

HOW HAS THE COVID 19 PANDEMIC IMPACTED INEQUALITIES

Introduction

“Given the nature of the crisis, all hands should be on deck, all available tools should be used,” said Christine Lagarde, the President of the European Central Bank.

Individuals, societies, and economies have all been exposed as a result of the COVID-19 crisis, necessitating a rethinking of how economic and social activities are conducted. The problem demands immediate action based on solidarity, cooperation, and accountability. The role of the social economy and its participants in the COVID-19 situation is discussed in this essay. It goes on to outline the social economy's contemporary issues and emphasize policy instruments, and ideas to aid social economy players in their efforts to ‘fix’ and ‘transform’ society.

Understanding Economic & Social Inequalities:

Individual income and wealth discrepancies are referred to as economic inequality. People's varied places within the economic distribution, such as their income, wages, and wealth, are the most visible indicators of economic inequality.

Inequality—the state of not being equal, particularly in terms of status, rights, and opportunities—is a central idea in social justice theories. It is, however, prone to misunderstanding public discourse because it might imply different things to different people.

Some distinctions, however, are universal. Economists like Piketty define economic inequality as ‘income inequality’, ‘monetary inequality’, or more broadly, ‘living conditions inequality’.

Others take a legalistic, rights-based approach to inequality—inequality of rights and responsibilities. Much of the debate around economic inequality has broken down to two points of view. One is primarily concerned with inequality of *outcomes*, which can be caused by factors outside one's control, such as their ethnicity, familial history, or gender, as well as ability and effort. This point of view is *ex-post*, or achievement-oriented. The second viewpoint is focused on inequality of *opportunities*, or focusing solely on events beyond one's control that influence one's prospective results. This is an *ex-ante* (or potentially achieved) viewpoint.

If economic divisions deepen, societal inequality may follow. While economic inequality is caused by unequal wealth accumulation, social inequality refers to relational processes in society that have the effect of limiting or harming a group's social status, social class, and social circle, as well as disparities in the distribution of economic assets and income, as well as between the overall quality and luxury of each person's existence within a society. While economic inequality is caused by unequal wealth accumulation, social inequality exists because the lack of wealth in certain areas precluded the development of certain technologies.

All of these inequalities occur on a micro level; however, when viewed on a larger scale, a macro level, all types of inequalities, not just social and economic ones, vary in degrees of effect depending on a country's political situation, such as in developing countries, particularly those in the Global South. According to the World Bank and the International Monetary Fund's

short-term estimates, extreme poverty and income inequality in low-income and emerging nations are projected to worsen.

Further, according to the COVID-19 dashboard, college-educated workers are less likely to quit than those with less education in most nations, while women survey respondents are more likely to quit than men. Micro and small businesses, compared to major businesses, have a larger risk of falling behind on their payments, according to phone polls. As a result, a temporary loss of revenue for these businesses can lead to a longer-term loss of jobs and entrepreneurial capital, affecting workers who are young, low-skilled, or without access to capital disproportionately. In Ethiopia and Nigeria, for example, the richest 20% of households were considerably more likely than the bottom 20% to have children engaged in any learning activity after school closures.

Indices to Assess Economic Inequalities:

Comparing income distributions across nations or over time is one way to measure inequality. The Gini coefficient (based on the Lorenz curve) and percentile or share ratios are the most often used inequality measurements. These measurements attempt to reflect the entire income distribution, but they tend to give different weights to the bottom, middle, and top of the distribution. If a policymaker's purpose is to assess the consequences of a given policy or to track the growth of inequality over time, the metric used will be determined by the nature of the exercise. For example, inequality in pre-tax and after-tax income should be compared to assess the efficiency of government redistribution schemes. Thus, instead of using the Gini coefficient, the Palma ratio or interdecile ratios are better appropriate because these measures are more

sensitive to changes in income at the bottom of the distribution. Some glaring inequalities with respect to the effects of the pandemic have been reported.

To put things in perspective, between April and June 2020, nearly 44 million people in the United States lost their jobs, and unemployment rose to 15%. Simultaneously, however, the wealth of US billionaires climbed by nearly \$637 billion to \$3.6 trillion, which is far more than the combined wealth of the 54 African countries. Further, despite making up less than half of the workforce in the United States, women accounted for 55% of all job losses. In the United Kingdom, as well, women were nearly one-third more likely than males to work in a closed industry. Within a month of the pandemic's arrival in the United States, 22% of small enterprises had failed. As the livelihoods of billions of people are destroyed, the pandemic is reversing decades of gains in poverty reduction, education, health advances, and overall wellness. There are indications that the pandemic has forced at least another 100 million people into poverty.

Many more people will die from malnutrition and poverty-related causes than from COVID-19's direct health effects. This is because the informal sector employs over a third of the world's workforce, or approximately 2 billion people. The pandemic threatens the lives of an estimated 1.6 billion people, or 80% of the world's population.

The Way Forward

While no economy is immune to economic shocks, lower- and middle-income countries are the hardest hit because they have weaker economic defenses and rely on a few sectors, such as commodities and tourism. Wealthy countries were able to intervene early to protect people and businesses by putting \$9.8 trillion into their economy, accounting for the largest share of the overall \$11.7 trillion spent globally in 2020 to deal with the pandemic's aftermath. According to Oxfam research, official attempts to help people cope with the pandemic in 126 low and middle-income countries, including a variety of benefits for those impacted, were judged to be insufficient to cover basic needs in 97% of cases.

Over the short term, there are three main considerations:

- Job creation, which considers not only the number of jobs produced per dollar invested, but also the types of employment created and who benefits from them, and the match between the skills required and those available in the local labor.
- Boost to economic activity, focusing on the economic multiplier each intervention can deliver, the ability of a project to directly replace missing demand, and its impact on import levels or the national trade balance.
- Timeliness and risk, assessing whether the project generates stimulus and employment benefits in the very short term and whether they are durable even if local quarantine measures are re-imposed.

Over the longer term, a project must also support countries on three different dimensions:

- Considering the influence of long-term expansion on human, natural, and physical capital. Others may encourage the adoption of more efficient technology, provide essential public amenities such as modern energy or sanitation, or remedy market flaws such as distortive subsidies that stymie long-term progress.
- Future shock resilience, includes initiatives to help society and economy cope with and recover from external shocks, such as COVID-19 now, but also other types of natural disasters and future climate change consequences.
- Actions to support and distribute green technologies, such as grid investments that facilitate the use of renewable energy and electric vehicles, or low-tech choices like afforestation and landscape and watershed restoration and management.

Concluding Remarks

COVID-19 has revealed and exacerbated inequalities across countries, as well as within them. The least developed economies have worsening health conditions, fewer prepared health systems, and people living in situations that make them more susceptible to infection, and they simply lack the resources that advanced economies have to deal with the economic fallout. Prior to the pandemic, the world had been making progress toward the global sustainable development goals, albeit unevenly, and increased action was still required in most sectors. COVID-19 has had, and continues to have a detrimental impact on all 17 Goals and is further jeopardizing the progress that has already been accomplished in several areas, slowing down progress.

Civil society organizations such as humanitarian organizations, advocacy groups, development organizations, religious communities and multi-faith organizations, and community-based organizations have met the needs of local, regional, and global communities despite being severely restricted in their mobility and activity. The pandemic has exposed how our unequal global systems expose us to future system-level difficulties such as economic crises, climate change, and future pandemics. Citizens, civil society organizations, and even companies have asked for a ‘new social contract’ to boost global resilience. The networks, experience, and understanding of civil society are critical to its success.

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