

## Advent of ‘Economic Paradigm Shift’ and 5G during the Post-COVID19 Revival Phase

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### Abstract

This conceptual article is aimed at evaluating the COVID19 impacts on the global economy and to postulating an ‘economic paradigm shift’. We argue that the existing economic, political, and trade principles have been challenged due to the global pandemic issue. We also compare the COVID19 impact on Western countries and Eastern countries with their control mechanisms. The emerging of new economies is due to the travel restrictions and disrupt of the global economies are discussed that pave a gateway to the economic paradigm shift. The article finally assesses the advent of 5G technology and its implications to face any future health threats that will lead to the next economic paradigm shift in the modern world.

**Keywords:** COVID19; economic paradigm shift; economic failures; post-COVID19 economy; 5G technology

### Introduction

The “invisible enemy”, COVID19 has brought the entire world to its knees. The industrial and service sectors have come to a screeching halt and the agriculture sector is still surviving despite of many challenges. Both public and private sector institutions are searching for alternative strategies of resuming and running their operations and the government is strongly encouraging the Heads of the establishments to run their operations with a minimum number of employees. The schools and universities are turning in to online, with poor or no 3G, 4G coverage in the peripherals. The food and beverage, vegetable, medicine and other orders are placed online and the supply channel is still half the mile. The opening times of the shops are limited, so as the items to be sold. The flights are grounded and the ships anchored. The share market, the backbone of nation’s economic infrastructure, is shut down for more than a month for the first time in the history. The importations are controlled to save our foreign currency and everybody is looking at local economies (Weerathunga & Samarathunga, 2020). At this onset, COVID19 has shown us much things that we could only imagined of through fictions and the show is yet to continue. Thus, the purpose of this conceptual article is to make an educated guess about the potent economic and socio-cultural changes during the post-COVID19 revival phase.

When reading economic theories we encounter with the “Economic Paradigm Shift” concept. In simple terms it is major change of economic structures and its functions due to a devastating act (Park, 2003). A closer look at the world history provides us with ground breaking events that caused economic paradigm shifts: industrial revolution (1760 – 1830), Russian Revolution (1905), Second World War (1939 - 1945), E-commerce (1971 – 1990), mobile economy (2005 – 2013) and we can add COVID19 to the list (Fasli, 2007; Park, 2003; Yao & Lin, 2016). Each of these periods of change featured a series of economic, social, political crises or changes, the failure of conventional ideas and policies to explain and respond to them, and the final result is replace of the prevailing system by a new one. The paradigm shift was first proposed by an American philosopher, Thomas Kuhn (1962), who proclaimed that paradigm shift occurs when two conditions are met: first, a critical mass in the number or importance of “anomalies” which contradict the dominant paradigm, and second, the successful development of an alternative theory that better explains the prevailing evidence. Since COVID19 outbreak has challenged the ground pillars of a modern economy, i.e. capitalism, globalization and global village, stock market, open economic policies, service sector oriented economies, comparative and absolute advantages over production, it is high time for us to postulate about the next economic paradigm shift and be prepared to embrace its impacts.

### **Western Capitalism, Eastern Communism and COVID19**

The Western ideology of capitalism is seriously challenged during the COVID19 outbreak. Most of the Western countries are rooted on many key principles including capitalism, democracy, inherent rights, separation of power, multiple political ideologies and parties, individualistic thinking etc. On the other hand the countries like China and Vietnam are driven with strong communistic thinking where one party government playing a pivotal role when addressing the needs of the people and developing the country. Further, communist countries highly encourage their citizens to accept and obey the state policies, rules and regulations. People in the communist countries got to work for themselves and the government do not tolerate class differences, neither the private ownership of properties. When we make a comparative analysis between the behavior of Western political leaders and citizens of Western countries and the response from the communist countries, a strong preparedness and a response to fight with COVID19 was not visible among the Western countries. As a result, the death toll is keep on rising in West while China and Vietnam made an early recovery. However, effective control of COVID19 spread in Greenland (0 deaths), Iceland (10 deaths), Singapore (18 deaths), and New Zealand (21 deaths) are commendable.

Once China officially announced the COVID19 outbreak, people got prepared to face the worst, backed by their previous experience in fighting with epidemics. China has learnt costly lessons though the outbreak of Severe Acute Respiratory Syndrome (SARS) in 2002 and H1N1 Swine Flu in 2009 and the Chinese people already knew which drill to follow. Social distancing and other

preventive methods were seriously attended while maintaining self-discipline to support the central and regional governments to fight with the deadly virus. On the other hand, the world witnessed long queues in front of 'gun-shops' at the onset of the virus outbreak in USA, Canada and even in New Zealand. Foreign media reported that 2.6 million guns were sold in United States in March, an increase of 85 percent gun purchase compared to March 2019. Another survey indicated that the main motive to purchase guns in United States is 'self-defense'. This is a dark sign of institutional failures. Further to that, so far, around 25 million job losses have been reported in the US alone. However, to face the economic challenges US Government graciously allocated trillions of dollars that are scheduled to be distributed among the needed people in the United States.

### **Expect the unexpected**

Because of COVID19 we are much aware of many technology based systems like never before. Some of them include food and beverage delivery system, health monitoring systems, public administrative systems, online meeting platforms and learning management systems. The online trading will have a great leap forward with new 'mobile apps' and digital currencies. People will stop doing physical shopping, instead will rely on 'online shopping'. The public gatherings will be limited to essential events and online platforms will replace the conventional meetings, exhibitions and conventions. These systems allow people to attend to their day-to-day activities by being at home. In the future, we can expect more auto-mated systems and Apps of this nature that will ease the activities of the mankind.

Spread of COVID19 at highly dense areas will lead the urban dwellers to re-think about their stands in living in cities. Although 'stay at home' prevents them from contamination of the virus, the psychological well-being is at a stake especially among the residents in apartments. Thus, there will be a temporary sub-urban and rural towards migration, or building second homes at less-dense areas among the city dwellers who value their freedom.

The travel restrictions imposed a considerable impact to the national distribution channels without being able to import essential items, and re-distribution of important supplies. Even now, we have deficiencies in supply of many food, beverage, and medical items due to the blockade of our supply chains. Also, we witness oversupply of vegetable, fruits, and rice in some areas and under supply of the same in other areas. The prices of food, vegetables, and other items vary considerably from region to region. Closure of liquor shops have stimulated illegal alcohol production across the island and the addicts are attempting to commit suicide. Despite of these novel and difficult conditions, the government is encouraging home gardening and trying to give life to abandoned local factories to promote domestic production. If COVID19 like viruses break out more often, we cannot stop seeing emergence of regional, local and individual economies where small geographical and political areas will try to be independent economically through agriculture and manufacturing sectors.

We can also expect increased health and safety standards being introduced by both public and private sectors and allocation of a considerable amount of money and resources for the well-being of their stakeholders. The government will support these endeavors by enacting necessary rules and regulations (Samarathunga, 2020).

The major sports events including Olympics, World Championships will take place without spectators. Niche tourism will replace mass tourism and the tourists will search for alternative concepts away from the crowded destinations. More resources will be allocated to health, research and development, and education after understanding their significance to sustain the sustainable existence of the mankind.

### **Will 5G rule the world in future?**

Since the philosophical and pragmatic standpoints are increasingly being challenged due to outbreaks like COVID19, it is high time to revisit our approaches for the survival of the mankind. The human race has been tested many times in the history, and we have risen from the ashes harder and stronger. Despite all the recent drawbacks and challenges, the year 2019 marked a major climacteric in the 21<sup>st</sup> century with the advent of cutting-edge wireless technology '5G'. 5G has unique abilities to drastically uplift the conditions of human lives and to contribute for the development of both social and economic environment of a country (Li et al., 2017). Every facet of mankind including health care, manufacturing, farming, education, transportation, travelling, sports, and fashions will be revolutionized. In ten to twenty years' time with 5G, cities will be filled with driverless cars, food orders will be delivered through drones, doctors will carry out the human surgeries by being thousands of miles away from the patient.

5G technology will overcome some of the societal insoluble dilemmas such as road fatalities, homicides, and thieveries. According to WHO, approximately 1.35 million people die annually from road traffic accidents. But driverless cars will become fully autonomous with 5G technology that have the ability to process enormous data in milliseconds with zero latency and prevent them from crashing and thereby avoiding road traffic accidents. The interconnected smartphones, watches, houses, cars, drones, street cameras etc. will gather information from every human activities outside their private spaces and this will enable to spot unusual human behaviour and prevent homicides or thieveries on set. The precision agriculture, in which farmers monitor the fields through soil sensors, airborne cameras to detect crop disease and decide when to water and minimize the use of pesticides, is expected to lead to a robust transformation in the agricultural sector. With millions of students moving from conventional face-to-face sessions in the classroom to e-learning, the education sector will experience an unparalleled transformations. It will attend to the resources limitations at schools, continuation of education without any disruptions, increased family time, increased social connectivity etc. Most of the blue collar employees will have their offices at home and they will be paid according to the tasks they completed. 5G is not without demerits, but we do not wish to discuss that through this article. However, spread of viruses like COVID19 can be curtailed with the advent of 5G lead inventions.

In conclusion we wish to highlight that COVID19 shook the ground pillars of the world that we proudly relied on. As a result, both policy makers and practitioners are struggling to find alternative methods to re-instate the world economic, social and political systems. The attention towards world resilience during a pandemic has received a limelight. Billions of the people in the world are now relying on technology to attend to their day-to-day needs during the COVID19 outbreak and we can expect further popularization of the technology lead innovations to face any futuristic challenges to the mankind. This will lead to the next economic paradigm shift in the world based on 5G technology. Thus we can conclude that 5G technology together with the 'Internet of Things' (IoT) will be the key drivers of the next economic paradigm shift.

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