



Scenario Thinking Redux: Revisiting Our Scenarios for the COVID-19 Future

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Scenario Thinking and the COVID-19 Crisis

In late April and early May 2020, a little more than a month into the acute phase of the U.S. pandemic, we sketched out four simple scenarios designed to capture critical uncertainties about how the pandemic would impact American society and politics over the following year.

Like everyone at the time, we were staggered by the **magnitude of uncertainty** we all faced.

[Was America entering a second Great Depression?](#) The shock of our economy going into lockdown, people quarantining at home, offices and factories closing, the stock market collapsing and unemployment surging certainly suggested that was possible.

[Were we heading for a mass casualty event](#) on par with the Spanish Flu, which was estimated to have killed more than 50 million people worldwide? Nobody could tell due the paucity of data and understanding of the virus.

Most significantly, [would the basic functioning of our society hold up](#) in the face of these stresses? Images of people hoarding toilet paper, water bottles and canned goods left many people wondering if essential services would hold up and worrying in almost apocalyptic terms what would happen if they didn't.

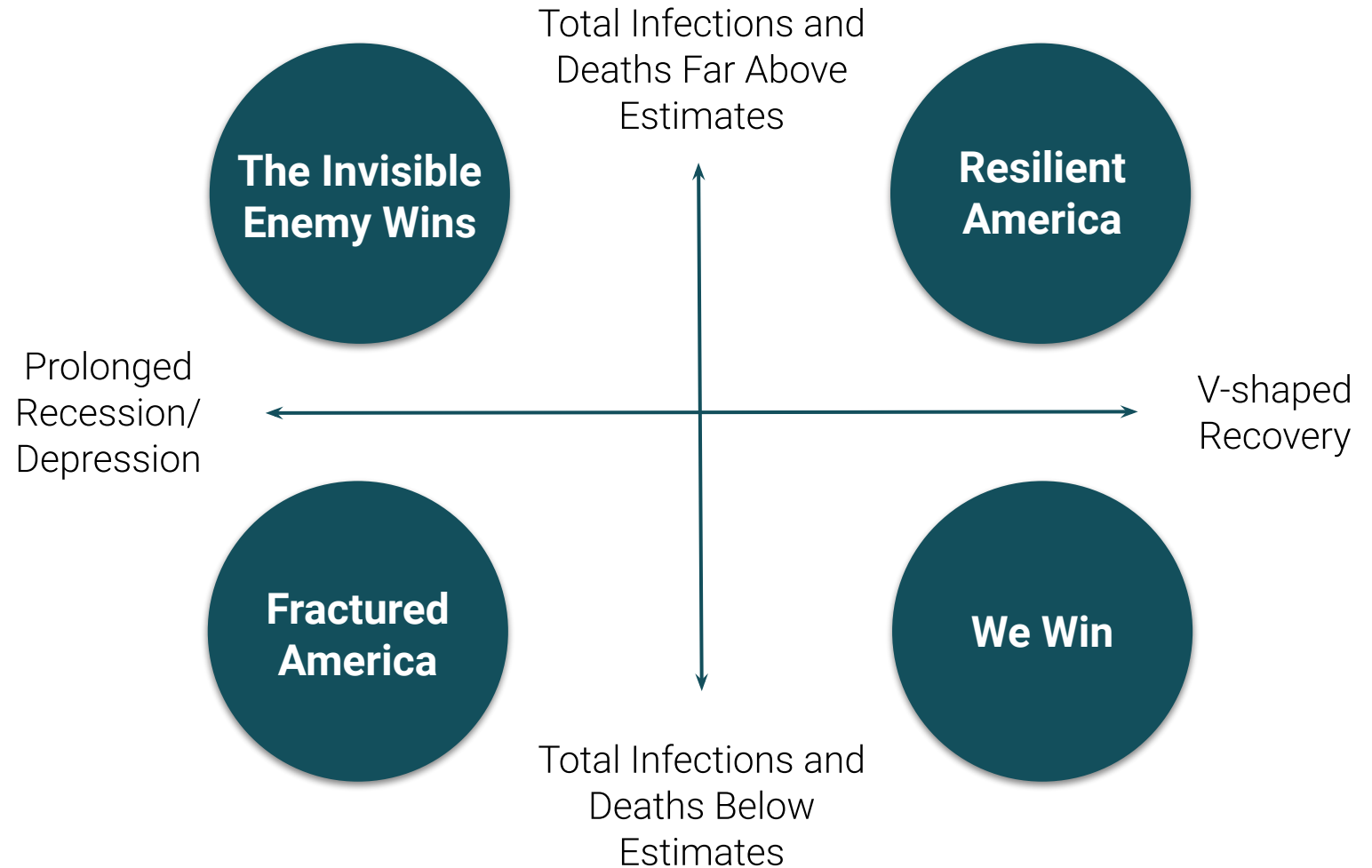
Constructing our COVID-19 Scenarios

- The unprecedented nature of the pandemic was causing everyone – ourselves very much included – to fall victim to two equally problematic fallacies:
 1. Strategic paralysis in the face of a situation with no recent parallels (“We cannot plan until we know how long it will take to get the virus under control”); or
 2. Planning based on false certainties (“We are certain the economy can only recover when the virus is under control”)
- Scenario Thinking offers an antidote to those traps by eschewing precise predictions and, instead, enables us to explore a range of plausible futures and look across them for relevant and actionable insights.
- We built a scenario model based on two simple but fundamental uncertainties:
 1. Whether morbidity and mortality associated with COVID-19 would exceed or fall short of the baseline projection of the WH Task Force, which estimated at that time 100 to 240 K deaths in the U.S.
 2. Whether the economy would be stuck in a sustained recession over the course of 2020, or whether it would rebound more quickly (we took as a model definition negative economic growth, unemployment about 10% and increasing in Q4 to signify recession/depression; and a more V-shaped recovery as unemployment below 10% and growth either flat or positive in Q4)

Constructing our COVID-19 Scenarios

As always with a good model, we tried to simplify, exaggerate, and then layer complexity back in. Here is [what we came up with](#):

For each scenario we developed logical stories about what the world would look like, who would stand out as heroes and villains, what the 2020 presidential election would be like, and what the 2021 agenda would likely become, with the conceit of a high-level theme for the inaugural address that a new President would deliver. We also wrote down 'leading indicators' for each scenario — a set of observable sign-posts that the world was heading in this direction.





Looking Back:

Lessons learned from our model
9 months later

Lessons Learned

So what have we learned from looking back at this model 9 months later?

- First thing to say is what we did not learn — that we somehow ‘got it right’ by imagining the possibility of a mortality rate that exceeded the WH Task Force’s projections and an economy that returned to growth relatively quickly (the scenario we called “Resilient America”)
 - Scenario thinking is not about predicting the future and we did not attach probability estimates to our four scenarios.
- That said, this exercise allowed us to imagine and paint a picture of something that few were considering at the time – that the health impacts of COVID-19 and economic performance would be almost un-correlated. It’s exactly the type of counter-intuitive insight that leaders in business, government, investment and elsewhere need to grapple with in order to plan effectively in the face of uncertainty and build an informed portfolio of options.
- In other words: Can it happen, how would we know sooner than others, what should we do now to position ourselves, and what would we need to see in order to place a big bet — these are better questions than ‘will it happen’ and ‘should we bet everything on it right now’.

Lessons Learned

What we were able to foresee with pretty good fidelity:

- **The constructive impact of social learning from the 2008-9 financial crisis.** It's easy to forget, but in 2008 policy makers were extraordinarily reluctant to deficit-spend, while the Fed was scarcely able to keep the financial system from collapse. By contrast, in less than 9 months Congress has provided over \$2 trillion dollars in fiscal stimulus and is contemplating another \$1.9 trillion in stimulus under the Biden plan. For its part, the Fed acted within days to prop up the financial markets, allowing the stock market to start recovering almost immediately. And this had substantial knock-on positive effects for consumer spending and employment.
- **Businesses and consumers adapt and innovate even under extreme and unprecedented circumstances.** Americans found a remarkable number of ways to keep their lives and businesses going under lockdown and quarantine. People and organizations who had never held a videoconference started using Zoom for everything. Restaurants that had resisted food delivery found ways to make it work, while cities learned to open up outdoor spaces for dining without 3 year permitting processes. SMEs that had minimal if any online presence embraced e-commerce. Sports leagues figured out a way to keep their players healthy and play with no fans in the stands and social distancing on the sidelines.

Lessons Learned

What we were able to foresee with pretty good fidelity (cont.):

- **The experience of heroism, and (potential) power associated with it.** Front line health care workers have gotten a new level of respect and appreciation. Delivery drivers and other essential workers became much more 'visible' to just about everyone. The scientists who delivered a vaccine with new technology, in less than a year, are emerging as heroes as inoculation proceeds. Whether these groups translate this newfound appreciation into political power remains to be seen, but certainly politicians are eager to show that they stand with our heroes.
- **The sad predictability of our current politics.** We were able to foresee with depressing accuracy that in this scenario the election would largely devolve into Republicans accusing Democrats of intentionally trying to tank the economy and Democrats accusing Republicans of being utterly heartless about the rising death count and indifferent to the disparate impacts of the pandemic on communities of color and the working class. We also foresaw that in all scenarios, the legitimacy of the election outcome was likely to be contested by the losing side. Sadly, these insights were easy to produce and generally on-target. We anticipated that perhaps in this specific scenario the gap between America's "can-do" ethos and the gridlock of our politics would lead some disaffected leaders to break from the traditional parties and form a Third Party to contest the 2022 elections. We are waiting to see if that happens, but some are starting to talk about it in serious ways.

Lessons Learned

The two big things we missed:

- **We badly underestimated the extent to which politics would define perceptions.** Objectively, there is much for Americans to be proud of – our global leadership in the science that enabled the development of safe, effective vaccines; our success in staving off a deeper financial crisis; the overwhelmingly dignified and generous way most Americans responded to the pandemic (including extraordinary charitable giving). The “Resilient America” scenario imagined a sense of national pride in all this. But that never materialized. Instead, politics seemed to shape and color everything. We couldn’t agree on basic reality. Was the economy recovering? Republicans generally insisted it was pointing to stock market gains and dropping unemployment (and arguing that any continued economic weakness was the fault of Democratic state officials refusing to open up faster). Democrats countered that the recovery was anemic and primarily benefiting the privileged while leaving working class and communities of color behind. Were we responding effectively to the pandemic? Republicans generally trusted President Trump’s assessment that we were doing as well or better than the rest of the world, while Democrats pointed to the staggeringly high infection and death rates as self-evident indications of a national failure. Yes, America has been resilient in many respects, but we have rarely felt so fragile.
- **And we failed to imagine the way that racial inequities would be foregrounded by the stresses of the pandemic.** The deep-rooted reality of racial inequity has been a constant of American life. When we entered the pandemic in March 2020, those issues were simmering, as always, but were not at the center of national attention. The past year has radically reshaped things, starting with the national response to the murder of George Floyd and the subsequent summer of protests. It is impossible to know whether the national dialogue on race would be in the same place had those events occurred without the added stresses of the pandemic. But there is no question that our society and politics are now being driven to a large degree by these issues, which our scenario model didn’t anticipate.



What Happens Next?

What Happens Next?

Our **Resilient America scenario** imagined that the State of the Union would take place in the Capitol Building, with six feet separating attendees, most whom would be wearing red, white and blue masks. That feels eerily right at the moment. And we said the new President would focus on four themes:

Supercharging innovation, with the pioneers of mRNA vaccine technology as the poster child.

Demand side stimulus for as long as it's needed. The words debt and deficit won't matter, and the concept of inflation will have disappeared from acceptable discourse (for now).

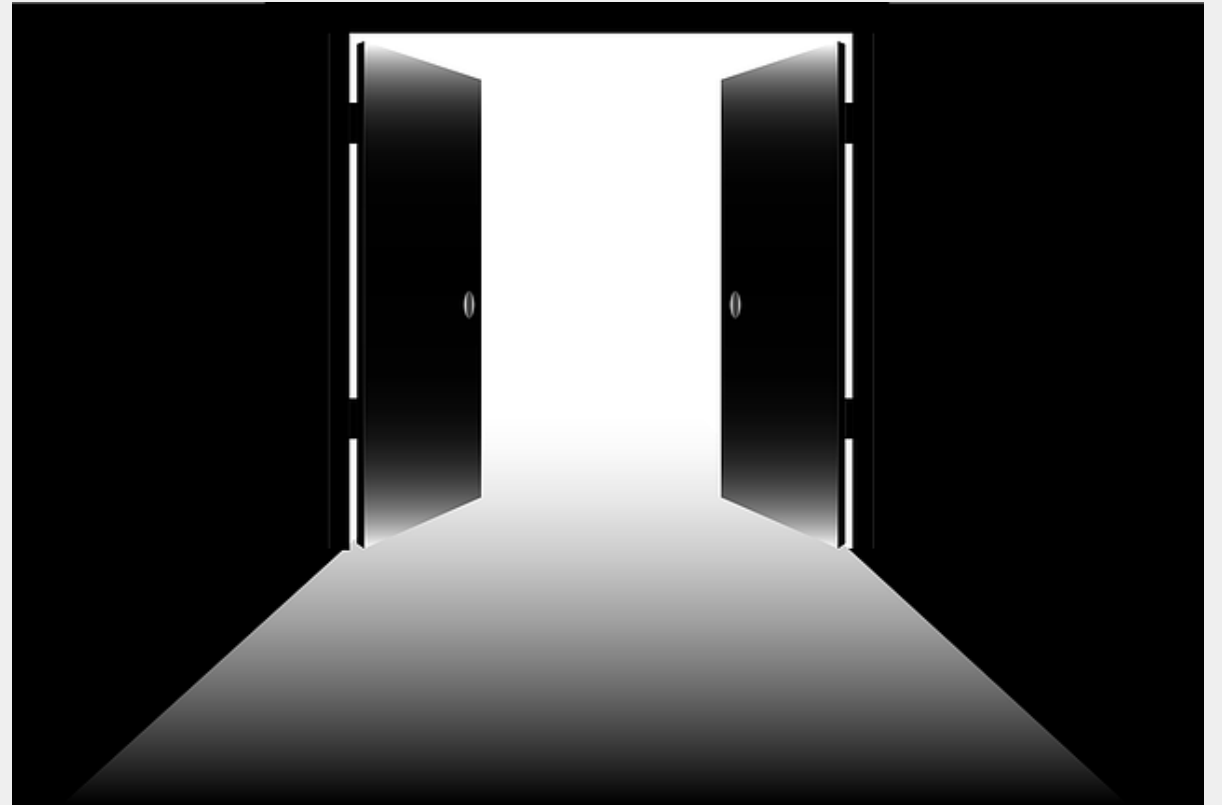
Healthcare writ broadly. Never have the massive upsides and equally massive inadequacies of the US healthcare system been so visible and so impactful to just about everyone in this country. Covid exposed inefficiencies and inequities like nothing before — as well as the inescapable interdependencies of public health. It took a virus to make tangible how we really are all in this together, and only the very very wealthy have any chance to spend their way to protective isolation.

Technology. A deep awareness of and appreciation for the role of information technology firms in making 2020 survivable, coupled with a clear expectation for these same firms finally get serious about taking responsibility for their negative externalities, for hate speech, for disinformation, and other social ills that they have mostly ignored or said was somebody else's problem to manage. It will be a priority for government to re-negotiate its relationship with these firms and vice versa over the next year.


Opportunities & Openings

This agenda still looks basically 'right,' with the major caveat (noted earlier) that these issues will all be filtered through polarized lenses and significantly informed by considerations of racial equity in ways we did not anticipate.


This emerging agenda also opens some **opportunity doors**. Here are a few on our minds:




Opportunities & Openings



There is a window for some of America's most important companies in Pharma and IT to negotiate a more positive relationship with regulators and legislators; and to establish a higher level of trust with the American public. That window won't stay open for very long, and it will require some bold moves including not just pumping up the innovation upside, but also dealing more visibly and self-consciously with the negative externalities. Some courageous firms may try to get out ahead and set the agenda for this period, rather than have it be set for them.



Competence and execution have new respect. The biggest heroes of the last year are the people who got things done, more so than the people with 'big ideas.' Front line health care workers, factory managers, parents who juggled their kids and their jobs like never before. The ability to deliver on time, under difficult circumstances, on a simple plan has a lot of cachet right now. That's a mantra worth taking seriously for many politicians and executives, and not just in advertising messages.



The overlap of social justice issues with pandemic-induced vulnerabilities opens a door for making some things that used to be thought of by many as CSR initiatives (and thus nice-to-have, soft reputation stuff, rather than core business value) much more central to strategy and planning. This is something that activists have been trying to explain to political and business elites for at least two decades. At least for now, ears are open to this in a way that they really weren't before. Concrete objectives and measurable goals will be much more valuable than more exhortations to do better.

Risk: Global Superpower Rivalry

- **The stark truth is that while the U.S. and EU struggled mightily with this pandemic, China seems to have withstood it far better overall.** It's not about regime type per se: not all democracies are failing (New Zealand was one of the world's most successful countries in the pandemic) and not all autocracies did well (Russia, in particular, has struggled). But the world can't and won't ignore the fact that from a public health perspective China has done vastly better than the US/UK/EU; the Chinese economy is likely the only major economy in the world that will show aggregate growth in 2020; Chinese state authority was deployed in ways that Americans and Europeans would never accept but it saved an enormous number of lives. Even if Americans don't want to look those facts straight in the face, the Chinese are doing so, and so are many 'in play' countries around the world that will face choices about how they line up in a new superpower rivalry this coming decade.
- **Not only will this come to be a defining feature on the global stage. We believe it could reflect powerfully back into American domestic politics and economy over the next few years.** America in parts of the 1960s and again in parts of the 1980s grappled with an anxious sense that we were falling behind in a societal competition with the Soviet Union. What will America look like in 2025 if that is a widespread sense of where we are in relationship to China? This isn't just a question for think tanks and academics. It will be an important touchpoint for firms who would need to demonstrate their outsized contributions to American power and American competitiveness in a manner that is very much at odds with the 'global firm' narratives that still predominate. And we're talking about much more than simply where jobs are created.
- But that's a subject for a future post.

About the Authors



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Over the course of a his nearly twenty years of professional experience, Arik has helped dozens of clients secure key business objectives, including landmark legislative and regulatory outcomes, successful navigation of potentially damaging crises, and measurable improvements to reputation among consumers, opinion leaders, investors and employees.

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As Managing Director at BWS, Steve brings his core expertise in strategy and decision making to the most complex challenges facing organizations at the intersection of economics, technology, politics, regulation, and human understanding through narrative.

Alongside a thirty year academic career at the University of California Berkeley, Steve has advised global firms, government agencies, and non-profit organizations around the world on risk analysis, strategy, and communications, using a diverse set of qualitative and quantitative methods fit to purpose. Recognized as one of the world's most expert practitioners of scenario planning, Steve has worked with more than 50 companies and organizations to develop this discipline as a strategy planning tool in uncertain and turbulent business environments.

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