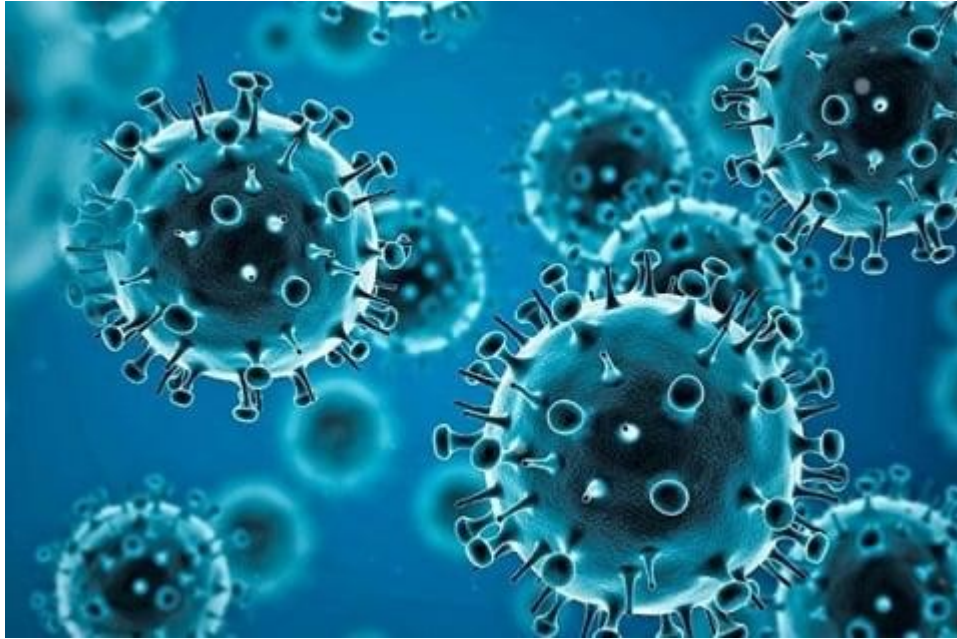


The effects of the COVID-19 pandemic on the economy



The world's economy has seen an unprecedented decline in 2020.

In the early months of the crisis, tens of millions of people lost their jobs. While employment began to rebound within a few months, unemployment remained high throughout 2020.

Improving employment and substantial relief measures helped reduce the very high levels of hardship seen in the summer of 2020. Nonetheless, considerable unmet need remained near the end of 2021, with 20 million households reporting having too little to eat in the past seven days and 10 million households behind on rent. In early 2022, some 3 million fewer people are employed than before the pandemic, though steady progress has been made, including in recent months.

The coronavirus has left dramatic rippling effects across the global economy, making a mark on the level of economic activity in every region of the world. In response to the virus, governments across the world have taken strict measures to curtail infection rates, to protect the functioning of healthcare systems and the most vulnerable members of society.

The economic consequences reach far beyond the immediate impact, for example:

- Higher unemployment and reduction in wages lower economy-wide demand
- Increased uncertainty defers investments from households and businesses
- Otherwise healthy companies go bankrupt, reducing production capacity



This in retrospect was directly caused by the measures taken by the authorities to keep the overall population safe.

The measures consist of quarantines, and closure of physical shops and businesses, and are essential for abating the spread of the coronavirus. However, the measures have a pronounced immediate impact on the level of economic activity in certain sectors, as they essentially lock down large parts of the economy.

Sources: <https://copenhageneconomics.com/publication/economic-consequences-of-the-covid-19-pandemic/>

<https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-economys-effects-on-food-housing-and>