

State of the nation



It started on 30 January 2020, when the World Health Organization (WHO) declared Covid-19 a public health emergency of international concern and by 11 March 2020 characterised the outbreak as a global pandemic.

What an unimaginable impact this has had on the world.

When the WHO declared the end of Covid-19 as a global health emergency on 5 May 2023 – after seven million lives had been lost and 13.3bn vaccine doses had been administered worldwide – the macroeconomic and geopolitical landscape had been redrawn.

As is well documented, central banks – in response to the lockdowns imposed by governments worldwide – reduced interest rates to near zero and continued quantitative easing for a prolonged period, which led to uncontrolled economic expansion with accompanying high inflation. The fastest interest-rate hikes in history ensued, with 10 consecutive rises in the US and 12 in the UK. To the surprise of many, there followed the inevitable credit crunch and attendant blow-ups, from the liability-driven investments crisis in the UK last autumn to the demise of four US regional banks.

The FAANGs’ – Facebook (now Meta), Apple, Amazon, Netflix and Google (now Alphabet) – omnipotence during lockdowns, with the world working, shopping, home schooling and entertaining itself online, has given way to retrenchment and redundancies. The FAANGs have gone from being massive Covid beneficiaries to victims, as the end of the pandemic has unleashed pent-up demand for experiential consumption across the wider real economy.

Additionally, the concentration risk of the FAANGs – Amazon in retail, Google in advertising, Meta in social media and Apple in luxury goods – has led to swathes of lay-offs, with Meta and Amazon recently embarking on their second rounds in order to recalibrate their business models in line with slower consumer demand.

This retrenchment by companies to mitigate headcount issues after inflating their organisations during the pandemic boom should not come as a big surprise. The post-pandemic cost-of-

living crisis has impacted on life’s basic essentials – food, heat and shelter – with food inflation running at an unprecedented 19.2% in March, energy prices exacerbated by the invasion of Ukraine, and mortgage rates and rents rising as a result of higher bank rates. Consequently, the average consumer is focused on ‘need to have’ rather than ‘nice to have’ expenditure, and the economy is flatlining. To counteract this, companies such as Octopus Energy are experimenting with artificial intelligence (AI) to reply to a third of customer emails – the work of around 250 people.

The rapid advance in AI represents a pivotal moment in the history of mankind. The last industrial revolution was a revolution of the muscle; this is a revolution of the mind. As we grapple to understand the true benefits and inherent risks,

where does the future lie? Is AI the answer to our problems and the solution to existential threats such as climate change – or is it an existential threat in itself? Are we standing on the edge of the abyss, heading towards a point of no return?

Another day, another existential threat. The content and conjecture regarding the likely course of AI and

artificial general intelligence has exploded. If there’s one thing the modern mind was not created to be able to cope with, it’s the relentless barrage of signs pointing to its own annihilation.

With governments and regulators alike failing to regulate the internet at its inception, let us hope they react in time with AI and do not let the drive for ‘growth’ and ‘innovation’ override the wider existential concerns. For the first time in history, humankind has created something that can control and destroy it. Those who can do something to put in guardrails, must. If not... well, there’s not much the lowly people can do at this point, unless we excise all use of tech from our lives, which most of us are unlikely to do.

It will be interesting to see whether hope appears in the form of government-level regulatory action, even newer (and therefore, under-tested) competing tech, grassroots collective resistance, or a crisis-prompted return to a more primitive world. Only time will tell – and it’s not on our side.

●
“If there’s one thing the modern mind was not created to be able to cope with, it’s the relentless barrage of signs pointing to its own annihilation”
 ●