

Forum: United Nations Economic and Social Council

Issue #15-01 : Strategizing the recovery from the economic recession inflicted by the COVID-19 pandemic

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Introduction

Covid-19 was declared a pandemic March 11th and has since caused the world economy to drop 3.5% in 2020. As the world encountered the COVID-19 pandemic millions of people lost their jobs due to the 2020 recession. This recession has affected every country in the world with certain countries' gdp's dropping as much as 20%. This has caused the largest number of economies experiencing declines in per capita output since 1870. As well, the stock market dipped in March to 2016 levels before moving past highs. This alarming situation has caused countries to have different policies ranging from complete lock down, to little to no restrictions. While the results varied from country to country it can be concluded that as countries decreased covid restrictions they were able to recover at a faster rate than with restrictions. As every country has a different medical system each one has to find a way to decrease restrictions without collapsing its medical facilities.

Definition of Key Terms

Recession

A period where economic activity decreases throughout various months

Gross Domestic Product (GDP)

Quantitative value for all finished goods and services made within a country during a specific period

Dip

An assets price or value has experienced a short term decline

Interest Rates

Percentage amount of how much the return to a lender or borrower should be on top of principal

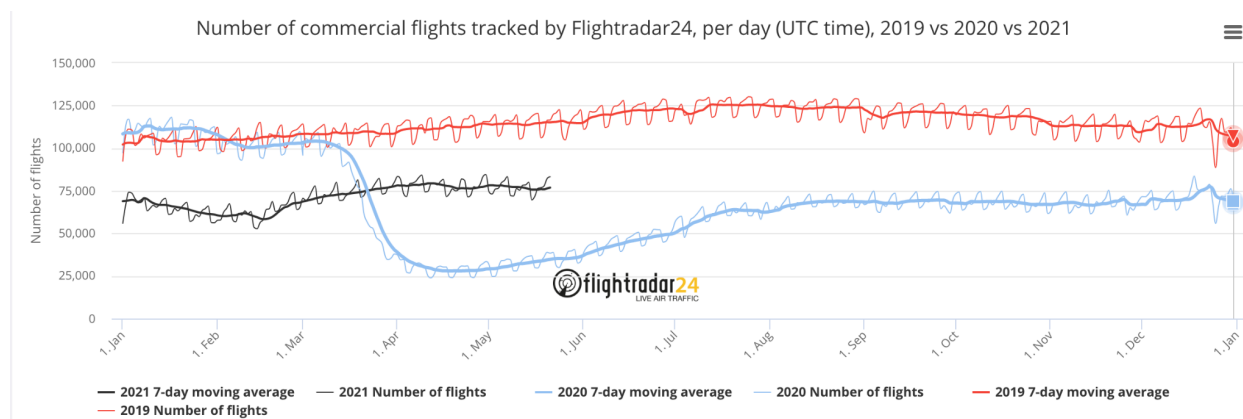
Stimulus Package

A government action to increase spending, lower taxes, and interest rates to stimulate an economy and lift it out of a recession

General Overview

Statistics

When Covid began, it was thought that the world's economy was going to shrink 5.2% however due to an impressive 4th quarter the world economy shrunk 4.4%. As Covid-19 forced industries into doing business online, many industries focused on increasing technology, while those focused on face to face contact were bashed. The airline industry experienced the worst fall since the second world war, in 2020 revenues fell approximately 66%.



Zoom daily downloads

January 2020	56,000
February 2020	1.7 million
March 2020	2.13 million

Social Effect

As the world entered a new decade it seemed as if we were going to beat extreme poverty estimates. However, as covid hit, wealth inequality increased extensively. As there was a new record of billionaires in the world extreme poverty went to the levels of 2016, around 10%. Most members of the middle and higher class were able to continue their jobs through an online format or create other streams of income; others in the lower class were not able to continue working. Those living in first world countries were able to collect welfare and stimulus checks, however those who lived in countries where the economy is not as stable were left by themselves.

Table 1. Changes in poverty due to COVID-19 and the policy response (absolute numbers and percentage of world population)

Poverty	2019	2020	2021	2030
Pre-COVID	650,433,712	621,931,609	598,347,067	536,923,904
	8.4%	8.0%	7.6%	6.3%
October 2020	646,806,659	766,032,180	726,524,822	597,902,578
	8.4%	9.9%	9.3%	7.0%

Source: Author's calculations based on IMF World Economic Outlook October 2020 and World Bank Povcal data

Note: Extreme income poverty is defined as comprising families living in households spending less than \$1.90 per person per day in 2011 PPP terms.

BROOKINGS

Major Parties Involved and Their Views

United States

The United States of America has been one of the most successful countries in maintaining a "strong" economy during this pandemic. Trump led the U.S. firmly during the start of covid by creating stimulus plans, and direct payouts while maintaining constant inflation and a solid stock market. This has all come to a cost though - a 36% increase in debt from 2017. This strategy is commonly known as the "unpayable debt" route. This increase in debt is mainly due to the amount of money that has been "printed" by the federal reserve.

The US lost an overall 3.5% of its GDP in 2020 due to an amazing quarter four where the GDP rose 4%. On top of this Dow Jones, SP500, and the QQQ have hit all time highs. However, many things are too good to be true. There are some main issues that should be addressed. The first one is how will the federal reserve maintain 2% inflation throughout the next years with this recent influx in money, how will the US stop "printing" money without leaving businesses dry, and how will the US address the housing market.

China

Due to China being communist, everyone does what the government states. At the beginning of this pandemic, the world watched as the virus spread through China. China was wowing the world by building hospitals in days, and creating a full lockdown in record time. China was able to “control” COVID fairly quickly and make a return in the last quarters of 2020 to end the year on a 2.3% GDP growth. This caused a snowball effect which led to an outstanding 18% economic growth in the first quarter of 2021! China's approach is one of making sure that if there is an outbreak to stop it immediately by creating a city-wide lockdown and putting many biosecurity measures in place before someone enters the country.

Russia

Russia began 2020 with a crisis regarding oil in which oil futures reached a negative. This happened as the price per barrel was less than the cost to maintain the barrel of oil! Russia being the 3rd largest producer of oil was heavily affected. After it seemed that this crisis was being taken care of, COVID-19 began spreading around the world. Russia was affected relatively late, having its first case late in February. It seemed as if Russia was being able to control until the second half of March came around where the case spiked from under 500 to over 10,000 in less than a month. This caused Russia to declare a national paid holiday. Russia spiraled into the same crisis as the rest of the world. Russia lost about 1.5 million jobs in manufacturing, construction and hospitality service. However, poverty rates grew from 12.6% to 13.2%. As the year came to an end, Russia finished with a -1.8% economic growth.

Brazil

From a health standpoint, Brazil is in one of the worst positions a country has been in. Even before the pandemic, hospitals were already unavailable to the

lower class, doctors were understaffed and many hospitals were already packed. As the pandemic began, Brazil spiraled into an overloaded amount of covid cases - nearly 15 million cases. Brazil was heavily affected economically as the GDP shrank 5.3% and unemployment hit similar levels as 2015-2016, 14.6%. Brazil's approach depended on the rate of covid cases with varying restrictions, from lockdowns to mask mandates and limited capacity.

Timeline of Events

Date	Description of event
January 9th 2020	WHO Announces Coronavirus in Wuhan, China
January 21st 2020	CDC Confirms First US Coronavirus Case
January 31 2020	WHO Issues Global Health Emergency
March 11th 2020	WHO Declares COVID-19 a Pandemic
May 21st 2020	Remdesivir Wins EUA
September 8th 2020	AstraZeneca Halts Phase 3 Vaccine Trial
November 23	AstraZeneca Reports Vaccine Is 90% Effective; FDA Grants EUA for Second Antibody Treatment

UN involvement, Relevant Resolutions, Treaties and Events

Six months after the WHO declared Covid-19 a pandemic, the UN launched a three point system response.

- "Mobilize all sectors and communities in the response, control and suppression of the transmission of the virus, reduce mortality by providing care for those affected, and develop safe and effective vaccines and therapeutics that can be delivered at scale and that are accessible based on need."
- "A wide-ranging effort to safeguard lives and livelihoods by addressing the devastating near-term socio-economic, humanitarian and human rights aspects of the crisis with attention to those hit hardest."
- "A transformative recovery process that leads to a better post-COVID-19 world by addressing underlying fragilities and identifying opportunities for transformative change towards more just, equal and resilient societies and economies."

Past action

As the pandemic started in March 2020 the first action by ECOSOC was to minimize the impact of Covid-19. The ECOSOC president released a statement on May 12th 2020 covering many topics. One was "Measures to protect and stimulate the economy, from cash transfers to credits and loans, must be targeted at women who make up the majority of those in the hardest-hit informal economy, and who are at the forefront of the community response." One of the first actions was to send 1.2 trillion dollars to the countries in greatest need. Ecosoc continued these actions throughout 2020 and decided to scale down forums such as the Financing for Development Forum, Youth Forum, Partnerships Forum and the Science, Technology and Innovation Forum.

Possible Solutions

Solutions for a global crisis are never simple. However, there is always a solution for everything. In this case, countries could sell bonds and lower interest rates. By selling bonds, countries would have more capital to help their population. Bonds would most likely be bought by the higher class as they tend to have capital and then that money will be distributed to those in need, a win-win situation. As well, by lowering interest rates, more people will be able to get money through loans and not go in debt, most likely, when having to pay it back.

Sustainable Development Goal (SDG)

This issue relates to Sustainable Development Goal 8, “Decent work and Economic Growth.” This SDG is focused on profiting sustained, inclusive and sustainable economic growth. In the issue at hand, the goal is to find a solution that is sustainable, adaptable to most countries and is successful. This pandemic has caused four times the job losses as the ‘08 crisis and therefore it is imperative to find a solution.

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Appendix

- I. Detailed article/podcast by an economist on what COVID-19 has done to the global economy
 - A. <https://www.weforum.org/agenda/2020/09/an-economist-explains-what-covid-19-has-done-to-the-global-economy/>
- II. Plan by ECOSOC to combat the COVID-19 crisis and example solution

- A. <https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/2020doc/ECOSOC-and-COVID-19-compilation-of-actions.pdf>
- III. Professional article based on a reflection a year after COVID-19 and its effects
- A. <https://www.cnbc.com/2021/03/10/a-year-after-the-pandemic-struck-the-us-economy-is-still-struggling-but-coming-around-quickly.html>