

Analysis of the Impact of the Epidemic Situation on Macroeconomy and Countermeasures

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ABSTRACT

Since January 2020, COVID-19 has spread across the country, and the entire country has participated in the fight against the epidemic. In order to better respond to the impact of the epidemic on the macro economy, the country needs to strengthen macro-control, carry out counter-cyclical macro-control, give full play to the role of market supervision, restore the vitality of enterprises as soon as possible, and provide a reliable guarantee for the development of the market economy. In the prevention and control of the epidemic, it can be found that China's national economy has been greatly impacted. This article aims to study the impact of the COVID-19 epidemic on the country's macroeconomics, and conduct multi-angle research and interpretation from different aspects. It provides support by consulting relevant literature and data, studying China's macro economy under the influence of COVID-19, and checking the country's releases. Research related policies and implementation effects from many aspects, and put forward suggestions and opinions. Through the study of the above-mentioned problems and countermeasures, it has a strong reference significance.

Keywords: COVID-19; Macroeconomic; influence; Countermeasures

1. INTRODUCTION

In the early stage of the epidemic, the Party Central Committee and the State Council held several special meetings to carefully study and judge the epidemic prevention and control work in view of the impact of the epidemic on the macro economy. At the same time, a variety of response measures have been taken to mobilize the enthusiasm of people and governments at all levels, and effectively control the spread of the epidemic throughout the country.

Through the impact of China's macro economy under the influence of the epidemic, it can be found that the macro economy has a greater impact on demand. After the epidemic, the current consumption gap cannot be effectively made up. Consumer demand is suppressed. In terms of supply, the tertiary industry, which is dominated by the service industry, requires a large amount of personnel and material flow. However, due to the impact of the epidemic, the flow of personnel and materials has dropped significantly. In terms of inflation and employment, due to the decline in population mobility, the ability of a unit of currency to create GDP has been greatly affected. For manufacturing, service industries, and small and medium-sized enterprises, affected by the

epidemic, the job market will shrink in stages, leading to a concentration of unemployment in these industries. During the epidemic prevention and control stage, my country's macro economy has been greatly affected. In terms of macroeconomic impact, the two most important economic demand and supply, inflation and employment, were analyzed, which reduced domestic demand to a certain extent.

However, certain aspects have promoted long-term economic growth. Inflation and employment are dominated by people's livelihood, and the national economy is the mainstay. Through the specific impacts of the above three aspects, solutions to evidence-based measures can be proposed.

For all levels of social composition, analysis and strategic research on the impact of the epidemic on the economy are very important. At the national macro level, it is necessary to strengthen counter-cyclical macro-control and require the government to strengthen counter-cyclical macro-control, combining the structural and overall benefits of the policy. For the affected companies, they must improve their ability to respond to crises. In the face of some force majeure systemic risks, companies should actively respond to it, do more with less, and

actively turn crises into opportunities. In different regions, the government should adopt differentiated economic policies to better enhance economic vitality and alleviate the negative impact of the epidemic on the macro economy.

The research goal of this study is the economic development and specific impacts under the influence of the new crown pneumonia epidemic, and it puts forward specific requirements for the response strategies of all sectors of society. Therefore, in the current market economy environment, it is necessary to analyze the impact of COVID-19 on the development of the macro economy, to better respond to various risks, and to ensure the healthy and stable development of people's living standards in the macro economy.

2. THE IMPACT OF COVID-19 ON MACROECONOMICS

2.1. Impact on aggregate demand

The COVID-19 epidemic has affected economic growth in the short term, but in the long run it has stimulated the demand of the national economy.

First of all, the impact on consumption is the most obvious. After the epidemic, the consumption gap at this stage cannot be effectively compensated. In the process of epidemic control, artificially controlling population mobility and aggregation has become one of the effective means. In this case, the offline consumption scene will disappear in stages, which greatly inhibits the consumption demand of residents. After the COVID-19 epidemic, there has been a cliff type fall in transportation, studio entertainment, tourism, accommodation, catering and other industries, especially for some service consumption, which shows obvious timeliness. It is very difficult to get effective compensation after the epidemic. From the perspective of import and export, the impact of the epidemic is more obvious, especially in the stage of the outbreak of the epidemic in the United States. In order to better control overseas imports, China has formulated a strict prevention and control system in foreign exchanges, which has greatly affected global trade activities and even broken some industrial chains. Given China's core position in the global and regional supply chains, continued supply chain disruptions may affect Asia and the global economy; at the same time, restrictions imposed by other countries due to the epidemic may also cause international trade disruptions and affect the normal operation of China's industrial chains.

2.2. Impact on aggregate supply

In the current national economic development, the impact of the tertiary industry on the total supply is more obvious. The tertiary industry dominated by the service

industry, and it needs a lot of personnel and material mobility, but under the influence of epidemic factors, the mobility of personnel and materials has decreased significantly. For example, in the SARS epidemic in 2003, the growth of the tertiary industry decreased by 0.9 percentage points in the second quarter. Even compared with the first quarter, it also decreased by 1.8 percentage points, especially in the transportation industry, accommodation and catering industry. In the current national economic system, the proportion of the tertiary industry has been increasing, reaching 53.9% in the whole GDP, an increase of 11.9 percentage points compared with the proportion during the SARS epidemic[3]. Under such circumstances, COVID-19 has a more extensive impact on the third industry and reduces the total supply of the market. The economic impact of the COVID-19 pneumonia epidemic is analyzed from the supply side, and it is found that the impact of the epidemic on the supply is short-term, global, and high-intensity. Based on the analysis of the short-term impact of the epidemic on the supply-side shocks based on labor supply, enterprise production and industrial chain levels, it is concluded that the factor level shows the superposition of the "cliff effect" and the "substitution effect"; the enterprise level shows the change from rapid shutdown of production to difficult production and resumption of work ; At the industrial level, the risk of supply chain disruption and industrial chain relocation increases.

2.3. Impact on inflation and employment

Under the influence of COVID-19, population mobility has dropped significantly. Meanwhile, the flow rate of money has also decreased significantly, making the unit currency's ability to create GDP has been greatly affected. To better cope with COVID-19, the central bank often makes some loose monetary policies, increasing money supply, stimulating consumption and restoring the economy. In a short time, people will take measures such as hoarding living materials and seeking safe haven assets, so that a large number of currencies enter the field of bulk commodities, increasing the upward pressure of inflation to a certain extent. Meanwhile, under the COVID-19, the labour market will also be affected by some negative effects. The COVID-19 epidemic is a sudden external shock to China's economy and employment. It challenges the high-quality realization of China's goal of building a moderately prosperous society in all respects. It is also a test of China's economic resilience. For manufacturing, service and small and medium-sized enterprises, the impact of the epidemic will lead to a phased contraction of the employment market, which will lead to cluster unemployment in these industries. The COVID-19 pandemic will result in the loss of approximately 84 million jobs in the first quarter of 2020 and approximately 23 million jobs throughout the year. China is expected to create about 7.5 million fewer

jobs in 2020 than in the previous year, equivalent to adding about 1 percentage point to the unemployment rate. By sector, employment in the accommodation and catering industry, tourism, cultural and entertainment industry, and transportation industry suffered a major impact, with job losses of millions or even more[6]. A group of small and micro enterprises, individual industrial and commercial households, agricultural cooperatives and farmers face the risk of bankruptcy. The impact of residents' income is more prominent than the impact of employment. It is expected that the growth of residents' disposable income will slow down throughout the year, and the growth of wage income and operating income may stagnate in the first quarter, and some low-income groups face the risk of poverty. The IMF's optimistic forecast for China's economy next year will greatly boost China's confidence in economic development and employment protection, and will have a positive effect on increasing employment and reducing the unemployment rate, indicating a positive trend for China's employment. According to Okun's Law, unemployment means underutilization of factors of production, and the increase in unemployment rate will be accompanied by a decrease in real GDP. Therefore, the analysis of employment problems is not only because employment and unemployment are the results of economic development, but also because employment plays an important role in promoting economic development.

3. DEVELOPMENT COUNTERMEASURES OF NATIONAL ECONOMY UNDER THE EPIDEMIC SITUATION

3.1. Strengthening counter cyclical macro-control policies

The COVID-19 epidemic is mainly reflected in the short-term and indirect effects of the current macroeconomic development. This requires that the government should strengthen the macro control policy of the counter cyclical policy and combine the structural characteristics of the policy with the general benefit. In the long run, structural policies should be adopted, and the initiative of decision-making should be improved in combination with the changes in the epidemic situation. In COVID-19, we should appropriately increase the central fiscal deficit, adjust the structure and scale of fiscal revenue and expenditure, and increase the intensity of tax reduction and reduction, so as to help enterprises cope with the impact of the COVID-19 pneumonia epidemic situation and better restore the vitality of enterprises. At the same time, while ensuring the soundness of the monetary policy, we should better improve its flexibility, realize the combination of universality and pertinence, and improve the transmission mechanism of monetary policy. According

to the characteristics of different regions and industries, we will adopt differentiated monetary policy support and focus on supporting some regions seriously affected by the epidemic with the help of targeted interest rate cuts, so as to provide more support for small and medium-sized enterprises. In addition, we should give full play to the role of local governments, formulate corresponding decompression policies according to local conditions in combination with the actual situation of the region, strengthen support for enterprises, better tide over difficulties and restore market vitality. The dramatic changes in the socio-economic environment brought about by the epidemic will promote digital and intelligent technological innovation and applications, will promote China's institutional innovation, and will also have a long-term major impact on the global economic and political order.

3.2. Enterprises actively respond to the impact of the epidemic

COVID-19 should be a major body of the market economy, and should be deeply cognitions and influence on various epidemic situations. First of all, enterprises must improve their crisis responseability. The new coronavirus pneumonia epidemic is indeed a huge crisis, but we can also see such a situation, the crisis has caused the market structure to be redefined. For companies that can take advantage of this pattern, the crisis is also a new opportunity. Accurate efforts to improve the digital economy standardization system from the supply side, with the help of innovation driving force, to efficiently establish dimensions including basic digital economy basic general standards, digital economy key technical standards, digital transformation and upgrading standards, etc., to build a built-in, complete, and recyclable The digital economy standardization system used. In the face of some force majeure systemic risks, enterprises should actively respond, make good use of the situation and actively turn the crisis into opportunities. COVID-19 should be coordinated with suppliers, customers and employees, and the government should take the initiative to share the risks and reduce the impact of COVID-19 pneumonia. The COVID-19 is the most important way to keep the core products and to upgrade the transformation and upgrading of the new products, and to enhance its sustainability. In this process, enterprises should improve their automation, intelligence and informatization level, actively seek government policy support, actively connect with the government, and build a benign interaction mechanism.

Actively promote the resumption of work and production of enterprises under the normalized epidemic prevention and control mechanism, and effectively alleviate the difficulties of enterprises, especially small and medium-sized enterprises; strengthen the coordinated resumption of work across the entire

industrial chain across industries and regions, and improve the safety and modernization level of China industrial chain; grasp the epidemic situation Promote opportunities for intelligent technological innovation, vigorously promote the construction of new infrastructure, and accelerate the conversion of new and old economic kinetic energy.

3.3. Pay attention to the differentiation of economic policies

In the current global context, the impact of the epidemic still exists. Even if it is effectively controlled at home, the impact still exists. We must tighten the string of epidemic prevention and control. In this process, the government should adopt differentiated economic policies to better enhance the vitality of the economy and alleviate the negative impact of COVID-19 on the macro-economy. This requires that when formulating economic policies, differentiated policies should be formulated according to the epidemic risk in different regions. For low-risk and risk-free areas, we should promote the full resumption of work and production on the basis of maintaining necessary prevention and control measures. Encourage production capacity cooperation between high-risk areas or medium risk areas and low-risk and risk-free areas, and even temporarily move relevant industrial chains to low-risk and risk-free areas to reduce the impact of the epidemic on the economic operation of these areas. When the epidemic situation in some countries is approaching, Chinese enterprises and enterprises in these countries should be encouraged to form capacity cooperation and work together to overcome the impact of the epidemic on the international economy.

Facing the impact of the COVID-19 pneumonia epidemic, the epidemic prevention and control and economic and social development of various regions have achieved positive results. The economic growth of the central and western regions has recovered relatively quickly. The export and industrial growth of some eastern regions have shown strong resilience, and the industrial growth of the Northeast has achieved It's getting better month by month. To promote the stable development of the national economy in the future, we must make good use of regional development differences, promote the central and western regions to accelerate the release of the potential for industrialization and urbanization on the basis of good planning, and use the differences in the economic structure of various regions to formulate more targeted and stable demand The policy should give greater support to areas severely affected by the epidemic and facing greater difficulties in economic recovery.

4. CONCLUSION

The outbreak of COVID-19 has had a huge impact on our lives and the national economy. This article studies the impact of the outbreak of the new crown epidemic in early 2020 on China's macro economy. From multiple perspectives, it can be found that the new crown epidemic affects economic growth in the short-term, but stimulates national demand in the long-term. On the supply side, the new outbreak of the third industry has had a huge impact, reducing total market supply, inflation and employment. Due to the sharp decline in population mobility, the currency circulation rate also decreased, which increased the upward pressure on inflation under the adjustment of the Central bank. In addition, due to travel restrictions, the COVID-19 pandemic has caused a great impact on employment in many industries. In view of the above problems, several countermeasures are proposed. First, counter-cyclical macro-control policies should be strengthened; second, enterprises should actively respond to the impact of the epidemic; finally, economic policies should be differentiated according to different regions and different policies. It is of reference significance.

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