

Covid

Commerce After Covid

by Walter Frick

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Summary. Three years after the coronavirus pandemic began, what lessons have we learned? Four new books—*The Big Fail*, *Lessons from the Covid War*, *The Phoenix Economy*, and *Chaos Kings*—and a blog series on *Crooked Timber* search for answers. They examine the... [more](#)

The Covid-19 pandemic exposed just how fragile the global economy really is—and simultaneously transformed it forever. Books about the crisis tend to focus on one effect or the other: They either catalog the things we learned and cannot unsee or explain why we are never going back.

The most obvious Covid-related revelation was that the world—and especially the United States—wasn't prepared for a pandemic. In their upcoming book, *The Big Fail: What the Pandemic Revealed About Who America Protects and Who It Leaves Behind*, two veteran reporters, Joe Nocera and Bethany McLean, detail the myriad missteps in our response. They acknowledge that the uninterested Trump administration deserves considerable blame for its inept handling of the outbreak but point out that it was just one failure among many.

For example, the scramble to secure personal protective equipment highlighted just how much mask production had been outsourced—despite warnings that in a crisis, the countries making masks would prioritize their own populations, so trade in them would wither. Neither hospitals nor governments had the foresight to understand that resilience was worth the higher cost of stockpiling inventory or keeping manufacturing close to home.

Lessons from the Covid War: An Investigative Report, written by a group of academics, offers an explanation for many of the failures that Nocera and McLean describe. The authors outline three modes of governance, centered on processes, research, and operations. (This sounds a lot like the work of lawyers, scientists, and managers, respectively.) While private corporations focus on and prioritize operations, within the U.S. government that capability has atrophied even as the number of formal processes has grown, the authors contend. Covid revealed that the public sector in many cases has lost the ability to connect ends to means; at least in a crisis it lacks good management.

Then there are the wider lessons we learned. In a series of posts for *Crooked Timber*, the excellent group blog that recently turned 20, the economist John Quiggin uses the pandemic as a lens into the role of luck in financial success and physical health. For instance, some young people had the misfortune of entering the job market during the pandemic. They're no different from their peers who are three or four years older, but that chance

circumstance will most likely dampen their earnings for a long time to come. Luck also played a part in who got sick and who didn't. "Some of these differences may be traced to individual choices...such as deciding whether to wear a mask in public places," Quiggin writes. "But mostly they are a matter of being in the wrong (or right) place at the wrong (or right) time." Class looms large here: "As is usual, the poorest members of society have been most exposed both to the risk of death and disease and to economic hardship," he writes. Quiggin notes that social class is often the result of luck too, because it may hinge on where you're born and to whom and isn't a matter of choice or merit.

Regardless of the random nature of its effects, the pandemic was a deadly reminder of just how much we burden individuals with responsibility for navigating even an extreme crisis on their own. In the early days of Covid, as communities applauded essential workers and studied up on the core tenets of public health, it briefly seemed possible that people would emerge more attuned to their dependence on others and become more communal in their outlook. But that sort of shift in public consciousness proved temporary. Instead, the transformations we got were Zoom calls, meme stocks, and the return of inflation.

In *The Phoenix Economy: Work, Life, and Money in the New Not Normal*, the journalist Felix Salmon explores the world that will rise from the ashes of the crisis. He touches on the obvious shifts, like more remote work and companies' favoring resilience as much as efficiency. But his primary thesis is more abstract and interesting: The world will continue to become more unpredictable. In business, in politics, and in life we will wake up to the combination of "inequality, uncertainty, and precarity" that defines our era.

Who benefits from a more uncertain world? One answer is traders. Salmon has a chapter on the meme stock mania of the pandemic, but *Chaos Kings: How Wall Street Traders Make Billions in the New Age of Crisis*, by the journalist Scott Patterson, is all about the

hedge funds that profit from “black swan” events. Even when times are good, these funds help their clients hedge against worst-case scenarios. Unsurprisingly, some of them were warning about the corona-virus in January 2020, when most people around the world were still blissfully unaware. The book opens with the story of the investor Bill Ackman, who began worrying about the virus early in the year and by late February was purchasing credit default swaps in anticipation of a crash. That bet paid off, and within a few weeks he was selling those swaps to investors who were just waking up to the severity of the crisis.

The chaos kings are the apex predators of Salmon’s phoenix economy. They’re sometimes impressive in their foresight and clearheadedness; they face up to the risks that many of us would rather ignore. But they’re not always so admirable—as Nocera and McLean also make clear. *The Big Fail* has a memorable chapter on the market for personal protective equipment. In 2020 hedge funds tried to buy it and its manufacturers up, while fraudsters tried to get paid for equipment they never even had. Without transparency and oversight, the market proved all but useless. Some speculators may have profited, but hospitals and health officials were unable to get critical supplies.

Are we doomed to repeat that grim scenario more and more frequently in an increasingly unpredictable world? Salmon manages to end on an optimistic note, emphasizing the potency of compassion and generosity. But those qualities are often inadequate without the power of collective action—usually by the government. That’s why the conclusion of *Lessons from the Covid War* is so chilling: We seem to have lost the ability to collectively manage crises at the same time that we are expecting more of them.

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