

‘We are trying to start a discussion’

Marcus Wallenberg

Chairman
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Sweden

We are very much an export-oriented nation. What is becoming very evident is that there is no way you can have a lockdown of a big part of our industry for a sustained period of time. You very quickly come into a situation of large unemployment and eventually people on the streets.

We are trying to start a discussion on how to balance the short-term remedies [and the] need to control the coronavirus situation and the medium- to long-term harsh effects on the society at large. The virus is terrible from a human point of view. But we might have greater problems down the road because of people without jobs and companies failing at a massive rate. The large international companies of our country—Volvo, Scania, Electrolux, H&M, SKF, etc.—have no demand and they have to shut down one business after another. We are trying to start a discussion of the unintended consequences and how we deal with it without minimizing the human aspects. The human aspect will be at the center and should be at the center. The decision we take now will have an impact for a very long time.

We are in a predicament here. We understand that politicians are trying to deal with the human aspect. But how do we get the wheels of the economy moving again, to save jobs and ultimately to save despair? Should we try to open a little bit more? When is it time for that?

Everyone can see here that the financial bill of trying to support an economy that is coming to a complete standstill is too great for even the most powerful states.

Coronavirus

Coronavirus 'medicine' could trigger social breakdown

Jacob Wallenberg tells governments to consider economic threat from crisis



Jacob Wallenberg: "There will be no recovery. There will be social unrest. There will be violence. There will be socio-economic consequences: dramatic unemployment. Citizens will suffer; some will die" © AFP

Richard Milne, Nordic and Baltic Correspondent MARCH 26 2020

Jacob Wallenberg has warned governments to weigh the economic threat from coronavirus more heavily or risk depression, social unrest and a potential lost generation.

The Swedish industrialist, whose [family investment vehicle](#) has controlling stakes in companies from telecoms equipment maker Ericsson to bank SEB, told the Financial Times that policymakers must protect the vulnerable but not lose sight of the impact of containment measures on businesses, from neighbourhood restaurants to multinationals.

If the crisis goes on for long, unemployment could hit 20-30 per cent while economies could contract by 20-30 per cent, he warned.

"There will be no recovery. There will be social unrest. There will be violence. There will be socio-economic consequences: dramatic unemployment. Citizens will suffer dramatically: some will die, others will feel awful," he added.

His warning comes as country after country has closed schools and locked down large parts of society, leading to plummeting demand in industries from airlines to theatres and halted production in many manufacturers such as carmakers in

Europe and the US.

Donald Trump, the US president, has said the cure must not be worse than the problem and that the country needed to get [back to work](#) by Easter Sunday if possible.

Mr Wallenberg said he wanted to start a debate about the long-term consequences of the crisis. "I am dead scared of the consequences to society," he said. "I want to put the view — what else can we do? Right now, we're just going on one path . . . We have to weigh the risks of the medicine affecting the patient drastically.

"How does tomorrow look like? One of these days there is a tomorrow. We have to prepare ourselves as well."

His home country of Sweden is a [global outlier](#) in its response to coronavirus, keeping schools and borders open and making fewer restrictions than other European countries. There has also been a significant debate about whether the economic costs of certain restrictions outweigh the health benefits.

Mr Wallenberg said the Swedish debate had been very much "business versus life" but he wanted to take a "life versus life" perspective. Elderly people should be protected more, perhaps by being placed in mandatory quarantine.

But there should be a parallel discussion on how to return to a vibrant society with a rich cultural offering and lively restaurants as well as think about the next generation.

Mr Wallenberg said his call for a debate on what happened after "the acute phase of the crisis" was backed by European Round Table for Industry, 50 leading industrialists who represent companies with revenues of €2tn.

"Authorities are all working very hard to help society. They are not looking around the corner as much. They are not taking the longer-term perspective. This is something that is very important for society and for the EU," he added.