

A Summary Report on the Government's Strategy for Economic Recovery During the COVID-19 Period

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ABSTRACT

The outbreak of COVID-19 in 2019 brought challenges to the global public health industry as well as the national economy. However, when some governments adopt policies such as blockade and self-isolation, they will further affect economic development. Facing the dual challenges, different countries have different responses to the economic impact brought by COVID-19 due to the difference in the national system and economic strength. This essay commented on the domestic and foreign scholars' research results on how the government solved the economic problems during the spread of the epidemic. By comparing the economic recovery strategies of governments in different countries, the government chooses some effective methods to provide a certain theoretical basis for the government to deal with the economic crisis during the epidemic.

Keywords: *Economy, COVID-19, Government.*

1. INTRODUCTION

The popularity of COVID-19 not only threatens the physical and mental health of citizens but also has a significant impact on economic development and social stability [1]. In most countries, the response to the COVID-19 crisis is being carried out comprehensively under the leadership of the government, focusing on strengthening the health care systems and curbing its spread [2]. However, these effective methods to reduce the spread of the epidemic may affect the economic operation of the country. During the epidemic period, as countries imposed blockade policies and imposed restrictions on commerce, trade, and tourism, many industries have been adversely affected [3]. A researcher argued if we want better public health outcomes, we need resources from other sources- the "economy" when striving for some extra health, part of the economy will be abandoned at the same time [4]. Following this, when our public health has been given priority, it is relatively "expensive" to further promote the system to obtain more health in terms of economic loss. Therefore, it might be important to know how the government finds a balance between the economy and public health. More specifically, how does the government deal with economic problems during COVID-19.

2. DIFFERENT STRATEGIES FROM VARIOUS GOVERNMENT

2.1. China

During the COVID-19 period, China was not only one of the first countries to suffer from the epidemic, but also one of the few countries that could control the domestic epidemic situation well [5]. In response to the epidemic disasters, most provinces and cities in China have taken prevention and control measures such as home isolation, traffic congestion, and long Spring Festival holidays, which have a serious impact on the output of various industries, international trade, and labor employment in China. Finally, it will cause huge losses to China's economic system in 2020 [5]. A researcher argued China's economy was impacted to a certain extent at the beginning of the outbreak of the epidemic. However, in the long run, this situation is still controllable, and the long-term good situation of China's economy still exists [6]. In China, the government may respond to the economic crisis in two ways. The first way is to compensate small and medium-sized enterprises, especially the tertiary industry. Some researchers argued that in China, small and medium-sized enterprises, especially the tertiary industry and labor-intensive industries, have been hardest hit by the epidemic. In order to promote the

sustained and stable development of China's economy, the Chinese government expand financial expenditure, increase financial subsidies for small and medium-sized enterprises, grant loans to these enterprises, and reduce tax rates and other measures to reduce the burden of these enterprises [7]. The second way is to help foreign-funded enterprises. While promoting the resumption of work and production of local enterprises, the Chinese government should help foreign-funded enterprises resume normal production and operation, introduce various policies conducive to encouraging entrepreneurs' overseas investment, and promote the development of foreign investment in a more liberal and convenient direction through the implementation of tax and other preferential policies [7].

2.2. African Countries

As for African governments, since independence, they have been labeled as inefficient, slow-moving, and lack of originality when facing challenges and difficulties. From economic and development models to conflict management, governance practices, and planning, excessive dependence and dependence on external practices sometimes do not take unique domestic challenges into account, which is the response characteristic of many African governments [8]. Moreover, Africa has been considered a "dark continent" because of its diseases, conflicts, failed economic and political systems, and low human development index for many years [9]. As a result, the African countries might be badly influenced by the epidemic. Some researchers argued that African governments have improved their response this time because of their previous experience in dealing with similar situations [10]. The governments imposed closures and curfews, established a national emergency committee to inform the situation on a daily basis, and provided cash assistance to the poor. Some researchers argued that Subsidies to the poor may alleviate the economic crisis to some extent especially in the time of economic crisis when the national economy is close to collapse. Although the method to aid the poor may work well in other countries, for some African countries, the economic vulnerability has exceeded the scope of government supply [11]. In Africa, many people are engaged in street trafficking, waste recycling, and public transportation. They have little income and may not have savings. The unemployment caused by the blockade makes them in urgent need of the government's few benefits. It is difficult for African countries to meet the relief needs of the unemployed and poor. What's more, the government's blockade policy to curb the epidemic may delay the spread in the short term, but the economic feasibility in a few weeks might be problematic unless the country obtains large-scale global economic assistance and benefits the people: in fact, blockade measures and even less strict isolation

restrictions may exacerbate poverty and further affect the country's economy [12]. As countries around the world have released control over COVID-19, increased calls for Africa countries to reopen up economies have intensified. However, the governments in Africa fail to respond to economic opening because they rely heavily on other countries to get the vital vaccine [8].

2.3. America

During the period of the COVID-19 pandemic, in America, the blockade policies vary greatly between states and local governments. Those on the cultural and political left supported restrictions hoping to protect the vulnerable, while those on the cultural and political right challenged restrictions because they affected economic prosperity and restricted people's freedom [13]. As George (2021) argued despite some similarities, today's crisis is very different from the great depression. It can be concluded that some policies that were useful at that time may not be applicable today, while others may not be useful at that time, but maybe useful now. A particularly important difference between the great depression and the current economic downturn is that today's crisis did not involve the collapse of the financial system [14]. Although the government has provided relief to the unemployed, the effect may not look good. Two researchers showed that after the relief recipients used up most of the relief funds, they began to control their spending again, which plunged the U.S. economy into a further downturn [15]. Only those people who have not lost their livelihoods as a result of the crisis can more thoroughly release accumulated savings and provide the basis for sustained economic recovery [16]. Moreover, the United States government adopted a specific COVID-19 credit policy. The Federal Reserve provides loans to ordinary enterprises through its own "ordinary people" loan tool and providing credit to banks participating in the paycheck protection program of the small business administration; It provides short-term funds to state and local governments through municipal financing facilities; Through the enterprise credit arrangements in the primary market and the secondary market, the securities of large enterprises are purchased directly from the secondary market to provide credit for large enterprises [14]. However, there is a problem of racial discrimination in the implementation of these policies. The CARES Act policy during the epidemic has been accused of ignoring African Americans and ethnic minorities. They are poorer and severely affected by the virus. When granting relief to the poor, the method chosen by the Ministry of finance to provide stimulus checks delayed the payment to the poor, a disproportionate part of which were ethnic minorities [17]. In addition, only \$10 million of the CARES Act's \$2.3 trillion in relief funding went to the Minority

Business Development Agency (MBDA). It is also seen as an act of racial discrimination [18].

2.4. Latin-America

In Latin America, the gap between the rich and the poor cities is large. During the epidemic period, the technological innovation introduced by rich cities can be compared with that of developed countries. However, it is difficult for small cities or poor cities to maintain service provision in the unprecedented economic crisis [19]. In addition, in Latin America. During the COVID-19 period, the economic problems brought about by poor coordination among governments at all levels become more prominent. The government's pursuit of goals and interests frequently results in collectively inefficient outcomes for urban areas. Although the problems faced by Latin America are consistent with those of the United States, Canada, and some European countries. But some problems are more prominent in the Americas such as a low degree of specialization, serious corruption, limited financial resources and, risk aversion preference of local officials [19].

In the face of COVID-19, the new government has just come to power, and the national economy is extremely unstable. The Argentinian peso has lost 68 percent of its value since April 2018, annual inflation exceeds 50 percent, and, after a 2.5 percent drop in the gross domestic product (GDP) in 2018, the economy contracted an additional 2.2 percent in 2019 (World Bank 2020). In addition, the new government is also facing a serious problem of foreign debt. Although the situation facing the government is not optimistic, the state has made a good response to the economic crisis. While providing subsidies to food processing enterprises, the government also issues corresponding food vouchers to the public. In addition, in tax relief actions, it is common to postpone the collection of municipal taxes and fees, both for families and affected enterprises. Local governments with strong economic capacity announced to provide loans to help enterprises and employment, mainly for small, medium-sized, and micro-enterprises, and provide discount interest. Moreover, the government provides part of the monthly salary for workers in companies with declining sales revenue [19].

2.5. UK

Some researchers argued, since 2020, Britain's commodity exports contracted more than other countries. Statistics show that compared with Germany, Italy, Spain, and the United States, Britain has a deeper recession and a slower recovery. In addition, the trend from 2017 to 2019 shows that the UK's global competitiveness is weakening, which indicates that the

UK's development will be more sustainable against the background of slower productivity and the uncertainty of UK Brexit [20]. The emergence of the first death case after the epidemic and the president's hospitalization have changed people's and officials' views on the epidemic. They are more willing to sacrifice part of their economy for blockade and epidemic prevention [21]. Moreover, the British government has formulated a relatively successful vaccination plan to help people return to work faster [20]. The emergence of vaccines helped lift the ban in Britain earlier. England was one of the first regions in Western Europe to lift almost all restrictions on covid-19. Previously, England was one of the fastest regions to launch vaccines in the world. It ended the legal requirements for maintaining social distance and using masks on July 19, and Wales and Scotland, which have formulated their public health policies, lifted most restrictions on August 7 and 9, respectively. On October 31, Northern Ireland followed. It may help the British economy recover faster than other countries [22](Luke, 2021). In addition, during the period of COVID-19, two changes in the leverage rate in the UK have affected COVID-19's banking behavior during the COVID-19 period, namely, a more lenient approach to pending settlement and exemption from loans issued under the rebate Loan Scheme (BBLS). In addition to bbls, the government also launched the coronavirus business interruption Loan Scheme (cibls) [23]. The two plans aim to help non-state enterprises, especially small and medium-sized enterprises, and obtain funds to deal with the crisis.

3. CONCLUSION

The essay summarizes previous scholars' articles. As a typical black swan event, many of COVID-19's attributes are unknown, such as its appearance, development, disappearance, impact, and so on. However, as a barometer of the economy, the stock market could reflect the situation of the country's economy [24]. By summarizing the existing articles, this essay sums up the economic environment of different countries when COVID-19 is coming and the measures adopted by the governments in order to restore the domestic economy. When COVID-19, a highly infectious virus, comes, the first thing to do is to control its transmission. So governments of all countries have adopted the policy of blockade for a certain period of time and asked the people to isolate themselves. However, although the blockade policy is conducive to health, residents are isolated from home and cannot participate in work, and factories must shut down. Moreover, the tertiary industry of various countries has been hit by the blockade policy. Following this, the economic pressure caused by unemployment and factory shutdown forces the national government to make a choice between public health and the economy.

Previous studies by scholars are very comprehensive and have achieved some results. However, as the latest public health emergency, the economic impact brought by COVID-19 has not been fully recovered to date, and many countries are still suffering from the epidemic. As a result, it might be important for us to constantly consult the latest literature and summarize to find a generally applicable and effective economic recovery strategy for all countries.

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