Covid-19 crisis: possible scenarios for the next 18 months

Executive Summary

Covid-19 pandemic: a global seismic shock

Seasonal break, permanent decline of the virus, or second wave to come?

As of the writing of this document, the threat of Covid-19 seems to be dissipating in European countries. **But the pandemic has never been more virulent than today.** “It seems that almost every day we reach a new and grim record,” declared the Director-General of the WHO on June 22, 2020. Given the great scientific and medical uncertainties, the Covid-19 pandemic is very likely not behind us.

Economic, social and political implications

Faced with an unprecedented health threat and as a consequence of their unpreparedness, several governments in the Northern hemisphere in particular have implemented exceptional crisis management measures. More than 3 billion people have been subjected to partial or total lockdown. The current crisis is therefore characterized by the gravity of the health situation but also by the major scope of non-medical health policies.

The consequences are already visible — and will be increasingly salient — in the health sector, the economy and society at large. The sudden, rapid slowdown of the global economy, disruption of production and supply chains, political turmoil, unemployment and job insecurity are all repercussions that may worsen in the coming months, as the support policies of states and international institutions will most probably decrease under progressively constrained budgets.

Towards an increasingly tumultuous future?

Will the Covid-19 crisis prove a brief (albeit brutal) episode, followed by a rapid return to “normal”? **Or will it profoundly change the global economy, and serve to shake up political and social systems?**

Foresight scenarios: decision-making tools in a period of uncertainty

A guide through the fog of the future

As with any crisis, the Covid-19 crisis requires governments, organizations, territories and individuals to make decisions in times of major uncertainty. Long-term solutions and their outcomes will depend very much on the intensity and duration of the current shock and its aftermath. It is, however, possible to:

1. **Analyze** current developments
2. **Anticipate** possible outcomes
3. **Integrate** uncertainty
4. **Encourage** these outcomes being taken into account in the development of public policies and organizational strategies.
Covid-19 scenarios: possible trajectories for the next 18 months

Thanks to its knowledge of rigorous forward-thinking methodologies, Futuribles International Association has set out 11 scenarios to forecast the possible evolutions of the crisis over the next 18 months (the targeted horizon being the end of 2021). These scenarios, built using the tools of morphological analysis, are available on three scales: the global, the European and the French. A table of intersecting issues explores the interactions between these three geographical approaches.

Covid-19 scenarios: for whom and for what?

Like any forward-looking approach, this thinking can be used in two complementary ways by institutions, decision-makers and citizens:
1. To explore the possible consequences of developments on your organization, identifying both the threats but also the opportunities they bring;
2. To identify the most desirable futures and therefore the ways of influencing the course of events in the desired direction.

The proposed materials can be used on several scales:
1. 11 scenarios cover the global, European and French perspectives.
2. 14 micro-scenarios scan the field of possibilities across six specific subsystems.
3. At the most granular level, 41 key variables also offer forward-looking hypotheses.

The full version of these materials is available here, in French only.

Key messages

From this foresight work, Futuribles decided to highlight 15 structural trends or uncertainties for the next 18 months.

On a global and European scale, between instability and unpredictability: extremely open futures

1. The global pandemic peak is still to come; the virus may possibly spread until 2024.
   The facts: The pandemic has been partially controlled in certain geographical areas. But, according to the WHO, the pandemic continues to grow worldwide.
   The outlook: It is uncertain whether effective vaccines or treatments will become available within 18 months. The virus could therefore circulate significantly until 2024. In that case, Covid-19 management would remain a structural dimension of international affairs in the months and years to come.

2. Mass lockdown is a strategy that will probably not be repeated; national health management situations should therefore be more heterogeneous, integrating wider economic and social dimensions.
   The facts: Management mechanisms for this health crisis have been harsh in many countries and are therefore not likely to be repeated. Today, no OECD country is considering a renewed national lockdown.
   The outlook: In the event of a resurgence of the pandemic, health strategies will range from localized lockdowns to a “live and let die” approach. Generalized national lockdowns should not, however, be entirely ruled out. Specific cooperation between states with the same health conditions and/or policies is possible, including co-operation to organize international flows. Heterogeneous management of the spread of the virus could create situations of disparity and tension between neighboring countries. It is also possible that new international systems will emerge to manage future health crises.
3. All countries will be affected by the economic crisis; the risks of additional crises (climate-related, agricultural, political and military) are high; large-scale humanitarian crises are very likely.

The facts: From a health standpoint, the pandemic has affected some countries more than others. In addition, a number of countries have already been afflicted with great social and economic insecurity.

The outlook: Large-scale humanitarian crises are very likely in Africa, India and neighboring countries, as well as in South America. The danger of additional (climate, agricultural, political or military) crises in certain states or regions is also high. Global solidarity is likely to be a challenge.

4. The collapse of some international markets and global value chains creates a risk of systemic crisis.

The facts: The breakdown of global value chains has revealed the lack of resilience of many economic players in respect of shocks. Some international markets have collapsed: automotive, international tourism, aeronautics, wine, luxury, etc. Conversely, the absence of major shortages in most vital sectors so far proves the ability of some value chains to stabilize quickly and become autonomous.

The outlook: There should be some reconfiguration of value chains and international markets, but the question is: how much? Minimal reconfigurations cannot be ruled out. Certain markets may not recover by 2021, especially tourism. Some companies will be lastingly affected by the dismantling of value chains, without necessarily being part of the first sectors that shut down due to the crisis (e.g. staffing agencies, business services etc.). The fall of the hydrocarbon market weakens the banking sector and financial operators. A systemic financial crisis is possible in 2021.

5. The situation in the United States is very unstable and a source of major international uncertainty over the coming months.

The facts: The United States is experiencing a dramatic health crisis, but above all a terrible economic, social and political downturn. There is violent unrest and conflict within the population and the government. Even the possibility of properly conducted American elections in November is seriously in question. Geopolitically, America is withdrawing from a number of international institutions and conflict zones.

The outlook: The country's future appears very open and will have serious consequences for border regions and the global geopolitical order. A long-term weakening of the United States would have impacts on every scale.

6. In China, the situation seems under control (at the time of writing); the country should play an enhanced role on the international scene.

The facts: China appears to be better at controlling the pandemic and its aftermath than the United States. It has imposed itself de facto as one of the leaders in the management of the Covid-19 virus. While the crisis has accentuated existing tensions, particularly between China and the United States, it has not, at this stage, resulted in a major geopolitical shock. These tensions can therefore lead to very open geopolitical scenarios, with possible reconfigurations of the international order.

The outlook: China may want to show that it has the capacity to control the pandemic and set the tone at a global level on high-stakes issues (health, environment, green energy, etc.). This may involve, in particular, a growing hold over international health, manufacturing or environmental standards, as well as the strengthening of its regional ascendancy. In the context of a Sino-American opposition, the European Union’s ability to embody an alternative power and “order” is a major issue.

7. The tensions between the will to strengthen national sovereignties and the desire to revive the world economy as quickly as possible will structure the recovery of international trade.

The facts: The health crisis was an opportunity for rhetoric on autonomy, sovereignty and national independence to assert itself. However, most national economies and multinationals have an interest in a rapid resumption of global trade, without major changes to the rules of the game. Furthermore, the
importance of coordinating health crisis management on an international scale may also contribute to a revival of the globalized economy and curb the desire for national sovereignty.

The outlook: The dialectic between interstate health and economic coordination and national sovereignty aspirations will be omnipresent in the coming months. It will also manifest itself at regional levels, and in particular at a European level.

8. The European Union, with its back against the wall, is at a major turning point in its history: will it move towards disintegration or federalism?

The facts: The circumstances faced by European countries are varied, and the economic situation of some (Italy and Greece in particular) is especially worrying. However, the mutual dependencies between European countries remain central and obvious.

The outlook: The European Union is at a turning point today: it could either veer towards collapse or to strengthening solidarities and interdependencies. The future of a possible European federalism will partly be decided in summer 2020 and will crystallize around the debate on the support and recovery plan proposed by the European Commission.

France on a knife edge

9. New epidemic spikes on the scale of “critical clusters” are very likely. However, a new national lockdown is hard to conceive.

The facts: The global pandemic is at its peak. Contagiousness is high. There is no evidence of a possible “natural” extinction of the virus. There is therefore little chance that France will not be hit by new epidemic spikes.

The outlook: Better knowledge of the virus, the availability of masks, tests, tracing tools, and the experience of crisis management since spring 2020 will lead to earlier detection of outbreaks and more targeted management. A new national lockdown is unlikely. The management of outbreaks will require greater coordination between actors, and greater responsibility being demanded of local populations. A central issue will be protection for elderly and vulnerable individuals.

10. Health crisis management has intensified the generational divide: what policies will be developed for highly vulnerable young people?

The facts: It appears in retrospect that the management of the health crisis made it possible to safeguard the most vulnerable and, above all, the elderly. Furthermore, the vast majority of them did not suffer from loss of income during lockdown. Conversely, many people in the younger generations, faced with much less of a mortal danger, suffered the full impact of the economic, social and psychological shock of lockdown.

The outlook: The crisis will increase economic inequalities in the short and long term, if we take account of the sharp increase in public debt. Within generational groups, the crisis also accentuates inequalities between children in terms of access to education and leisure, between young adults looking for stable employment, etc. How sustainable is this situation and, in particular, how can countries manage generational inequalities? What are the health measures to be taken should the epidemic return? What specific youth policies should be implemented?

11. After a period of economic hibernation induced by lockdown and state support measures, the fragility of the French economy might be revealed by cascading crises. These crises will question the role of the state in the economy.

The facts: Lockdown and support measures for households and businesses (short-time working, deferral of charges, loans, etc.) have staved off reductions in household income, protected businesses and mitigated the rise in unemployment. Yet the French economy is fragile, dependent on domestic consumption, but also very exposed to international markets. The French economy is closely bound up with the face-to-face economy (services and retail), which is dependent on individuals’ confidence in the future and a rebounding of household consumption. So far and in previous crises, the French have
strongly favored savings. The French economy is also dependent on a few large sectors that are very exposed: aeronautical construction, international tourism, cars, luxury, etc. France appears to be the OECD country that could experience the strongest recession in 2020 and find recovery difficult. However, the French government will surely not be able to keep the economy on life-support over the long term.

The outlook: With declining state support, especially if consumption does not take off again, bankruptcies and layoffs are likely to increase and have major impacts on employment. The renewal of the current economic fabric could lead to companies engaging in more outsourcing: a marked increase in self-employment is to be expected. The redefinition of the state’s role in the economy will arise in a very concrete way: what support is to be provided to companies and under what conditions? Having provided back-up and support for the failing economy, the state will also be held responsible in the event of a major economic crisis.

12. The crisis has deeply destabilized a number of already weakened public institutions (education, health, justice, security). What are their capacities for renewal?

The facts: Lockdown caused a major disruption of certain administrative services essential to public life. The lack of preparation of the health system has been widely acknowledged. But the judicial and education systems, in particular, have also seen their functioning greatly hampered by lockdown and the new health protocols. The crisis has also been an indicator of previous dysfunction.

The outlook: Will the crisis be an opportunity for reinvesting (financially and with human resources) in these public institutions, which are today partly inadequate? Or could they be further destabilized in the weeks and months to come? The ability of the education system, in particular, to overcome the crisis and the increased inequalities it has caused, will undoubtedly be crucial for social cohesion.

13. The combination of increased social insecurity, a growing sense of inequity, and serious, lasting distrust in politics may lead to an eruptive social climate in the coming months.

The facts: For several years, social movements have been numerous and the social climate tense: movements against the Labor Law and against pension reform, “yellow vests”, environmental movements, etc. Debates over law enforcement operations and the issue of police violence are making the situation worse.

The outlook: The foreseeable increase in bankruptcies, unemployment, job insecurity, decreases in state aid and targeted support for certain sectors and segments of the population could accentuate the sense of injustice and see particular movements become radicalized and even join together. The announcement of major budgetary decisions and the major political and economic guidelines accompanying them, as well as the capacity of the government broadly to bring the social body together, will undoubtedly be crucial in determining the social and economic climate of fall 2020 and the year 2021.

14. Public action has adapted under pressure and in an emergency: is it moving towards recasting its methods around local provision and around cooperation between actors?

The facts: The social protection system served once again as a shock absorber for the crisis, but at a high cost. Institutional and national solidarity were complemented by the rise of informal solidarities in local territories, where large associations were also disrupted in their operations. In general, local bodies have organized creative responses to needs prompted by the health crisis.

The outlook: The question arises of quickly redesigning solidarity networks in various territories. The stakes will be high for new municipal teams. For local authorities, it seems essential to invest in local action, as well as in the involvement of businesses in their territories, and in strengthening citizens’ capacities to get involved in meaningful actions. This is true for solidarity with the most disadvantaged but may be so more broadly in other areas of social life too (living environment, education, culture, sport, etc.).
15. The Covid-19 crisis is playing a role in accelerating the transformation of lifestyles, which could result, in the short term, in greater numbers leaving the densely populated metropolises as remote working increases.

The facts: The lockdown period brought major changes in lifestyle over the course of a few weeks, in particular by promoting a focus on the household. Beyond the negative aspects, it revealed the aspirations of a large proportion of workers to work remotely. In addition, the announcement of the lockdown caused an exodus of inhabitants from metropolitan areas (the Ile-de-France region lost 17% of its population during lockdown) who had the possibility of living elsewhere (secondary residences, family).

The outlook: The prospect of repeated health crises, the—brief—experience of a possible social life outside of the major cities, a lesser dependence on the physical workplace (job loss or remote working), the fairly widespread aspiration for a lifestyle closer to nature, and more constrained budgets are tendencies that could combine and lead to a decline of large cities (particularly Paris), much to the benefit of medium-sized cities, or even certain rural areas.

Scenarios for the next 18 months (short versions)

In light of these findings and perspectives, four scenarios have been proposed at the global level, three at the European level and four in respect of France.

World

• The New Cold War
Characterized by an increase in Sino-American tensions and a polarization of international stances around this rivalry, this scenario envisages a health situation under control in the developed countries, but less so in the developing countries. For the latter, the economic situation is particularly critical and this accentuates the structuring of zones of influence around the two superpowers. Multilateral institutions are becoming increasingly ineffective. The European Union is forced to choose sides.

• A Multipolar World
In this scenario, the health situation remains lastingly disparate at the global level. This troubled context causes major, long-lasting disruptions to world trade. Countries or regions experiencing similar health conditions establish enhanced cooperation not only in the field of health but economically and politically. Value chains become firmly regionalized as a result, reinforcing the world’s polarization around Sino-American tensions.

• Back to Business
Here, the pandemic is widely controlled at a global level, through health measures, treatments, and vaccines. Priority is given to reviving the economy along the lines most familiar to businesses and states, hence very similar to the pre-crisis period. Measures of international solidarity are put in place to help the countries most in difficulty. The pre-crisis international order continues as before. However, collective action on health and ecological issues emerges strengthened from the crisis.

• The Dark Ages
In this scenario, red lights are flashing everywhere. The pandemic, out of control internationally, produces a catastrophic health situation. In response, states keep their borders closed and international trade is profoundly disrupted. Supply chains break down, particularly in the food industry, which leads to numerous shortages in high-importing countries, and particularly in energy-dependent rentier countries, whose resources are collapsing. Social and humanitarian crises proliferate in a context of generalized panic.
**European Union**

The European scenarios highlight how historic this moment is for the European Union.

- **Stalemate**
  This scenario envisions a degraded health context in Europe, with major resurgences of the pandemic in the fall of 2021 and winter 2021-22. The disparate situations of the countries from a health and also economic point of view cause them to favor strategies dictated by their national interests. Borders close, the recovery plan proposed by the Commission is not adopted at its initial level of aspiration, anti-European and anti-system social movements make advances in many countries. In this unstable context, the economic crises besetting certain countries (Italy, Greece, etc.), and the migratory and humanitarian crises within or at Europe’s borders accentuate the divergences between member states and highlight their lack of solidarity. Member states form piecemeal alliances with China or the United States. Internal and external differences sound the death knell of the Union.

- **Selective Cooperation**
  In this case European countries, subject to a recurrence of pandemic hotspots, react in piecemeal fashion. However, the member states most affected by the crisis and keenest to maintain European cooperation to stabilize their economies override the opposition of the countries that are reluctant to pool debts in a coordinated strategy. Though the European recovery plan is not ratified unanimously, Germany and France nonetheless conduct new bilateral negotiations in late 2020 aimed at temporarily promoting instruments of solidarity with a small circle of countries. In 2021 targeted sectoral recovery plans are thus coordinated, as a function of the interests of a number of countries: aeronautical construction, the automobile industry, pharmaceuticals and health products. In this context, the European institutions (notably the ECB but also the Commission and the Parliament) are left in the background, as most decisions are arrived at between member states.

- **Towards Federalism**
  This scenario explores enhanced cooperation within the European Union during the crisis. The crisis poses unprecedented problems for Europe: homogenizing strategies for managing the epidemic (periods of lockdown, opening of borders, testing, etc.), but also providing economic support to the growth-driving countries most at risk, in order to avoid a general collapse. Health coordination within the EU is established and the borders between countries with similar health situations are opened in the summer of 2020. In the economic field, a number of successive plans are implemented, including in particular a common recovery fund, funded by the European Commission’s first borrowing on the financial markets, and partly reimbursed by an increase in member states’ contributions to the European budget. This pooling of debt firms up European citizens’ confidence in the European institutions. At the same time, the Union reinforces its federalism by introducing new carbon and digital taxes at its borders to develop new resources of its own.

**France**

- **Dislocation**
  In this scenario, the virus is continuously present until the end of 2021, strongly affecting France, and this justifies the redeployment of drastic health management policies: localized lockdowns, surveillance measures, screening tests, strong constraints on movements of population and goods, etc. After a catastrophic 2020, the economy progresses erratically, fluctuating as the health situation evolves. Companies are cautious and manage the recovery by making jobs as flexible as possible. Job insecurity therefore increases sharply. A sense of injustice too. The policy of economic recovery at all costs, without priority given to maintaining household consumption or to ecology, provokes multiple, increasingly radical, violent and united streams of protest. The state therefore devotes ever more resources to managing law and order. The very tense social climate is almost insurrectionary by the end of 2021.
• **On a Knife Edge**

This scenario describes France’s trajectory if current trends were to continue. The globally controlled pandemic nevertheless re-emerges periodically in the form of territorial or even regional hotspots. Health policies are differentiated by territory and population. A degree of excess mortality is accepted and no new national lockdown is envisaged. The Government’s priority is economic recovery, which is effected by conventional methods and based in particular on support plans for the most affected sectors. The ecological dimension is almost absent from these plans or remains superficial. The priority is to maintain employment, income and consumption. These measures do not prevent certain sectors (tourism, aeronautics, etc.) from being hit by the crisis. After a fall in GDP of 10-12% in 2020, recovery remains weak in 2021 (4-6%). In this context, households remain cautious. The social climate is gloomy, but social movements are not very structured or dynamic. The French seek above all to hold on to what they have.

• **Green New Deal**

This scenario depicts a positive exit from the crisis. The health crisis appears to be an opportunity to initiate a major, mobilizing ecological and social transition. The deep economic crisis of 2020 (fall in GDP of 12-15%) in any case requires a profound restructuring of the economic fabric. An ambitious recovery plan is launched in the fall of 2020 to promote the emergence of a green, sustainable economy. Massive public investments are scheduled over several years to encourage the shift towards the greening of businesses and individuals. This policy draws on a renewed optimism within the population, an optimism encouraged by relative control of the pandemic from the summer of 2020 onwards. Reinforced by its good management of the health crisis, the state has the necessary legitimacy to initiate this Green New Deal, which, in particular, involves major reconfigurations of public action aiding the coordination of local actors.

• **Great Depressions**

This is seen as a scenario of social and economic contraction. The health situation has not stabilized. There are chronic recurrent epidemic spikes and the care system is frequently overwhelmed. Whole swathes of the economy are devastated — particularly in the face-to-face economy and in sectors which are very dependent on international demand. GDP drops between 12 and 15% in 2020 and remains stable in 2021. Business bankruptcies and unemployment are skyrocketing. The informal economy is growing and becoming an essential safety net. The social climate sours: loss of confidence in the future, distrust of the state and various forms of dissatisfaction (unemployment, absence of ecological transition, etc.). Citizens turn in on themselves. The state is increasingly powerless, and the social protection system is under stress.

**Access to full document (in French) on our website:**