



REBUILDING AFTER THE CORONA CRISIS

An alternative vision for a post-Covid society



Summary

This paper presents a vision for a post-corona society that is more egalitarian, resilient and sustainable, and the conditions to bring it about.

Asscher explains how the global health crisis, which metastasised in an economic and social crisis, illustrates a crucial point: **the era where the market was king, the individual the solution, and the state the problem is bankrupt, both technically and morally.**

To avoid that in this crisis, we again sacrifice the most vulnerable and mortgage our future, he considers it is high time to rein in shareholder-capitalism, whilst favouring cooperation over competition when rebuilding after the crisis.

This approach requires collective action. Asscher recalls the importance of an inclusive welfare state and the need to align public crisis support with long-term goals. But beyond that, he envisages **a public sector that takes a bigger role in the economy, in those areas where markets blatantly failed to produce equitable outcomes.** This firstly concerns the development of affordable medicine but extends as well to the provision of sufficient housing, the availability of sustainable energy, and the access to information (data).

It is noted that such a programme is ambitious, but feasible if Europeans cooperate and **organise solidarity not just within, but also beyond national borders.** Notably on taxation, emergency support and green investment, he considers the EU can and should play an important and progressive role.

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Rebuilding after the corona crisis

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Introduction

'At least we are having lots of time together, Daddy', my youngest son said happily, just as I was on my knees trying to combine a job in politics with home-schooling. I am afraid I cannot relate to the woolly concepts that are circulating about the corona virus restoring our balance with nature and with each other. For us, in practice it just means two parents continually on the phone and three boys who are missing school and their friends despite our best efforts to home-school them.

The virus is causing serious illness all over the world, mercilessly ripping loved ones from our society. These are frightening times. And it makes a huge difference whether you have to stay at home in a small apartment with a large number of children or live somewhere with room to breathe.

Nonetheless, my youngest did have a point.

It is almost impossible now to look back and remember what life was like not so long ago.

Watching films or programmes that were produced before the crisis, it is almost surreal to see everyone just touching each other. The government is asking us to try and find 'the new normal', but how do we go about that when nothing is normal anymore?

We are still working to get the virus under control. But it is important to think about how we are going to pick up life in the long term. We simply cannot ask everyone to make these huge sacrifices and then carry on afterwards as if nothing has happened. So how did people manage after previous crises of this magnitude?

The war-like language used by some leaders really annoys me - this corona crisis is not a war. But it is the largest shock to our society since the Second World War. I was lucky enough when I was a little boy to be able to talk to my grandfather Lodewijk, a survivor of Bergen-Belsen, about how they approached

the post-war period. He said that it was all about hope. Hope for the children. Hope for security. The war had not made my grandparents very optimistic about humanity, and they were sadly justified in feeling that way. However, the post-war reconstruction period led all of them to hope for a better life; realised in the form of the welfare state that we all can be so proud of today.

The choices we make now, getting back onto our feet in a wounded world, will determine what our lives will look like for decades to come. This reminds me of the veil of ignorance concept introduced by John Rawls. No one can predict what the world will look like when we pull up the veil at the end of the crisis. Where has the crisis caused the greatest social damage? Which sectors have weathered the storm, which are struggling? What does our rediscovered sense of vulnerability and solidarity mean for the rebuilding of society?

The corona crisis is unique: it affects all of us, it makes us uncertain and vulnerable

We cannot currently control the virus. So, will we emerge in a better state? Not necessarily. Besides a health crisis, the corona crisis is also an economic and a social crisis. If you have a guaranteed income, a spacious house and a nice garden, it can be quite pleasant to stay at home. On the other hand, if your home was never your safe place and work and school were your opportunity to escape, then it will feel more like a punishment. The corona crisis disproportionately affects the vulnerable. Just think of the loneliness in care homes and the long waiting lists for mental health care. In the face of all this uncertainty and vulnerability, people and society as a whole need certainty. Certainty about how we are going to get out of this situation. Certainty about how to share the pain fairly and appropriately. It cannot be the case that we are all asked to make sacrifices and that shareholders, big earners and



multinationals, who turn away from public values in the good times, are the first to ask for assistance from the government and will be the first to profit when things take a turn for the better. If ill-designed, rescue packages often mean more for businesses and shareholders while normal households suffer from budget cuts and tax increases, especially the most vulnerable. I believe this is one of the lessons we must learn from the global financial crisis, as progressives we missed the opportunity to fix this at the time. It is clear that if we respond in the wrong way now, inequality and uncertainty will only increase after the crisis.

In some respects, the United States is holding up a mirror of what such a society would look like. It would be an economy with a large number of billionaires, but no shock absorbers. There would be large numbers of people without insurance and without a social safety net. In the US in some cities and states, over 70% of deaths are amongst Afro-Americans.¹ Underlying health problems such as obesity and cardiovascular illnesses are much more prevalent amongst the poorer sections of society.

The world is now facing four crises at once: a health crisis, an economic crisis, a social crisis and a climate crisis. Solving one crisis without taking the others into account would just mean passing the problems around.² The dominant neo-liberal way of thinking of the past forty years will not offer a solution here. We are emerging from an era where the market was king, the individual the solution and the state the problem. The system of free market thinking that has held sway for forty years is technically as well as morally bankrupt. An economy which benefits a small group of people while the rest of humanity and the

planet are paying the price, is no longer sustainable. On the contrary, the idea that chasing our self-interest would make us all better off (*greed is good*) has only made humans, the planet, and society more vulnerable.

For instance, the Center for Research on Multinational Corporations [SOMO] in The Netherlands has shown that the 27 biggest pharmaceutical companies have in the last 20 years increasingly focused on setting up lucrative financial structures rather than inventing or producing widely accessible medicines or vaccines against viruses such as the novel corona virus.³

This study highlights the poverty of the free market philosophy as an alternative to public values, as demonstrated by the closure of our own facilities for developing vaccines or distributing personal protective equipment. Aeroplanes with a full cargo of face masks being directed to change course in mid-air, not to a region where the need is greatest, but to a higher bidder. Pharmaceutical companies who are unable to supply but are nonetheless unwilling to share their knowledge so that others are able to increase testing capacity. Invisible market forces often push us in the wrong direction. In my opinion, that means we should leave behind the notion that markets do everything better than governments once and for all.

The current circumstances also demonstrate the instability of shareholder capitalism. Companies play an essential role in society for their employees, their customers and society as a whole. However, in recent decades, companies appeared to rank the interests of their shareholders above those of society. A

¹ New York Times, [Black Americans Face Alarming Rates of Coronavirus Infection in Some States](#), April 7, 2020

² Mazzucato Mariana, [Capitalism' Triple Crisis](#), Project-Syndicate, March 30, 2020

³ De Groene Amsterdammer, [Corona: De economische maatregelen - Redden we werknemers of bedrijven?](#), 25 March, 2020



painful example is provided by the Dutch Airline KLM, which spent 200 million Euros in recent years purchasing shares in order to stimulate the share price and thus boost executive bonuses. And now KLM is asking for public help to survive, whilst at the same time wanting to fire 1500 - 2000 employees. Socialism for the rich, free market capitalism for the rest. The Groningen economist Dirk Bezemer has done a simple calculation in the Groene Amsterdammer magazine. The money that was spent on purchasing shares would have enabled KLM to pay each of those 2,000 employees € 100,000.⁴ Companies that usually like to play the game of contributing as little to society as possible, such as booking.com, are now at the front of the queue asking for support.

The corona crisis also shows that the *winner takes most* economy is failing. In this economic model, the profits go to a small group of people, while the costs, be it uncertainty, pollution or stress, are dumped on all of us. The risks of our economy are borne by sectors of society that are least able to bear them. This time around, it is flexi-workers and the self-employed who are being hardest hit. This is a privatisation of social risk. It is perfectly clear that many are unable to take these losses. **It is an ideological delusion to imagine that everyone is able to save up sufficient buffers individually to be protected against setbacks.**

Society after corona should be built on the understanding that we all rely on each other

We share a single planet. We share a single country. Anyone who tries to just look after themselves will be powerless in the face of the new risks. No one is invulnerable. In this uncertain world, risk should be distributed fairly. I think we are dealing with a system that has run its course. But at the same time, there is a great deal to be hopeful about. For instance, the strength of our public sector, the innovations of entrepreneurs who are adapting at the speed of light, switching to a more sustainable future, a new realisation of togetherness and solidarity. People are showing “en masse” that they care about each other and are prepared to share. Children are making drawings for the elderly; the elderly are reading stories to children online. Solidarity is a solution, not a problem. It means that any gains made from working together should be divided fairly, that everyone should have a decent basis to their life with social and economic security.

This also means we should re-evaluate the professions where the most important work for all of us is carried out: nurses, teachers, police officers, shelf-stackers, delivery people, public transport workers. Currently, the sky-high pay of the top bosses in business is in stark contrast to the pay of health care workers. Our appreciation, which at the moment we are showing in the form of applause, should be translated into better salaries, less work pressure and more colleagues. And, this re-evaluation of the public sector should be long-term. This is exactly what I learned from the previous crisis. I am proud that we did not cut welfare, despite pressures from the right to do so. I am proud that we found extra money to fight poverty.

⁴ De Groene Amsterdammer, [Corona: De economische maatregelen - Redden we werknemers of bedrijven?](#), 25 March, 2020



I learned that we should have invested earlier and more in the people who actually carry society.

Inequality is also contagious. Countries and companies are competing with each other in a race to the bottom in terms of protection and taxes. We need a vaccine against inequality. The corona virus shows that we are all vulnerable, but that it is the people who are already at a disadvantage, who are hit the hardest. Because they are at a higher risk as frontline workers. Because their underlying health is poorer. Because our economy has shifted too much risk onto people who are unable to bear such risk, for instance flexi-workers, the self-employed and the cultural sector. The virus doesn't discriminate, but it affects the vulnerable much more. The free market philosophy told us we each had to bear our own risk. Success is something you choose, so bad luck is your own fault.

Inequality is persistent, but the good news is that we know exactly which ingredients are needed for the vaccine. Equality of opportunity, re-distribution and a welfare state that belongs to each of us and works for us all. Bad luck is something that can happen to anyone and so we all should be able to fall back on a decent basic lifestyle. Financial considerations should never dominate when it comes to access to essential provisions such as healthcare, education or the justice system.

Socio-economic security for the long term means that we cannot leave job creation to the market alone. Too much that is valuable is currently simply not being done. So, let's give people a *right to work*. Where the market fails, we need to create basic jobs in order to break down loneliness, ensure safe neighbourhoods and care for others. No one needs to stay at home unnecessarily, when there is so much to be done and so much that society still needs.

Getting back onto our feet in a wounded world is impossible without managing our economy

Public values need to be in public hands. The idea that government is no good whereas the market can solve anything and everything, was a delusion. The Italian-American economist Mariana Mazzucato has shown that a great deal of innovation has been the result of public investment.⁵ However, in our current economy, any profits of those public investments are raked in by private interests. The promise that the market was better able to organise public services for a lower price was betrayed more often than it was kept. After corona it is time to be very clear: some services are too important to leave to market forces alone. In the healthcare sector, the key to coping with the crisis turned out to be collaboration. And as far as I'm concerned, that should be the new normal for the future. Not competition. Collaboration. In all of our interests.

The world after corona needs a government that is prepared to invest and prepared to take charge. The land belongs to all of us, not to speculators. Data and information belong to all of us, not to tech companies and app developers. Sustainable energy belongs to all of us, not to the *happy few*. Access to land, information and energy should never be a monopoly and it is the government's job to make sure this doesn't happen.

That means the government should take the lead in developing affordable medicines. The Netherlands should be at the forefront of renewing the bankrupt patent system so that public values take precedence in the development of medicines, not private profit motives, as is currently the case. The power of the pharmaceutical industry has grown too much, at the cost of all of us. In the US, Alex

⁵ Mazzucato Mariana (2015), *The Entrepreneurial State*, Public Affairs



Azar, the Health Minister, was forced to admit that new treatments or vaccines for corona might not be affordable for all Americans.⁶ One obvious solution is to bring the intellectual property rights in the vaccine against corona virus together, so that it is in everyone's interest to share knowledge. Costa Rica has already argued the case for this in the WHO context. The Netherlands should support this idea unconditionally. The National Advisory Council for Public Health advised before that it should be easier to produce our own medicine and thus to break the power of Big Pharma. The government could use compulsory licences to enable pharmacists and other companies to make cheap versions of expensive medicines.

It also means the government should take the lead in ensuring there are sufficient affordable homes. Another lesson I learned from the previous crisis. Just because there is a big recession heading our way, does not automatically mean the end of housing shortages. It is the job of government to keep construction going in periods when the economy is not doing well. Let's break the power of speculators and rack renters, using dispossession if necessary, and make sure that everyone can live in an affordable home.⁷

It also means that information and data remain the property of the people themselves. If we are forced to choose between privacy and our health, many will choose health. Thus, governments should not ask people to choose between the two. As Yuval Noah Harari has explained in the *Financial Times*, this is a false choice. We can and should be able to enjoy our privacy as well as our health. Using high-quality public information, investing in collaboration and large public investments in increasing testing capacity, the government should trust people to act in their own interest as well as in the wider interest of society. That is what we

have seen so far in people adhering to social distancing and hand washing. We are able to keep to the advice because we know it is the right thing to do, not because *Big Brother* is looking over our shoulder.

Some people might object that that would mean the role of government getting out of hand. During the corona crisis, governments were able to place hundreds of millions of people into lockdown, pause the economy and limit personal freedoms. So, it seems to me that after the crisis, we can use that same power to offer people freedom and security. A new social contract between the government and citizens.

Since the days of Margaret Thatcher, the most persuasive argument has been TINA (there is no alternative). "Get used to it!" you could say. But if everything can change in such a short time, that means that we can do a lot more. TINA is dead, long live our imagination.

⁶ Mazzucato Mariana, [Capitalism' Triple Crisis](#), Project-Syndicate, March 30, 2020

⁷ See RLI (2017), *Adviesraad pleit voor modernisering grondbeleid*.



A fair distribution of income and risk means a new social contract with companies

According to McKinsey, in Europe corona has put one in four jobs at risk.⁸ It is therefore only natural that companies are supported. However, it is painful to see companies that for many years have done their utmost to pay as little tax as possible now being amongst the first to ask for help from government. Time to reform the shareholder economy into a new Rhineland model, rebalancing the interests of companies and society.

Therefore, **the massive support offered to companies at the current time must be conditional. And, the public should have a say in ensuring that companies on support serve society as a whole in the future.** Receiving support now means cutting bonuses and salaries at the top of the organisation. Receiving support now means keeping people employed and giving them a say in the running of the organisation. Support now means offering people decent contracts later. Support now means no payment of dividends. Support now means being part of the new post-corona economy later. An economy where companies pay proper taxes, because taxes are used to pay for things that we all need.

Companies that are only interested in chasing profits, that are not concerned with security and that do not add value to society have no right to exist. The future of our jobs and our prosperity requires employers who work together with their employees to focus on the long-term health of their company. And if companies are to be rescued by tax-payers, the public should retain a stake in those companies to safeguard public interest, to ensure that conditionality is met and that the boardroom culture changes for the good.

The corona crisis and the climate crisis have something in common: We are all in the same boat

Anyone who wants to keep the gains of economic growth to themselves and push the costs onto other people and the planet will find those risks boomeranging right back at them. Cooperation is essential. The rise in nationalism, of each country just looking after its own interests, undermining international and multinational collaborations, has to stop.

This is also the right moment to make our economy sustainable and inclusive. Bailouts for airlines should lead to employee participation, to shareholders and bondholders contributing and to a drive towards sustainability. In the economy of the future, it should be more profitable to protect the planet than to destroy it. Costs to the environment should become part of the price of things, a price that should be distributed as fairly as possible. That means large polluters are going to have to start to pay, for instance in the shape of a kerosene tax for airlines.

We should combine the battle against the corona virus with the European Green Deal.

As with housing and medicines, the government should start to play a leading role in order to make sure the green revolution belongs to all of us and benefits all of us. The government should not allow the burden of sustainability to be borne by households only and should ensure the benefits reach each and every single one of us. That clean air without those white aeroplane streaks saves lives too.

⁸ McKinsey & Company, *Safeguarding Europe's livelihoods: Mitigating the employment impact of COVID-19*, April 2020



No country can fight a pandemic on its own

Or the resulting economic crisis. Thus, Hoekstra and Rutte were unwise to blame Italy and Spain for not being ready for this crisis. No one was ready for this crisis. We have a choice: either we secure our future together, as a strong collective. Or we go down one at a time. Corona also marks the start of a new phase for countries within Europe.

A European Union without solidarity is not a union at all. A serious debate about solidarity between North and South means we need to address the fundamental economic imbalance. The advantages for Northern Europe have been quietly accepted (low interest rates, relatively low value of Euro in comparison with the Mark or the Guilder, great export opportunities), while potential support for Southern Europe has been politicised and rejected. Not to mention the questionable role played by the Netherlands in the fiscal area. For too long companies, including Southern European ones, have been able to avoid taxes via the Netherlands. Politicians like Hoekstra and Rutte, who are loudly demanding reforms in the South but who are at the same time unwilling to deal with tax avoidance via the Dutch fiscal system, are deceiving people and causing Europe harm.

I believe in a strong, social and sustainable Europe. For the sake of our own future as well as for international relations. That is why I am in favour of a European Marshall plan aimed at providing social and economic security for all Europeans in order to support our future economy. A European bond makes us strong, divided we will be weaker.

Solidarity as a political task

After the corona crisis, elections will be dominated by reconstruction and dividing up the bill. Even in the most optimistic scenarios, we are heading for a deep recession with higher costs for social security and lower tax revenues, while the national debt will have increased significantly. This means that a technocratic or post-ideological politics will not suffice.

All too often, might is right, while the bill is presented to the most vulnerable. In recent times, the welfare state seemed to be there for large multinationals, while the rest of society was made to cope with raw capitalism. That needs to change. Right-wing politicians will always look to the public sector when dividing up the bill, to those on benefits, to the elderly and to tenants. If progressive politicians fail to offer an alternative, only the populists will be offering hope.

Progressives should work together to protect people and present the bill to those who are best able to pay. The multinationals, the wealthy, those on top incomes and large polluters. Part of that package should be a windfall tax on those that have benefited disproportionately from the crisis and have been long term pariahs of the new economy – the big digital platforms. A windfall recovery tax should be adopted by European progressives as part of our recovery effort. The cost of this crisis must not lead to the impoverishment of the public or cultural sector, on the contrary. It has been disturbing to see how this cabinet, in times of a strong economic climate and surpluses, was quick to give big business the dividends while teachers and nurses were ignored.



**The world after corona: More of the same
will means less for all of us**

I have set out the fundamental choices that we are faced with above. Carrying on in the old way will lead to more inequality and a further erosion of the fundamentals of society. But if we choose a different, new and clean economy, with an active role for government, each one of us can once again be sure of a decent basic existence and each child of a better future. Shareholder capitalism needs to be reined in. There should be a new-found security for those who are now bearing too much uncertainty and shouldering too many risks. More together and less each for themselves.

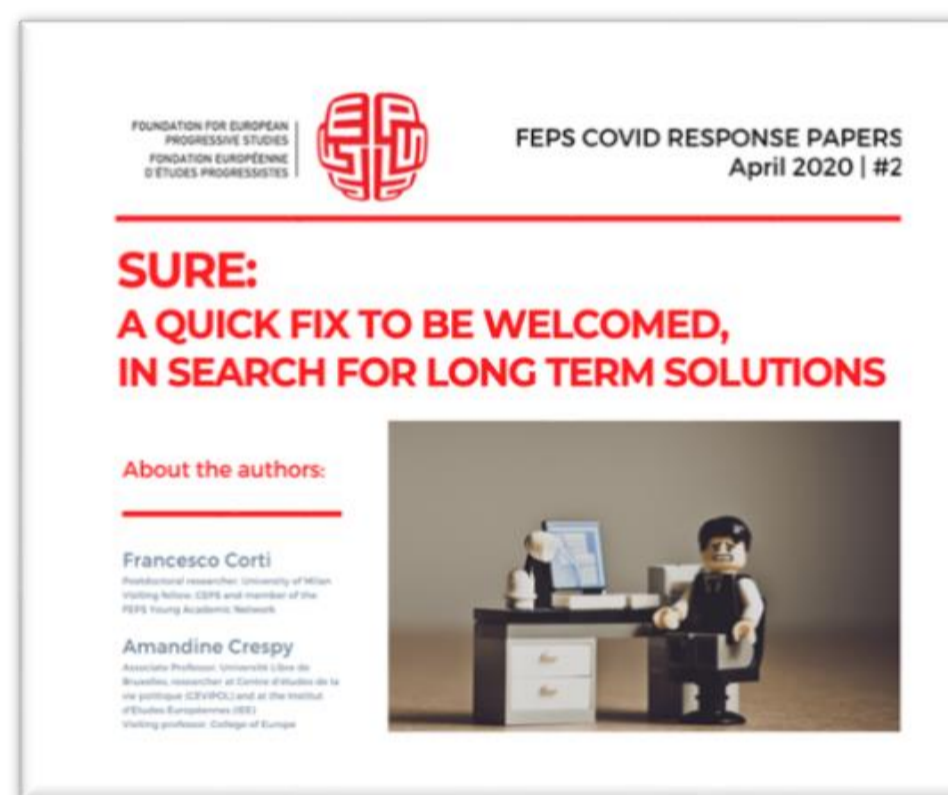
The past weeks have demonstrated that together we are capable of changing our lives radically. That shows what we are capable of. Now it is up to the politicians to use that same power for to share a better future. That is what my grandfather 75 years ago and my youngest son share: hope in a better future. We have the opportunity and the duty after corona to make society fairer and more decent. Let us seize that opportunity together.

ABOUT THE AUTHOR



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Lodewijk Asscher has been the leader of the Labour Party since December 2016. He had previously served as Deputy Prime Minister and Minister of Social Affairs and Employment since 2012. Prior to that, he served as an alderman and deputy mayor in Amsterdam. He holds a PhD in law from the University of Amsterdam where he has also been associate professor.

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