

# COVID-19 and ECONOMIC CRISIS

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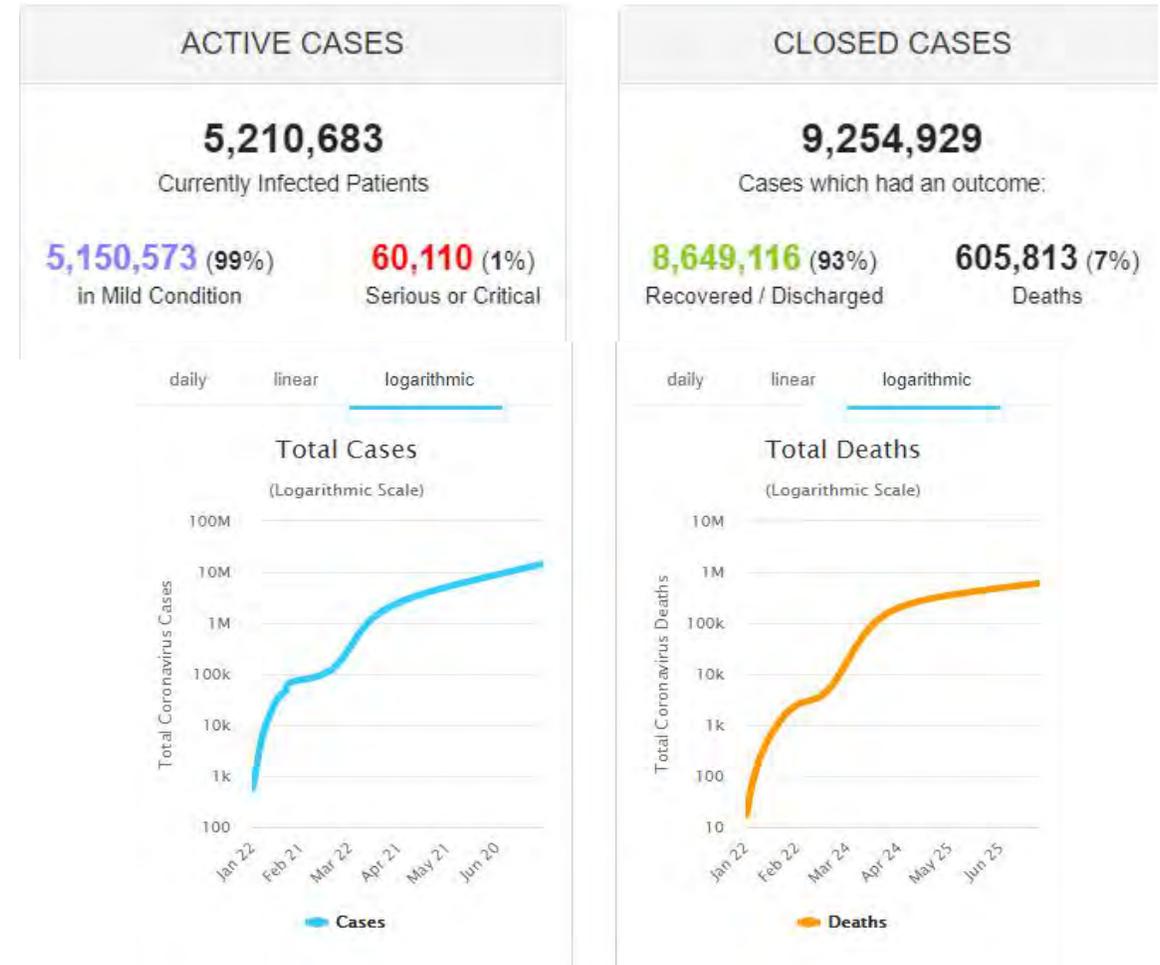
# An unprecedented crisis

Today we are confronted with an unprecedented crisis world has never experienced before. Coronavirus pandemic has affected 213 countries, areas and territories. With 3,139,000 cases and 218,020 deaths globally (as on 29 April, 2020), there is no stop to the spread. The USA, Italy, Spain, France, UK, Germany, Belgium, Turkey and Iran have more cases and deaths than rest of the countries. The pandemic has been one of the greatest global collective failure.

COVID-19 CORONAVIRUS PANDEMIC  
Last update: July 19, 2020, 14:04 GMT

Coronavirus Cases:	Recovered:	Deaths:
<b>14,465,612</b>	<b>8,649,116</b>	<b>605,813</b>

Source :  
Peertechz (COVID-19: An unprecedented crisis that needs an extraordinary response)  
Worldometer - [www.worldometers.info](http://www.worldometers.info)



Graphic Source : Worldmater. COVID-19 CORONAVIRUS PANDEMIC

# COVID-19: An unprecedented crisis impacts

- Worsening crisis with devastating effects on the world of work
- The COVID-19 pandemic has intensified and expanded in terms of its global reach
- With huge impacts on public health and unprecedented shocks to economies and labour markets. It is the worst global crisis since the Second World War
- The global economy has hit the worst recession as a result of the pandemic. The employment impacts of COVID-19 are deep, far-reaching and unprecedented

# Global Economic Prospects

Worldwide, two billion people work in the informal sector. Both developing and developed economies are failing the catastrophic challenge. According to The International Labour Organization (United Nations) report 'ILO Monitor 2nd. Edition COVID-19 and the World of work', describing the COVID-19 pandemic as the worst global crisis since World War II, about 400 million workers in informal economy in India may sink into poverty due to COVID pandemic which will have catastrophic consequences and is expected to wipe out 195 million full-time jobs



Image Source : Deccanherald.com

The health shock is precipitating an economic crisis and upending the livelihoods of already vulnerable groups.

Containment and mitigation measures needed to slow the spread of the virus will severely impact economic activity. Furthermore, a lockdown can have devastating effects—for example, on food insecurity—on households who live hand-to-mouth and have limited access to social safety nets.

Source : IMF (Six Charts Show How COVID-19 Is an Unprecedented Threat to Development in Sub-Saharan Africa)

The travel restrictions needed to contain the spread of the virus will disrupt economic activity and imperil livelihoods.

	Measure	Number of countries
Containment	Quarantine and self-quarantine	44
	Travel restrictions and border closure	43
	Cancellation of public gatherings	42
Mitigation	Closing of schools and universities	36
	Shelter in place and lockdown	34
	Remote work	25

Source: IMF country desk survey.

Note: As of April 3, 2020.

INTERNATIONAL MONETARY FUND

# IMPACTS OF COVID-19 ON INDIVIDUALS AND HOUSEHOLDS

Impact on labor income due to :

- Workers in the short-run but may occur over time due to furloughs or wage-cuts by some employers to avoid layoffs
- Decline in income of self-employed, due to reduction of economic activity (sales, production) in micro and small enterprises due to fall in demand and disruptions in supply of inputs, or due to mobility restrictions, particularly for migrants engaged in seasonal agriculture

Source : Worldbank (Poverty and Distributional Impacts of COVID-19: Potential Channels of Impact and Mitigating Policies )



Image Source : IMF. The COVID-19 pandemic threatens to dry up a vital source of income for poor and fragile countries

# IMPACTS OF COVID-19 ON INDIVIDUALS AND HOUSEHOLDS

Impact on non-labor income due to:

- Decline in international (and domestic) remittances resulting from the economic impacts of the crisis in places where the migrants are employed, and potentially in private transfers as economic stress can reduce transfers between households or charitable support
- Potential change in public transfers – e.g. increase as governments respond to mitigate the impacts of the shock or decrease as fiscal constraints force countries to choose between existing social protection and health care.

Service disruptions with adverse impact on non-monetary dimensions of welfare:

- Suspension of classes and feeding programs in schools, leading to impacts on student retention, learning, and nutrition
- Potential saturation of health system in countries with high incidence of COVID-19, leading to inadequate care for non-communicable diseases
- Disruptions in mobility, due to quarantines and other containment measures which may drastically reduce public and private transportation services

# IMPACTS OF COVID-19 ON INDIVIDUALS AND HOUSEHOLDS

Direct impact on consumption through:



Changes in prices and shortages of basic consumption goods and essentials (such as food and medicines), due to disruptions in the functioning of markets because of decline in trade (including import or export restrictions) or a fall in domestic production. This effect is in addition to the indirect welfare impact of any increase in the prices of production inputs, which would affect cost of production and labor income



Rise in out-of-pocket cost of health care for those directly affected by the pandemic, which may reduce consumption of other necessities among credit-constrained households



On the other hand, in some countries (e.g. in Latin America), inflation pressures are expected to subside on account of lower prices of oil and other commodities, which could mitigate some of the effects of a and b.

# Impacts of COVID-19 on welfare

The above channels of impact are reflected in Figure 1. In addition to the impacts outlined above, there are longer-run dynamic effects that can have extremely damaging impacts on economic mobility of individuals and with that on movements of households into and out of poverty. For example, a loss of income for a period of time can severely restrict the ability of poor households to invest in education of children, and/or in the nutrition and health of children and mothers, with potential negative impacts on long-term outcomes of children, including lifetime earnings.

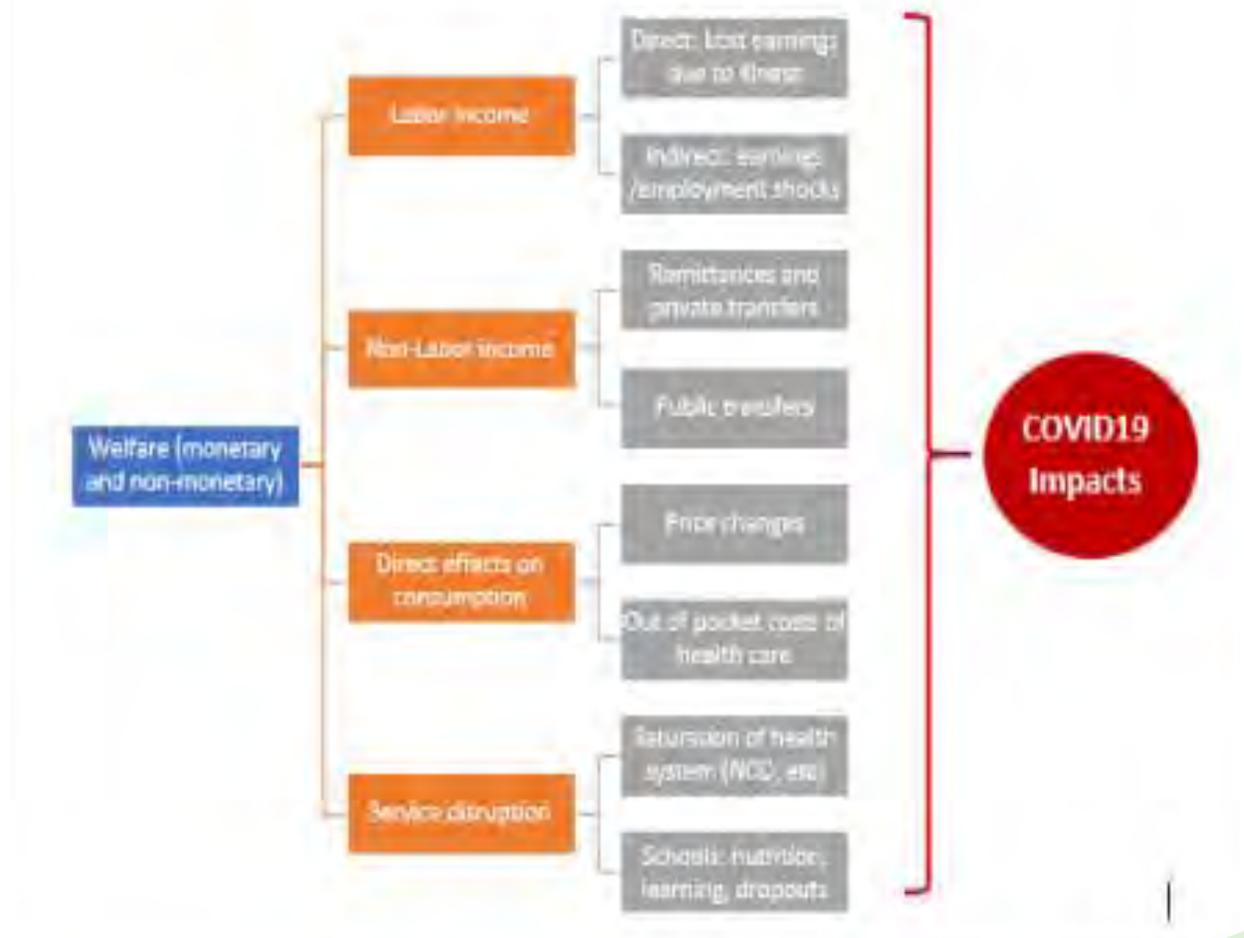


Figure 1. The main channels for short-term impacts of COVID19 on welfare

# Are female leaders more successful at managing the coronavirus crisis?

- From Germany to New Zealand and Denmark to Taiwan, women have managed the coronavirus crisis with aplomb.
- Angela Merkel or Jacinda Ardern Their blunt message exemplified firm action, effective communication – and showed another female leader getting the job done.
- In nearby Denmark, meanwhile, the prime minister, Mette Frederiksen, acted equally firmly, closing the Scandinavian country's borders as early as 13 March, and following up a few days later by shutting all kindergartens, schools and universities and banning gatherings of more than 10 people.

Source : The Guardian



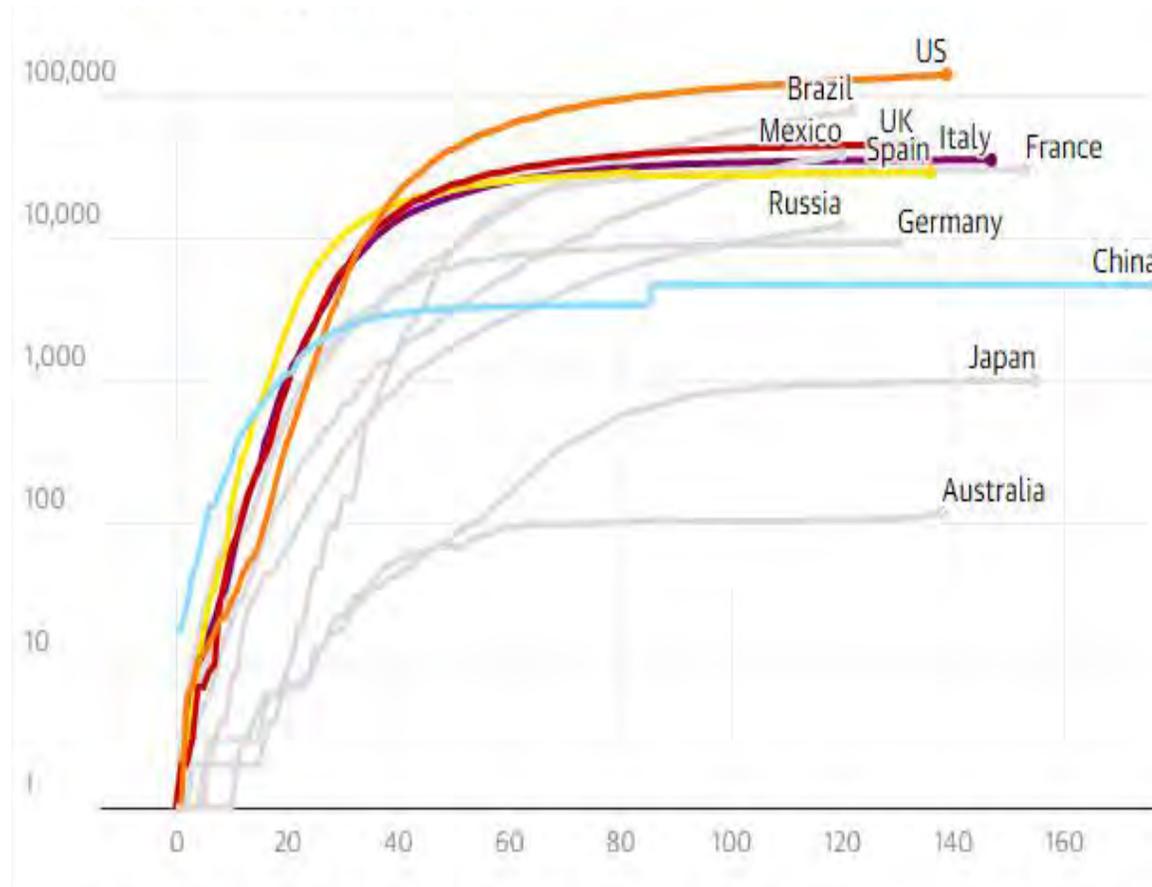
Image Source : theguardian.com

Female leaders around the globe, from left: Taiwan's president, Tsai Ing-wen; New Zealand's prime minister, Jacinda Ardern; the German chancellor, Angela Merkel; Denmark's prime minister, Mette Frederiksen; and Sanna Marin, the Finnish prime minister . Composite: Reuters/Getty/Rex/Shutterstock

- Taiwan's president Tsai Ing-wen responded equally fast, activating the country's central epidemic command centre in early January and introducing travel restrictions and quarantine measures. Mass public hygiene measures were rolled out, including disinfecting public areas and buildings.
- Finland's prime minister, Sanna Marin – who last year became the world's youngest head of government – also moved decisively to impose a strict lockdown, including a ban on all non-essential travel in and out of the Helsinki region. This has helped her country contain the spread of the virus to just 4,000 cases and 140 deaths, a per-million toll 10 times lower than that of neighbouring Sweden.

# Confirmed deaths of Covid-19 for selected countries

Showing the number of deaths since the day of the first one, using a log scale. Data correct at 16.59 UTC 17 July



Graph Source : Johns Hopkins CSSE Note: The CSSE states that its numbers rely upon publicly available data from multiple sources, which do not always agree

# The economic impact of COVID-19

The economic impact of COVID-19 starts as a negative supply shock. Two things occur :

- First, workers get infected, reducing production capacity. Atkeson (2020) states that when 10 percent of the population are infected, key financial and economic infrastructure would face severe staffing shortages.
- Second, restrictions of activity that is needed as part of disease suppression.

Source : The SMERU Research Institute (The Impact of COVID-19 Outbreak on Poverty: An Estimation for Indonesia)

Beyond the urgent concerns about the health of workers and their families, the virus and the subsequent economic shocks will impact the world of work across three key dimensions (ILO):

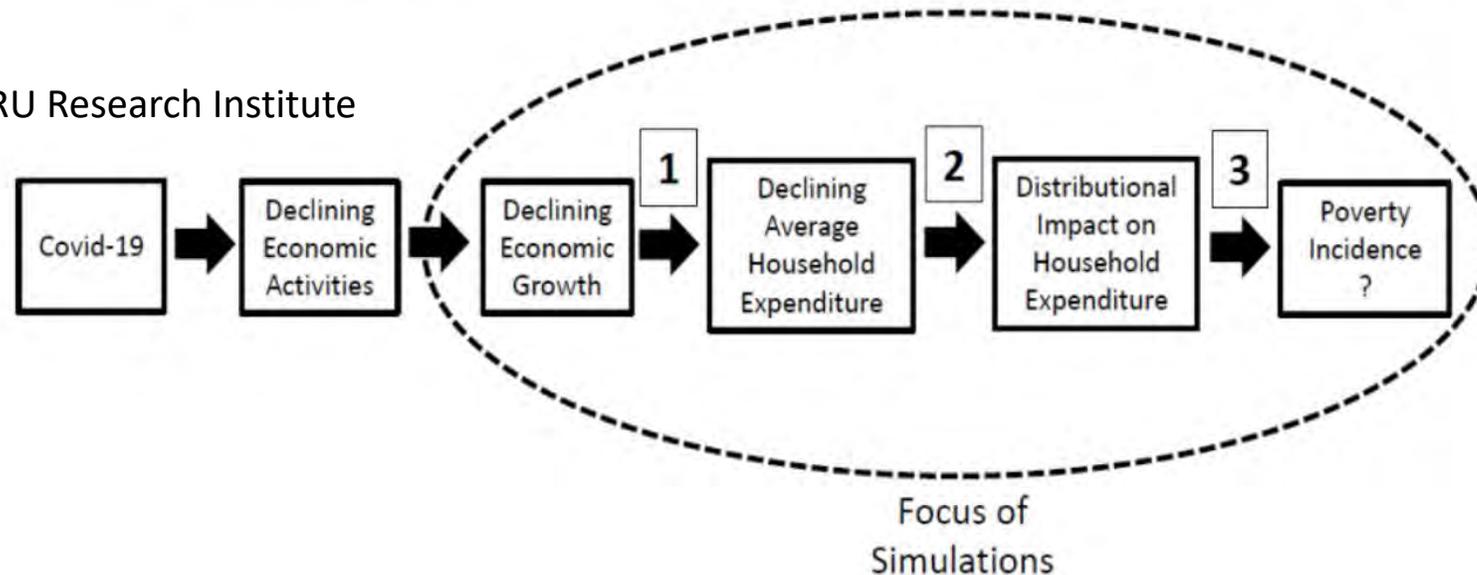
- The quantity of jobs (both unemployment and underemployment);
- The quality of work (e.g. wages and access to social protection); and
- Effects on specific groups who are more vulnerable to adverse labour market outcomes.

Source : ILO (COVID-19 and the world of work: Impact and policy responses)

This Figure shows the transmission mechanism of how the outbreak of COVID-19 affects the incidence of poverty

- First, through a combination of supply and demand shocks, macroeconomic shock causes a decline in average per capita expenditure at household level.
- Then depending on its distributional impact, the decline in per capita household expenditure may lead to an increase in the incidence of poverty.
- The impact of COVID-19 on declining economic growth has already been projected by various institutions .
- Finally, in the third step, we use the resulting per capita household expenditure distribution to measure the projected poverty rate. We implement these simulations based on various growth impact projections of COVID-19 proposed by various institutions.

source : The SMERU Research Institute



# Worsening crisis with devastating effects on the world of work

- During the past two weeks, the COVID-19 pandemic has intensified and expanded in terms of its global reach, with huge impacts on public health and unprecedented shocks to economies and labour markets.
- Through the massive economic disruption, the COVID-19 crisis is affecting the world's workforce of 3.3 billion.
- The employment impacts of COVID-19 are deep, far-reaching and unprecedented.

► Figure 1. Employment in countries with workplace closures

Global workforce (%)

100

80

60

40

20

0

1

7

13

19

25

31

6

12

18

24

1

7

13

19

25

31

January 2020

February 2020

March 2020

- Share of world's employed living in countries with **recommended workplace closures**
- Share of world's employed living in countries with **required workplace closures**

**Note:** The share of employed in countries with recommended workplace closures is stacked with those in countries with required closures. See Technical Annex 1 for more information.

Source: ILOSTAT, ILO modelled estimates, November 2019 and The Oxford COVID-19 Government Response Tracker

# Employment losses are rising rapidly around the world

The global estimates show that the crisis is causing an unprecedented reduction in economic activity and working time. As of 1 April 2020, estimates indicate that working hours will decline in the current quarter (Q2) by around 6.7 per cent, which is equivalent to 195 million full-time workers (assuming a 48-hour working week).

This implies that many of these workers will face a loss of income and deeper poverty, even if substitute activities can be found (e.g. returning to agriculture in rural areas). The largest decline is expected in upper-middle-income countries, but the impact is comparable across all income groups.

Source : ILO (ILO Monitor: COVID-19 and the world of work. Second edition)

► Table 1. Crisis is leading to a severe decline in working hours and employment (FTE)

	Decline in working hours (%)	Full-time equivalent (40 hours, million)	Full-time equivalent (48 hours, million)
World	6.7	230	195
Low income	5.3	14	12
Lower-middle income	6.7	80	70
Upper-middle income	7.0	100	85
High income	6.5	36	30
Africa	4.9	22	19
Americas	6.3	29	24
Arab States	8.1	6	5
Asia and the Pacific	7.2	150	125
Europe and Central Asia (Europe)	6.0	24	20
(Europe)	7.8	15	12

Table Source : ILO Monitor : COVID-19 and the world of work .Secod Edition

# Beyond unemployment: Work at risk

The manufacturing sector, which employs 463 million workers, has been hit hard in some segments, as workers are told to stay at home, factories close, and global supply chains grind to a halt. Quarantine measures, closure of retail stores, cancelled orders and salary reductions are suppressing demand in key industries such as automobiles and textiles

► Table 2. Workers at risk: Sectoral perspective

Economic sector	Current impact of crisis on economic output	Baseline employment situation (global estimates for 2020 prior to COVID-19)			
		Level of employment (000s)	Share in global employment (%)	Wage ratio (av. monthly sector earnings/av. total earnings )	Share of women (%)
Education	Low	176560	5.3	1.23	61.8
Human health and social work activities	Low	136244	4.1	1.14	70.4
Public administration and defence; compulsory social security	Low	144241	4.3	1.35	31.5
Utilities	Low	26589	0.8	1.07	18.8
Agriculture; forestry and fishing	Low-Medium*	880373	26.5	0.72	37.1
Construction	Medium	257041	7.7	1.03	7.3
Financial and insurance activities	Medium	52237	1.6	1.72	47.1
Mining and quarrying	Medium	21714	0.7	1.46	15.1
Arts, entertainment and recreation, and other services	Medium-high*	179857	5.4	0.69	57.2

A number of key economic sectors can be identified as suffering from a drastic fall in output, including accommodation and food services, manufacturing, wholesale and retail trade, and real estate and business activities. These sectors are labour intensive and employ millions of often low-paid, low-skilled workers, particularly in the case of accommodation and food services and retail trade. The economic risks will be felt particularly hard by workers in these sectors.

Table 2. Workers at risk: Sectoral perspective

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		Level of employment (000s)	Share in global employment (%)	Wage ratio (av. monthly sector earnings/av. total earnings )	Share of women (%)
Transport; storage and communication	Medium-high*	204217	6.1	1.19	14.3
Accommodation and food services	High	143661	4.3	0.71	54.1
Real estate; business and administrative activities	High	156878	4.7	0.97	38.2
Manufacturing	High	463091	13.9	0.95	38.7
Wholesale and retail trade; repair of motor vehicles and motorcycles	High	481951	14.5	0.86	43.6

Table Source : ILO Monitor : COVID-19 and the world of work .Secod Edition

Source : ILO (ILO Monitor: COVID-19 and the world of work. Second edition)

# RESPONSE TO THE CRISIS : SOCIAL PROTECTION MEASURES TAKEN BY GOVERNMENTS IN RESPONSE TO COVID-19

Countries in the region have also taken steps to minimize job losses and to support the unemployed. The main instruments include (UNDP):

- (1) expansion of unemployment benefits, including compensation for crisis-induced reductions in working hours;
- (2) wage subsidies;
- (3) offering companies incentives such as tax breaks to retain their workforce during the crisis; and
- (4) employment services to complement income support to unemployed workers.



Graphic Source : UNDP. The social and Economic Impact of COVID 19 in The Asia-Pacific Region

Coordinated international action is critically needed to respond to this globally synchronized, compound crisis (UNDP, 2020)

**Coordination is needed for :**

1. safeguarding an adequate level of production, transportation and delivery of essential goods and services, including medical supplies;
2. Managing stranded travellers and cross-border migrants to limit the risk of infection, and avoid putting the poorest countries at risk;
3. Exchanging critical information and research and ensuring adequate funding for development of COVID-19 treatment and vaccines; and
4. International tax and development finance cooperation.

# Pandemic and New Job

While many retail-oriented jobs were lost due to the pandemic, it looks like other jobs are being created

- Teleconferencing support specialists
- Online market Start-up
- Temperature screeners
- Screen manufacturers and installers

Source :  
FORBES (Thousands Of New Jobs Are Being Created In Response To The Coronavirus)  
CNBC (Without the coronavirus pandemic, these jobs probably wouldn't have existed)



Image Source : tptranscription.co.uk



Image Source : jakartaglobe.id

# Pandemic and Work From Home

During the COVID-19 outbreak, many companies are suggesting—even requiring—that more employees work from home .

- Flexible work arrangements
- Working parents should have enough time to support their children’s learning and development
- Keeping work reminders
- Relax and fit body



Image Source : Forbes.com

Source :

FORBES (9 Tips To Be Productive When Working At Home During COVID-19)

UNICEF (FAMILY-FRIENDLY POLICIES AND OTHER GOOD WORKPLACE PRACTICES IN THE CONTEXT OF COVID-19: Key steps employers can take)

# Pandemic and Family Time

During pandemic, it is vitally important to keep connections with families, friends and colleagues.

1. Play game together
2. Keep communicating , share and encourage each other
3. Draw up a list of family rules together to help family get through pandemic time

Making time to do these things can create positive feelings . During Pandemic, it is vitally important to keep connections with families, friends and colleagues in as many ways . Share and do fun things together

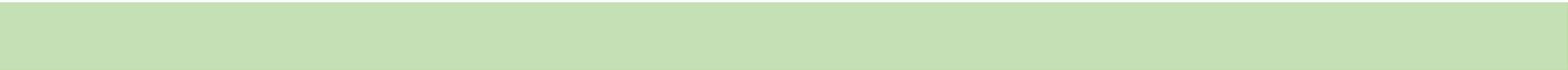
Source : Government of Jersey (Family relationships during the coronavirus pandemic)



Image Source : metroparent.com



Image Source : Greatschools.com



THANK YOU