

The Impact of the COVID-19 Pandemic on Social Economy and Sustainability

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Abstract

The Corona virus has been raging on across the world affecting hundreds of countries and billions of people. Naturally, it has had huge impacts on the world economy as a whole and the lives of people. This study aims to find out the effects that the COVID-19 has had on social economy and sustainability. The study takes up the primary aspects of social well-being like Poverty, Employment, The Condition of Women, Global Trade and Food Security and tries to find out the impact that the pandemic had on them. Analysing secondary data and reports from major international organisations like the United Nations and World Bank, this paper concludes that the effects of the pandemic have been huge. All the major aspects of the social economy have been affected by the pandemic and have resulted in huge losses in terms of economic well-being and social capital.

1. Introduction

The entire world is in a state of panic and misery as the Novel Coronavirus rages on to affect people exponentially across continents. It is hard to point out a single country which has not been affected by this deadly virus. There are few instances where just a single pandemic caused such a serious and long-lasting effect on the world economy, global health and human life in general.

The Great Influenza Pandemic broke out from 1918 to 1920. It has been the fourth-largest macroeconomic shock that affected the economy adversely after the two World Wars and The Great Depression (Barro and Weng 2020). It has been found using Geographic Mortality Variation that during the pandemic of 1918, the areas of the United States which had more exposed to the pandemic experienced a persistent and steep decline in economic activities (Sergio et al. 2020).

The world is expected to face a severe recession even if the spread of the virus is controlled. The effects of this pandemic will haunt mankind for several years in terms of employment, health care systems, income and human development.

Even though not many people are dying only because they are infected by the virus, the number of people that are being affected in a region are causing health systems to break down resulting in more deaths. Prevention measures require a strong immune system and proper sanitary conditions which are often lacking in most middle and low-income countries. Thus, the people at the lowest rung of the economy is more vulnerable to the virus. Developing countries were already short of funds to undertake developmental and infrastructure projects. Due to the pandemic, more funds are now being allotted to emergency health care systems making these projects all the more difficult to undertake. Generally, 3–4 per cent of the Gross Domestic Product of a country is spent on costs related to illnesses resulting from high fatality scenarios during a pandemic. The percentage is higher for extreme pandemics (Smith et al. 2009).

To contain the spread of the virus, most countries have brought in lockdown measures. However, this has severely affected the economy and a large number of people. Billions have lost their jobs while several

others are going without pay for months. Essential services have come to a halt because of problems related to logistics. Schools, Colleges and universities are closed and as a result, education is being compromised. If widespread behavioural changes take place due to the lockdown and large-scale absence from work is persistent, the economic damage will be far greater than the health benefits (Smith et al. 2009).

Economic conditions across the world are also in a state of destitution. Global production has suffered because of the lockdown along with various service industries primarily including tourism and airlines. Since the future is uncertain, investment rates will remain low. However, private investments will be extremely important, especially in developing countries because governments will already have run out of funds dealing with the pandemic and will thus be unable to take up investment projects.

Social and humanitarian aspects of the pandemic are also very worrying. Women children and the elderly are especially exposed to be affected by the virus. Since they are among the weaker sections of the society, they are more vulnerable. The lockdown has also compromised the safety of women and increased cases of domestic violence have been reported. Refugees, informal sector workers and the unemployed often find it hard to access government-provided health care schemes and other benefits. They are also the ones who are worst affected by this pandemic.

Therefore, the COVID-19 situation has left its mark on every part of our society and has changed our way of life forever.

2. Materials And Methods

2.1. Data Description

a. Quarterly GDP

Gross domestic product (GDP) is the standard measure of the value-added created through the production of goods and services in a country during a certain period. As such, it also measures the income earned from that production or the total amount spent on final goods and services (fewer imports). While GDP is the single most important indicator to capture economic activity, it falls short of providing a suitable measure of people's material well-being for which alternative indicators may be more appropriate. This indicator is based on real GDP (also called GDP at constant prices or GDP in volume), i.e. the developments over time are adjusted for price changes. The numbers are also adjusted for seasonal influences. The indicator is available in different measures: percentage change from the previous quarter, percentage change from the same quarter of the previous year and volume index. All OECD countries compile their data according to the 2008 System of National Accounts (SNA).

b. Unemployment Rate

Unemployment rate forecast is defined as the projected value for the number of unemployed people as a percentage of the labour force, where the latter consists of the unemployed plus those in paid or self-

employment. Unemployed people are those who report that they are without work, that they are available for work and that they have taken active steps to find work in the last four weeks. When unemployment is high, some people become discouraged and stop looking for work; they are then excluded from the labour force.

c. Global Activity Indicator

Air pollution is the change in NO₂ emissions over January 1 to May 28 in 2019 and 2020.

Retail and recreation mobility is the per cent change for May 21, 2020, from baseline, which is the median value for the corresponding day of the week during the 5-week period January 3-February 6, 2020, based on data from Google.

Flight cancellations show the cancellations relative to total planned flights based on comparing currently operating flights in 2020 with flights that were operating 52 weeks ago in 2019 as of May 27, 2020.

Open Table reservations show the change in seated dinners at restaurants on the Open Table network on May 27 in 2019 and 2020.

2.2. Method

This study carries out both Time Series as well as Cross-Sectional analysis of Data. The Data used in this study are Secondary and have been sourced from the websites of major international organizations.

3. Results

Let us look at the effects of the COVID-19 pandemic on various aspects of Sustainability and Social Economy.

3.1. Poverty

Global poverty is defined as the share of the population of the world earning less than 1.9 dollars a day.

The World Bank estimates that the COVID-19 pandemic will push about 40 to 60 million people into extreme poverty (Gerzon and Lakner 2020). The Global Economic Prospects (World Bank 2020) forecast two scenarios of the effect that the pandemic might have on poverty. One in which the outbreak remains at the current expected level and economic activities recovers during the latter part of this year and another in which the outbreak continues for a longer period of time to force the introduction and furthering of lockdown measures. The former will contract global growth by about 5% in 2020 while the latter will lead to a growth contraction of 8%.

Figure 1 shows the Quarterly GDP for the first quarter of 2020 for 41 countries based on the availability of data (see Table A1 in Appendix for tabulated values) (OECD 2020).

Figure 2 shows the aggregate OECD GDP for a period of 21 years (2000–2020) (see Table A2 in Appendix for tabulated values) (OECD 2020).

If the outbreak persists, vulnerable households will reduce consumption by a great margin and firms in critical conditions will exit markets. Increased financial stress will be experienced by middle and low-income countries.

For the first time, global poverty is forecasted to increase since 1998. It is forecasted that it will increase to 8.6 per cent in 2020 from 8.2% in 2019. In absolute terms, the number will rise to 655 million people from 632 million (Sumner et al. 2020).

Global Growth is also forecasted to fall by the World Bank.

Figure 3 shows the Aggregate Growth Rates calculated using GDP weights at 2010 prices and market exchange rates for 12 years (2010–2021) (Data for 2019 are estimates)(see Table A3 in Appendix for tabulated values) (Global Economic Prospects 2020).

OECD Economic Outlook projects the global GDP to fall in 2020 by more than 7%. In OECD countries, the situation is worse. OECD GDP is forecasted to fall by more than 9% in 2020. Under the single hit scenario, global GDP is anticipated to drop by 6% and OECD GDP by more than 7% in 2020. In the second quarter of 2020, world output is forecasted to be more than 12% lower than in the previous quarter (OECD 2020).

3.2. Unemployment

Employment is a primary aspect of sustainable development in any society. It is essential for people to have respectable jobs for them to enjoy the growth of the economy (Osmani 2003; monia ghazali 2018; Kabanda 2016; Messkoub 2018; Alauddin 2016; Padovan et al. 2019).

The Coronavirus pandemic has exposed the world to the biggest decline in employment since the Second World War. Since all activities came to a halt because of the global pandemic, employment experienced a massive and halting blow. Most people working in the informal sector have little or no savings at all. Due to the recent COVID-19 crisis, they lost almost 60 per cent of their income (World Bank Predicts Sharpest Decline of Remittances in Recent History 2020).

Figure 4 shows the Unemployment Rate for the first quarter of 2020 for 31 countries based on the availability of data (see Table A4 in Appendix for tabulated values) (OECD 2020).

Figure 5 shows the aggregate Unemployment Rate in OECD countries for a period of 21 years (2000–2020) (see Table A5 in Appendix for tabulated values) (OECD 2020).

The lockdown has been in effect in several countries along with school and workplace closures, travel restrictions and social distancing policies. By the beginning of April, almost 81 per cent of the total

workforce in the world experienced workplace closures. Even though these measures are necessary, they adversely affect firms and workers.

Figure 6 shows the percentage change in Global Activities Indicators around the world, namely, Air pollution Retail and recreation mobility, Flight cancellations and Open Table reservations (see Table A6 in Appendix for tabulated values) (Global Economic Prospects 2020).

The ILO (International Labour Organization) has projected the global work hours around the world to decrease by 4.5 per cent in the first quarter of 2020 and 10.5 per cent in the second amounting to 305 million workers working 48 hours a week. This outpaces the fall in employment during the Global Financial Crisis of 2008-09 (ILO, 2020).

3.3. The Impact on Women

70% of the people working in the health care and social sector are women (United Nations 2020). Front-line health workers including nurses and midwives are mostly women. They also form a majority of the service staff in the health care sector like laundry, catering and cleaning. Thus, they are more vulnerably exposed to the virus.

Women undertake thrice as much unpaid work as men. The situation is projected to get worse under the COVID-19 pandemic because children will remain out of school, older persons will require attentive care and the health service will collapse under severe conditions of the pandemic (UN Women Headquarters 2020).

Women generally live close to poverty and hold insecure jobs. They earn less and save less. The compounded economic hardships resulting from the pandemic will thus have severe effects on women.

Gender-based violence is increasing exponentially with social isolation measures and restrictions in movement. Due to the lockdown in effect, many women are being forced to stay at home with their abusers. Also, services to offer assistance to the survivors are also being disrupted due to the pandemic. Various countries around the world have reported an increase in the number of complaints related to domestic violence.

Women have unique health needs. However, they have lost access to quality health services, reproductive and maternal health care and essential vaccines and medications. Gender stereotypes and restrictive social norms can also adversely affect the accessibility of health services to women.

3.4. Global Trade

Because of the Coronavirus Pandemic, global trade is also experiencing a halting effect. It is estimated that within the first quarter of 2020 the volume of goods and services traded have suffered a fall of 3 per cent. This is because international travel has been restricted to contain the spread of the virus.

Demand has collapsed and supplies disrupted due to the cessation of international travel. International freight traffic in 2020 has been 30 per cent lower than that of the previous year and international

passenger traffic is 98 per cent lower than the previous year.

Global export figures reached an all-time low in April 2020 and remained weak throughout May. Almost all the countries reported significant declines in trade values. Countries with relatively light containment measures are also suffering because of reduced external demand due to the pandemic.

UNCTAD nowcasts for global trade values in the first quarter of 2020 fell by 3 per cent with respect to the previous quarter.

UNCTAD's Free Market Commodity Price Index (FMCPI) lost 1.2 per cent of its value in January, 8.5 per cent in February and 20.4 per cent in March. The FMCPI never fell by 20 per cent in a single month before this. The closest case was during the time of the Global Financial crisis of 2008-09 when it decreased by 18.6 per cent (Back-of-the-Envelope Estimates of Next Quarter's Unemployment Rate 2020; COVID-19 and the St. Louis Fed 2020; Possible Fiscal Policies for Rare, Unanticipated, and Severe Viral Outbreaks 2020; COVID-19 2020; Inanc 2020; St-Denis 2020; Social Distancing and Contact-Intensive Occupations 2020; Adams-Prassl et al. 2020; Dasgupta and Murali 2020).

3.5. Food Security

Under the present circumstances, The COVID-19 pandemic will double the number of people facing food crises. UN forecasts that 265 million people in middle and low-income countries are at the risk of facing acute food insecurity by the end of 2020. At present, 135 million people are acutely food insecure. They are spread across 55 countries across the world and are in urgent need of humanitarian food and nutrition assistance (UNWTO reports 2020; Unwto Reports 2020; COVID-19: Putting People First 2020). They are the most vulnerable to the effects of the virus as they have little or no capacity to deal with the socio-economic and health aspects of the pandemic (FSIN 2020; Global Report on Food Crises 2020; HLPE 2020).

Countries suffering from acute food security are facing a terrible trade-off between saving people from the virus and to have them die from hunger. The health systems in these countries are already overstretched with an acute shortage of equipment, doctors and medicines. The poorer sections of the society often lack sufficient financial means to access healthcare and/or live in remote areas where these services never reach.

Food insecure people generally have higher rates of underlying health problems including malnutrition and other non-communicable diseases which weaken the immune system and make these people more vulnerable to the coronavirus. Movement restrictions, strained health systems and falling incomes have increased rates of malnutrition especially among lactating and pregnant women, children and the elderly. Families which entirely rely on the feeding programs of schools to fill food gaps are also on the verge of facing acute food insecurity.

Even though the 2020 harvest has been good and the outlook for stable crops is quite promising, movement restrictions have disrupted the transport and processing of food crops along with other

essential items. The availability of basic food items has also been compromised due to increased delivery times.

4. Discussion

We can thus conclude that the most severe effects of the COVID-19 Pandemic have been felt by the weaker sections of the society including women, the unemployed and the poor. The virus has left its mark on all aspects of social well-being and has adversely affected the sustainability of the earth. Keeping in mind the huge amount of losses different sectors had to incur due to the pandemic, careful measures must be taken to fight this and prevent future pandemics. The worst affected areas of the social economy include Poverty, Employment, Women well-being and Global Trade. These are perhaps the most important aspects of human development and the pandemic undid most advancement made in these sectors.

Declarations

Fundings:

- (1) Heilongjiang Provincial Education Science Planning Office's Special Project "Research on the Strategy for the Prevention and Control of the Epidemic in the Context of the COVID-19": Law Popularization Education Research on the Rule of Public Health Rule of Law in Institutions and Universities under Public Health Emergencies, No. GJE1320136
- (2) Key topics of Heilongjiang Education and Science "13th Five-Year Plan" in 2018: Practical Research on the Innovative Talent Training Mechanism of Heilongjiang Higher Medical Colleges, No. GBB1318076.
- (3) Heilongjiang Economic and Social Development Key Research Project Base: Research on the Legal Culture Construction of Traditional Chinese Medicine under the Context of the Traditional Chinese Medicine Law, No.: JD2017021.
- (4) Heilongjiang Provincial University Basic Scientific Research Business Fees Research Project: Research on the Effective Mechanism of the Integration of Outstanding Traditional Chinese Culture into the Ideological and Political Education of Universities, No. 2018-KYYWF-0594.
- (5) Heilongjiang Philosophy and Social Science Research Project: Research on Intellectual Property Protection of New Fields and New Business Innovation Achievements, No.: 19FXB039.
- (6) Heilongjiang Philosophy and Social Science Research Project: Research on Labor Employment and Social Security for People with Mental Disabilities in Heilongjiang Province, No. 17GLB026.
- (7) Daqing Campus of Harbin Medical University "In-School Scientific Research Fund": Legal Research on the Protection of Intellectual Property Rights in Traditional Chinese Medicine, No. DQXN201612.

(8) Special topics for the study of the integration of outstanding traditional culture into ideological and political courses on the Daqing campus of Harbin Medical University: the integration of excellent traditional culture into ideological and political courses, the enhancement of cultural consciousness and self-confidence, number: DQCTWH201801.

(9) Special Research Project on the Integration of Excellent Traditional Chinese Culture into Thought and Administration Courses on Daqing Campus of Harbin Medical University: Research on the Effective Mechanism of the Integration of Chinese Excellent Traditional Culture into College Thought and Political Science Courses, No. DQCTWH201802.

(10) Sichuan Provincial Philosophy and Social Sciences Key Research Base Sichuan Medical and Health Law Research Center 2016 Project: Research on Labor Rights Protection for People with Mental Disabilities in Northeast China, No. YF16-Y02.

(11) Key project of Daqing philosophy and social science planning research: research on the construction of healthy Daqing, number: DSGB2019035.

Conflicts of Interest:

The authors declare no conflict of interest.

.Human and Animal Rights

This article does not contain any studies with human or animal subjects performed by any of the authors.

Informed Consent

Informed consent was obtained from all individual participants included in the study.

Consent to participate: Not applicable

Consent for publication: Not applicable

Availability of data and material:

Data sharing is not applicable to this article as no new data were created or analyzed in this study.

Authors' contributions

FZ agreed on the content of the study. XW and LL collected all the data for analysis. FZ agreed on the methodology. XW and LL completed the analysis based on agreed steps. Results and conclusions are discussed and written together. The author read and approved the final manuscript.

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Figures

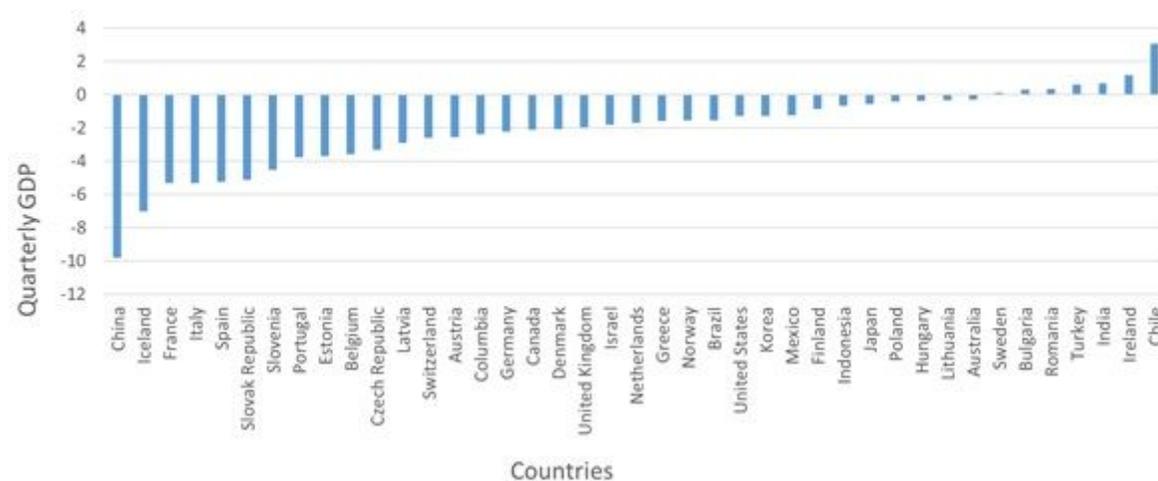


Figure 1

Quarterly GDP for 2020

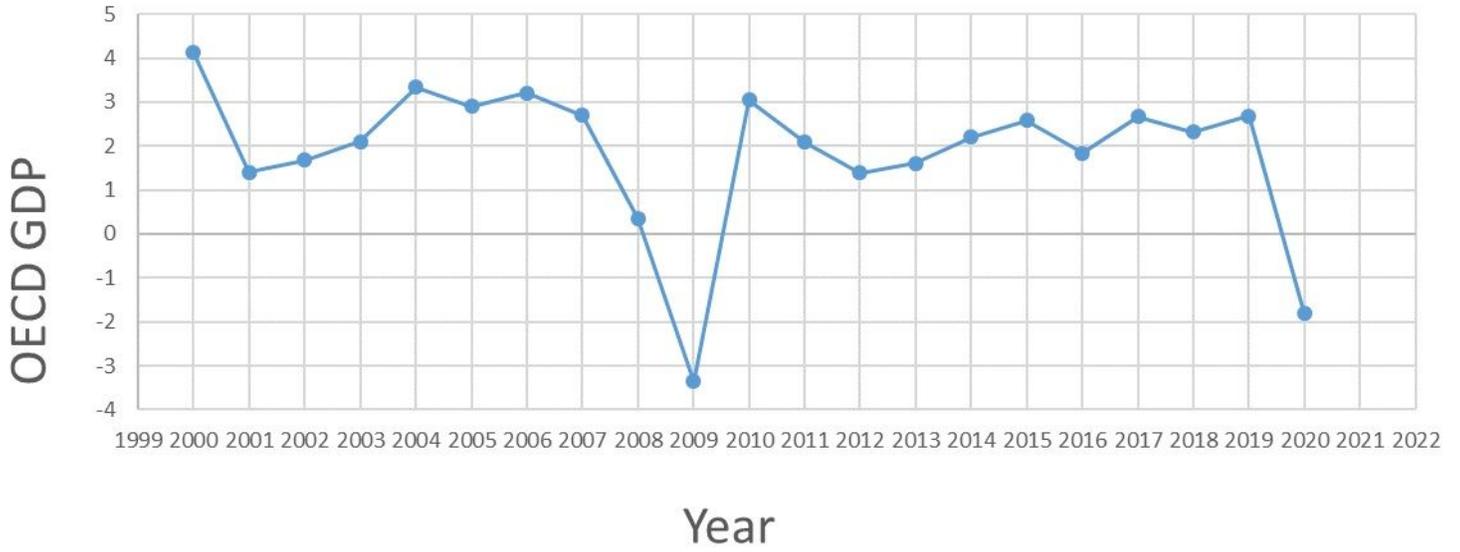


Figure 2

Aggregate OECD GDP

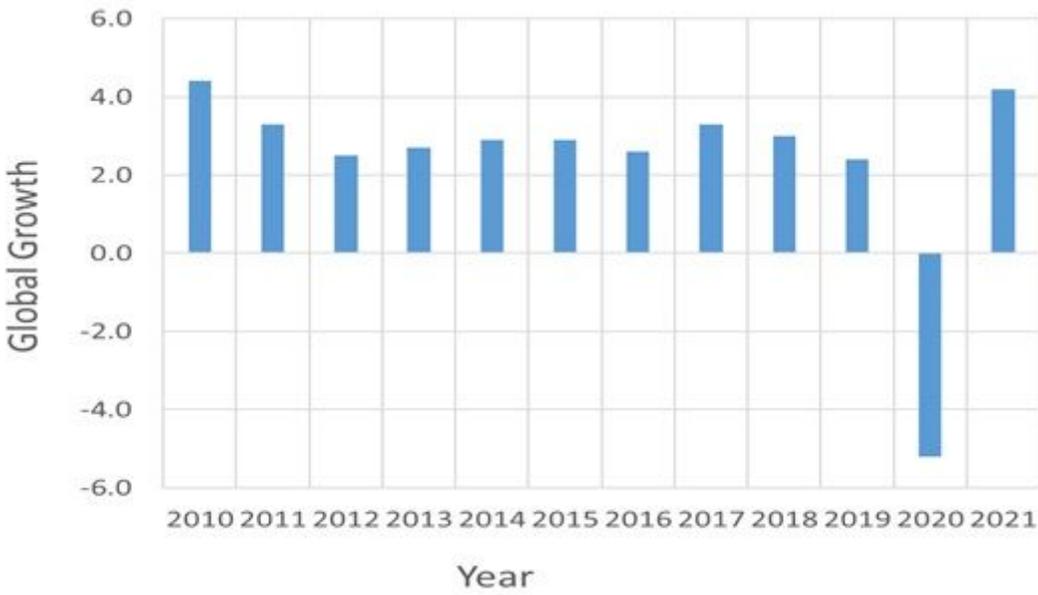


Figure 3

Global Growth Rates

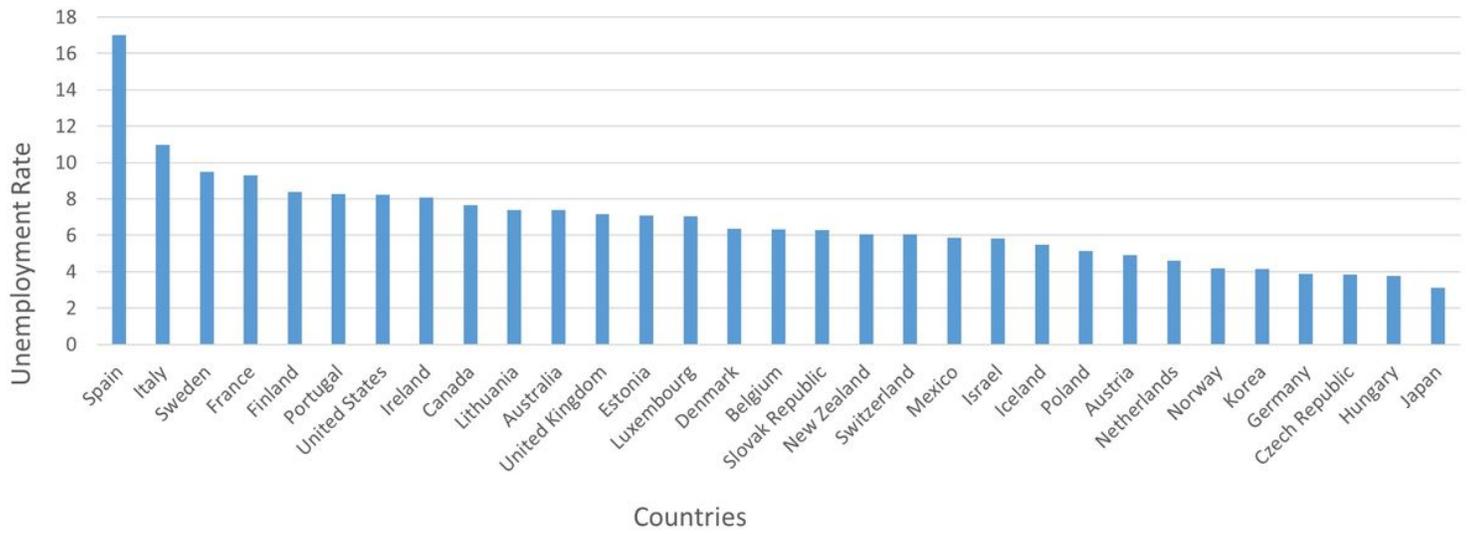


Figure 4

Unemployment Rate for Countries

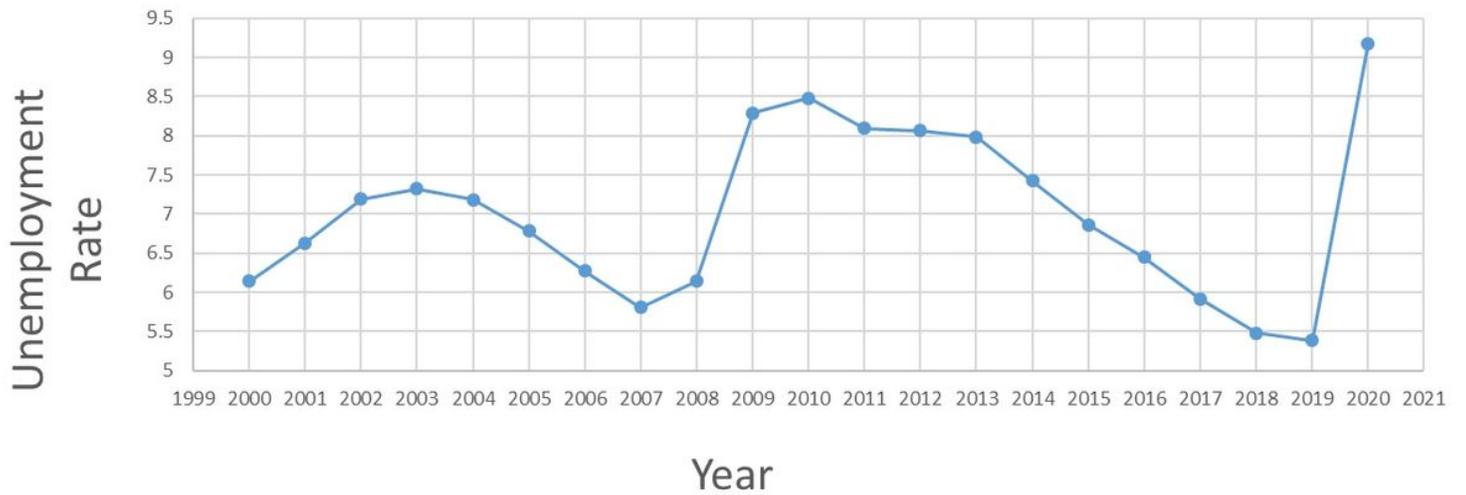


Figure 5

OECD Employment Rates

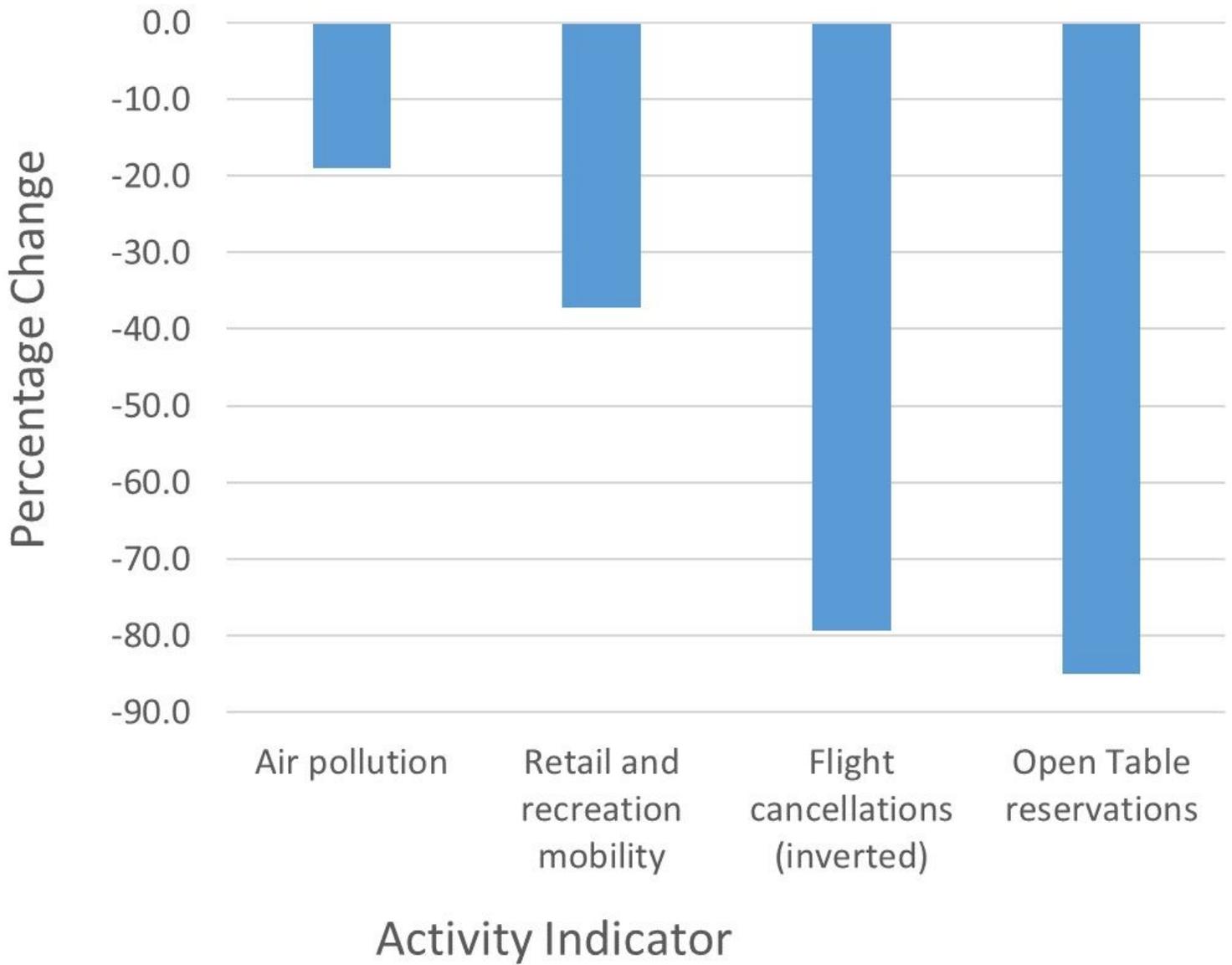


Figure 6

Percentage Change in Global Activity Indicators

Supplementary Files

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- [Appendix.pdf](#)