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THE ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC

The COVID-19 pandemic has had a deep impact on societies all over the world and caused a significant loss of human lives and significant economic implications. In these theses you will study the economic exposure of the pandemic, both short-term and long-term, and consider potential policy decisions.

Economic activity has sharply reduced, through the measures taken by authorities worldwide to stop the spreading of the virus. As a result of the pandemic, a number of new restrictions were introduced such as travel restrictions, mandatory compliance with the social distance, and closures of many enterprises. These reductions have caused the deterioration of economic output and job cuts. Hospitality and tourism industries are the most economically damaged due to a significant decrease in demand in hotels and restaurants and other entertainment facilities as cinema or shopping malls [2].

As research shows, impact of the pandemic might be especially harsh for start-ups. Substantial reduction in firm creations is even more than during the financial crisis. Also, the airline industry has been suffered greatly, because thousands of flights have been cancelled, and the workers in this sphere have also lost their jobs, like pilots or stewardesses.

The pandemic has led to essential collapse of global supply chains, leading to critical goods and elements deficit in majority of industries. Financial markets have also been incurred losses, with drop in stock prices and lower interest rates in many countries to stimulate business activity. It has also brought about substantial disruption of the oil market, with the fall in demand leading to a rapid drop in oil prices.

Even though the short-term impact is considerable enough, but the long-term is much more powerful and influential about economical subsequences. This pandemic could result in extended period of economic stagnation, with reduction in investment, higher debt levels and lower productivity. Beyond that, there are a lot of worries about the capacity for wide-ranged bankruptcies, and as a result, economic fallout [3].

Governments worldwide have established a number of policy responses, including financial support to companies and individuals affected by the pandemic. Among the all measures taken are the following: direct cash transfers to homesteads, wage grants for the workers have been fired or furloughed, and forgivable loans to small businesses. Governments have also implemented policies to support long-term economic revival, including significant spending on critical infrastructure projects, lower taxes, regulatory reform, and investment in research and development to support innovation and growth [4].

Despite the fact that these responses have been effective in alleviating some of economic consequences of the pandemic, there are fears about their long-term resistance. High government debt levels in many countries increased the risk of a debt crisis in the near future. Furthermore, there are also concerns about the possible inflation as a result of large-scale economic and fiscal stimulus [1].

To sum up, the COVID-19 outbreak has profoundly affected the world economy, resulting in decreased economic output, unemployment, and disruptions in supply chains. Although some short-term measures have helped alleviate the initial impact, the long-term consequences could be even more detrimental. Governments have introduced diverse policy responses, but the sustainability of these measures raises concerns, such as high levels of public debt and potential inflation. As the crisis persists, policymakers must implement efficient strategies to sustain economic recovery and growth.

References

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