Opinion

It's 2022. What Does Life Look Like?

The pandemic could shape the world, much as World War II and the Great Depression did.

By David Leonhardt
Mr. Leonhardt writes The Morning newsletter.

July 10, 2020

graphs from Getty Images

It's 2022, and the coronavirus has at long last been defeated. After a miserable year-and-a-half, alternating between lockdowns and new outbreaks, life can finally begin returning to normal.

But it will not be the old normal. It will be a new world, with a reshaped economy, much as war and depression reordered life for previous generations.

Thousands of stores and companies that were vulnerable before the virus arrived have disappeared. Dozens of colleges are shutting down, in the first wave of closures in the history of American higher education. People have also changed long-held patterns of behavior: Outdoor socializing is in, business trips are out.

And American politics — while still divided in many of the same ways it was before the virus — has entered a new era.

ADVERTISEMENT

All of this, obviously, is conjecture. The future is unknowable. But the pandemic increasingly looks like one of the defining events of our time. The best-case scenarios are now out of reach, and the United States is suffering through a new virus surge that's worse than in any other country.

With help from economists, politicians and business executives, I have tried to imagine what a post-Covid economy may look like. One message I heard is that the course of the virus itself will play the biggest role in the medium term. If scientific breakthroughs come quickly and the virus is largely defeated this year, there may not be many permanent changes to everyday life.

On the other hand, if a vaccine remains out of reach for years, the long-term changes could be truly profound. Any industry that depends on close human contact would be at risk.

Large swaths of the cruise-ship and theme-park industries might go away. So could many movie theaters and minor-league baseball teams. The long-predicted demise of the traditional department store would finally come to pass. Thousands of restaurants would be wiped out (even if they would eventually be replaced by different restaurants).

The changes that I'm imagining in this article are based on neither an unexpectedly fast or slow resolution, but instead on what many scientists consider the baseline. In this scenario, a vaccine will arrive sometime in 2021. Until then, the world will endure waves of sickness, death and uncertainty.

ADVERTISEMENT

Before we get into the details, there is one more caveat worth mentioning: Many things will *not* change. That's one of history's lessons.

The financial crisis of 2007-9 didn't cause Americans to sour on stocks, and it didn't lead to an overhaul of Wall Street. The election of the first Black president didn't usher in an era of racial conciliation. The 9/11 attacks didn't make Americans unwilling to fly. The Vietnam War didn't bring an end to extended foreign wars without a clear mission.

Yet if the pandemic really does shape life for the next year, it will probably be remembered as a more significant historical event than those precedents. It could easily be the most important global experience since World War II and the Great Depression. Events that hold the world's attention for long stretches — and that alter the rhythms of everyday life — do tend to leave a legacy.

Illustration by Zak Tebbal; Photograph from Getty Images

Weak companies will die

"It's only when the tide goes out," Warren Buffett likes to say, "that you learn who's been swimming naked."

His point is that companies with flawed business models can look healthy in good times. Out of habit, many customers continue to buy from them. But when the economy weakens, people have to make decisions about where to pull back. They often start with products and services that they find the least valuable or that they can replace with a cheaper alternative.

A downturn, says Emily Oster, a Brown University economist, "is an opportunity to revisit inefficiencies." And the coronavirus is likely to cause a larger version of this phenomenon than a typical recession.

ADVERTISEMENT

Local newspapers will be one casualty. They were already struggling, because Google, Facebook and Craigslist had taken away their main source of revenue: print advertising. Between 2008 and 2019, American newspapers eliminated about half of all newsroom jobs.

The virus has led to further declines in advertising and more job cuts — and could end up forcing dozens more papers to fold or become tiny shells of their old selves. If that happens, their cities will be left without perhaps the only major source of information about local politics, business, education and the like.

Traditional department stores are another example. In recent years, they have lost significant business to online retailers and quietly lost even more to big-box stores. Many Americans have decided they prefer either specialty stores (like Home Depot) or discount stores (like Costco) over the one-stop-shopping experience that Sears, Macy's and J.C. Penney have long offered.

Now the virus has interrupted in-person shopping and caused many consumers to shift even more business online, to Amazon, Target and Walmart. "The retailers doing fair to poorly are absolutely not coming out of this," said Mark Cohen, a former executive at Sears and Federated Department Stores who teaches at Columbia Business School. "Many, many of them are going to fail, have already failed or will fail when they reopen."

If they do, they will create spillover victims — the hundreds of malls that rely on department stores for rent and foot traffic. The roughly 250 fancier malls around the country, like The Westchester in suburban New York and The Galleria in Houston, are likely to survive, Mr. Cohen predicted. Some will convert old stores into spaces for experiences, like dining, bowling, medical care or a golf driving range.

But many of the country's remaining 1,100 or so traditional malls are at risk of failing. Even before the virus, Amazon turned two former malls near Cleveland into warehouses, a physical manifestation of changing shopping habits.

A third at-risk industry — higher education — is a bit different from the others, because it's so heavily subsidized by the government. Yet dozens of colleges, both private and public, are facing real trouble.

ADVERTISEMENT

College enrollment in the United States has been growing almost continually since the Civil War. It kept growing even after the baby boomers finished college, because a rising percentage of young people were enrolling. But the 150-plus-year boom appears to have ended about a decade ago. Undergraduate enrollment fell 8 percent between 2010 and 2018.

Why? Birthrates have fallen, and the percentage of young people going to college isn't rising significantly anymore. The population trends are especially stark in the Northeast and Midwest, where many colleges are. Late last year, the Chronicle of Higher Education published a bracing report called, "The Looming Enrollment Crisis."

The virus is exacerbating almost every problem that colleges faced. They have already lost revenue from summer school, food service, parking fees and more. Perhaps most significant, the recession is hammering state budgets, which will probably lead to future cuts in college funding.

The immediate question is whether colleges will be able to bring back students this fall, as administrators are desperately hoping. If they can't, enrollment and tuition revenue are likely to drop sharply, creating existential crises for many less selective private colleges and smaller public universities.

Yuval Levin, a conservative policy expert and the founding editor of National Affairs, put it this way: "The top 20 schools are probably not going to change. But what is actually higher education — more than 4,000 universities — I think will change a lot."

Of course, business failures can be healthy. They are part of the "creative destruction" that the economist Joseph Schumpeter famously described, allowing more efficient and innovative rivals to rise. The disappearance of many old department stores won't be a tragedy if they are replaced by stores people prefer.

But some of the virus-related destruction will have damaging side effects. When local newspapers close, corruption and political polarization tend to rise, while voter turnout tends to fall, academic research has found. Cuts to higher-education budgets could make it even harder for poor and middle-class students to graduate.

ADVERTISEMENT

"The biggest danger that we face as a sector," Ted Mitchell, a former college president who now runs the American Council on Education, an industry group, told me, "is a loss of the gains we've made over the past 20 years in the access for first-generation and minority students."

Illustration by Zak Tebbal; Photograph from Getty Images

Habits will change

If you talk to students, parents and teachers about remote learning during the pandemic — from preschool through college — they're likely to tell you that it's been disappointing. It went "very, very badly" last spring, Mr. Levin says, and many parents assume it will not be much better this fall.

But if you talk to white-collar workers about their experiences with videoconferencing, you will hear a different story: It doesn't replace the richness of in-person conversations, but many meetings work perfectly well over Zoom, FaceTime or Google Meet.

Millions of workers are returning to the office or will be soon. Many have no choice, including teachers, janitors and retail workers. But for many white-collar workers, the remote-work experiment shows no sign of ending — a trend that could depress the commercial real-estate market and business travel long after a vaccine is available.

Twitter has told many employees that they can plan to work from home forever. In New York, several major companies, including Barclays, JP Morgan Chase and Morgan Stanley, have said they don't expect to use as much Manhattan office space as they did before the pandemic.

As Satya Nadella, Microsoft's chief executive, said this spring, "We've seen two years' worth of digital transformation in two months." Working from home creates its own efficiencies — less time spent on traffic-clogged roads, more flexibility for parents and people caring for elderly relatives.

ADVERTISEMENT

Mark Zandi, the chief economist at Moody's Analytics, has 200 economists around the world who report to him, and he has noticed that they are more efficient than before the pandemic struck. In the past, he would often get on a plane for a short meeting with a few economists. The virus has caused them to move these meetings online, where they share screens with one another and work on databases at the same time.

"We've gotten used to it very quickly and like it," Mr. Zandi said. "I just don't see us going back." Because other businesses are having the same experience, he predicted, "Business travel is going to fundamentally change."

In-person meetings and conferences will continue to happen. But the threshold for what requires travel, and the time, cost and fatigue it brings, will rise. "Maybe we've discovered that we don't need to travel as much as we did before," said Cecilia Rouse, the dean of Princeton's School of Public and International Affairs. American Airlines and Delta Air Lines recently offered buyouts to employees, and Airbus cut thousands of jobs, signs that the companies expect airline travel to be depressed for years.

The larger theme is that crises can force or accelerate behavior changes. Some of the old behavior will revert when the pandemic ends. But not all of it will. In some cases, people will realize that they were sticking to old habits out of inertia and prefer their new habits.

Illustration by Zak Tebbal; Photograph from Getty Images

Politics will shape the economy

The biggest source of uncertainty about the post-virus American economy is political. Past crises have transformed the economy, but almost always because of government policy.

The Civil War allowed Abraham Lincoln and his allies to create a transcontinental railroad and a national network of public universities. The Great Depression led to a raft of federal laws that reduced inequality. The housing crisis that began in 2007 helped elect a Democratic president and Congress that extended health insurance to millions of people.

ADVERTISEMENT

If President Trump wins re-election this year, it may not lead to any major new economic legislation, partly because he has not proposed any. But Mr. Trump would continue to have vast regulatory authority, and he is likely to continue giving businesses more flexibility to behave as they want.

One of the key post-virus implications could be further consolidation in many industries, with big companies becoming even bigger. Early signs indicate they are surviving the lockdown better than smaller rivals, in part because they have more cash on hand, better access to loans and an easier time switching to online sales.

Consolidation, in turn, tends to increase income and wealth inequality, in part because the largest companies are run by highly paid executives, typically based in major metro areas, and the companies' stock is disproportionately owned by the affluent.

"My basic fear," Heather Boushey, a leading progressive economist, said, "is that it leads to a rule by the oligarchs."

At this point, however, Mr. Trump is the underdog; he trails Joe Biden in both national and swing-state polls. Democrats also have a realistic chance to retake control of the Senate. (They would need to win five of the 11 races that appear competitive.) If Democrats control both the White House and Congress, they will be poised to embark on a sweeping economic agenda.

Some analysts believe that they may even see some support from across the aisle. A big Trump loss, amid a pandemic and recession, could jolt the Republican Party into being more open to government action. "The debate for Republicans to be having in the 21st century is not big or small government — it's what do we need from our government," Mr. Levin said.

Jake Sullivan, a top Biden adviser, said: "Even Republicans — younger Republicans — have recognized that the center of gravity is shifting on the relationship between the state and the market." The virus, he added, "will only accelerate that."

ADVERTISEMENT

True, predictions of forthcoming Republican moderation haven't

fared well in recent years. Yet even if they again prove wrong, Democrats may pursue an ambitious agenda by abandoning the Senate filibuster, as many progressives favor, and passing legislation on a majority basis.

That agenda is shaping up to have two defining features. The first is reducing inequality — through higher taxes on the rich, greater scrutiny of big companies, new efforts to reduce racial injustice and more investments and programs for the middle class and poor, including health care, education and paid leave. The second is acting on climate change, which could cause even more global misery than the coronavirus. “Climate change cannot be solved by the private sector,” Senator Chuck Schumer, the Democrats’ minority leader, told me. “People under 45 realize it.”

Mr. Biden may not seem like a history-altering figure, certainly like less of one than Barack Obama did. But he could wind up presiding over a larger scale of political change than Mr. Obama did, for reasons largely independent of the two men themselves.

Ms. Boushey, who runs the Washington Center for Equitable Growth, argues that progressives are better positioned to pass sweeping change in 2021 than they were in 2009, after the financial crisis. Then, the only major policy area in which Democrats had a comprehensive, politically viable plan was health care — and, not coincidentally, it became Mr. Obama’s biggest policy success.

“Although you had this crisis, you didn’t have the ideas that were ready to go,” Ms. Boushey said. Today, by contrast, progressives have spent years working through the details of plans on climate change, high-end tax increases, antitrust policy and more. And while Mr. Obama’s team had only a couple of months to plan for taking office amid a national crisis, Mr. Biden’s team would have almost a year. “There is a whole vision that I think is ready,” Ms. Boushey added. “And there is a lot more runway.”

Mr. Biden and congressional Democrats would need to avoid getting bogged down in intramural squabbles between the center and the left. But the potential exists for the farthest-reaching period of legislative change since Ronald Reagan’s presidency.

In less than 15 years, the United States has suffered the biggest two economic crises since the Great Depression, the worst pandemic in more than a century and the election of two presidents unlike any before them — and diametrically unlike each other. If there is a single lesson of the current era of American politics, it’s that change can happen more quickly than we imagined.

The Times is committed to publishing a diversity of letters to the editor. We’d like to hear what you think about this or any of our articles. Here are some tips. And here’s our email: letters@nytimes.com.

Follow The New York Times Opinion section on Facebook, Twitter (@NYTopinion) and Instagram.

ADVERTISEMENT