less, and budget airlines unlikely to survive. Air travel will be even more rigorous as health checks get added to the infuriating security checks 9/11 added to travel. It will be a long time before travel, particularly air travel sufficiently recovers. Not only due to the fear of contamination in an enclosed space. But also in the need to travel. The quick business trip to meet a client, or the boss can now, it has been shown, be done by ZOOM. Why spend for airfares, hotels, restaurants when a few pennies bring you together from the comfort of your home, or smaller office. Companies reeling from the cash reversal of COVID won't be too willing to spend for travel when zoom will do.

Car ownership will diminish. People won't own a car anymore. They'll call on their 5G phone for a driverless, automatic vehicle. Or hop on a city-owned bicycle or electronic scooter.

In the world of the future societies are going to be more controlled, people more disciplined. Everything digitized.

Not "1984", but not a "Brave New World" either. That will come, but much later.

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