How effective were the COVID-19 relief measures? A comparative analysis of the seven largest economies of the world

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Abstract---This paper examines the effect of policy measures adopted by governments worldwide since the onset of the COVID-19-led pandemic on health and social sectors and the global economy. Taking the case of the United States, India, the Republic of Korea, China, Brazil, Saudi Arabia, and Germany, it comparatively studies the effect of pandemic and related policy measures: on the unemployment rate, GDP growth, per capita income, inequality (measured using the Gini coefficient), accumulated real income, interest rates of Central Bank of the respective countries, Relief packages as per the percentage of GDP, and Cash transfer by number of people covered of the said countries. Developing countries preferred to use direct cash transfers to the beneficiary account rather than providing food baskets as most developed countries provided to their population of the lower economic strata. Except for China, there is a contraction in the GDP of all the countries witnessed in 2020 and is set to rebound in 2021 and 2022. It is witnessed that the impact of the pandemic is uneven in different sectors, regions, and socio-economic groups; in some cases, the repercussions of these measures are likely to continue.

Keywords---COVID-19, World Economy, World Health Organization (WHO), International Labour organization (ILO), Inequality, Relief Program, GDP growth rate, Unemployment rate.

Introduction

A Once in a century event, the ongoing coronavirus pandemic has been dubbed the greatest humanitarian crisis of our times which would devastate not just the health and social sectors but also the global economy. In March 2020 the World Health Organization declared the novel coronavirus outbreak a pandemic and
within weeks of this announcement nations across the globe scrambled to take all measures necessary to curtail the spread of the virus. Over 70% of the global population had been put under lockdown and the global economy ground to a halt. The strict containment measures adopted by many countries first half of 2020 to flatten the rise in contagion put a substantial brake on most economic and social activities. The impact of the lockdowns on the labour market has been severe, with WHO estimates suggesting that around half of the world’s 3.3billion workforce are at risk of losing their livelihoods. It is also important to note, that the impacts of the pandemic and the measures to mitigate its spread have been uneven on different sectors, regions, and socio-economic groups and in some cases, the repercussions of these measures are likely to continue into the future. Many businesses across the world have also suffered a fall in revenues and are facing bankruptcies, this problem is more prominent in the developing world and among small businesses which do not have the resources or the reserves to weather the storm. The pandemic has also led to a steep rise in unemployment levels, which in many countries rose to great depression levels. Even those who have been able to keep their jobs had to endure pay cuts and freezes when revenues fell. All of these factors have contributed to the first increase in poverty recorded since 1998.

**Impact on the labor market**

The impact of the pandemic has differed across countries with each country facing its own unique set of challenges. Countries with a higher level of employment in the informal sector and weak social security measures have experienced much initial job losses. Also, those countries that depend on tourism and the service sector as the main source of revenue have been hit hard. The disruptions in trade and the breakdown of global supply chains have affected developing countries more and are bound to have long-term effects on economic growth and employment in these countries. To avert the possibility of a global recession many governments have introduced economic relief packages in the first half of 2020. These relief packages vary significantly and are a product of a multitude of factors that are unique to the country. Before looking at these different relief packages, we will look at the human cost of this pandemic and who it affects more. This will give us an idea of what governments should prioritize and what specific measures need to be taken to curtail rising inequalities. In the years preceding the COVID 19 pandemic income inequalities had been increasing in many countries as the top one percent of the population consolidated wealth and those on the lower end of the wage spectrum barely saw an increase in income. The job losses and reduction in working hours during a pandemic are threatening to further increase these inequalities. This increase in inequalities is more prominent in countries with higher informal employment. The Pandemic also bought into the question the roles and responsibilities of the government in a crisis situation and more importantly who benefits from the Government relief measures? It is therefore important to see who was adversely impacted by the Pandemic and take measures accordingly.
ILO recommended policy measures

According to the International Labour Organization over 2 billion workers worldwide (62% of the total workforce) are employed in the informal sector, with this number being as high as 90% in low-income countries. A large portion of the workers engaged in informal employment don't have income stability or social security making them especially vulnerable to the shocks of the pandemic. The percentage of temporary workers in countries across the world has also been increasing with the advent of the “gig economy”, the past decade has seen a steady increase in temporary work, part-time work, and contract work. Self-employed or micro-entrepreneurs are a huge part of the informal economy who are less resilient and might not be able to stay in business for long during the pandemic without government intervention.

The position of women has become even more precarious due to the COVID-19 crisis, with average wages for women falling at a higher rate for women than men. These discrepancies are a result of reduced working hours, women being overrepresented in the informal sector, and the increased burden of domestic responsibilities. At the same time, women are on the frontlines in the fight against this pandemic as women hold 70 percent of the jobs in the health and social care sectors. The pandemic also poses a serious threat to migrant workers especially unskilled or semi-skilled migrants whose jobs are more volatile. In many countries migrant workers don’t have social protections in their place of work and are often there in a temporary role, this is true for most internal migrants like those who travel to the cities from rural areas in India or South Asian workers employed in the Middle East. Sudden lockdowns imposed by most countries did not allow migrant workers enough time to return to their homes and many were stuck in their place of work without any resources and when not entitled to the government relief measures. At the same time young people are entering the job market at a very turbulent time, there were already signs of problems in this arena even before the pandemic with more young people entering the job market each year than there are employment opportunities for them. Many of them end up finding work in the “gig economy” which does not provide the security or stability of a regular job and most of these jobs were lost due to the pandemic.

Any relief measure to counter job losses should take into account informal and temporary job losses as well. There is a risk of the impact of the crisis on workers in the informal sector and micro-entrepreneurs who are already in a vulnerable situation with limited to no savings, which would be devastating and might push many of them into poverty and debt. There is also a risk that the pandemic brings the injustice in access to health services and decent livelihoods to the forefront. Countries need to take measures to protect their economies as well as jobs and incomes taking into account the greater risks faced by certain sections of the society. Those on the lower end of the wage scale are the most vulnerable, as most of this work is based on human presence and cannot be done remotely. In many countries like Brazil, Canada, France, Italy, and the United States average wages have actually risen since the beginning of the pandemic, this is mainly due to the composition effect. With a majority of the job losses affecting those at the lower end of the wage scale, the composition of wage earners has changed, thus increasing the average wage in these countries. On the other end countries where
strong job retention schemes were introduced by the government like the United Kingdom, Japan, and the Republic of Korea the average wages have fallen. Either way we see that the crisis disproportionately affects lower-paid workers who have to cut their hours or suffer through wage freezes. The halting of global supply chains and the withdrawal of foreign investment have disproportionately affected developing countries whose dependence on trade and investment is far greater than developed countries. Developing countries thus, have the daunting challenge of using their limited resources to strengthen public health care systems to minimize the loss of life due to the pandemic, addressing the challenges posed by informality and implementing relief measures. The crisis also comes at a pivotal time for many developing countries which before the pandemic began were experiencing a slowdown of economic growth after decades of high growth periods and lifting millions out of poverty.

The International Labour Organization has structured its key policy messages for response to the crisis around four pillars. This structure is designed to facilitate a recovery that is sustainable and equitable. The Four Pillars system is important as it provides each country a blueprint on how to ensure the economy and the labour market are shielded from a long-term slowdown or recession. To that end, the first pillar in the ILO recovery plan is stimulating the economy and employment. This calls for an active fiscal policy intervention by the government by the means of a stimulus package to strengthen the health sector and provide financial relief to enterprises with a special focus on medium and small enterprise and income support to workers. These measures should also be sector-specific to help sectors which were decimated by COVID like tourism and airlines. The main aim of these measures is to stop further contraction of consumption which would lead to a fall in production even after the economy opens up. Fiscal and monetary policy measures like tax exemptions, public sector loans, and equity injections must be used effectively to reinvigorate spending after the lockdowns are lifted. An important aspect of the stimulus package must be to support employment and social protection to protect workers who find themselves out of work. This leads us to the Second Pillar which is supporting enterprises, jobs, and incomes. Containing the economic and social fallout of the pandemic is key to protecting enterprises, jobs, and incomes. To that end, the government should provide relief for enterprises especially SMEs by way of financial and tax relief and implement employee retention measures. This incentivizes employers to hold on to the workers and helps them get through the pandemic without having to shut down.

Central bank measures should be taken to make it easier for enterprises to get loans to restart when the economy opens up. Pillar 3 is protecting people at the workplace, the pandemic is here to stay and with experts predicting various waves of the cases, employee protection is key to avoiding COVID 19 outbreaks in workplaces, the importance of compliance of COVID safety measures must be conveyed to both enterprises and workers. Adapt work arrangements to ensure that any works that can be done from home should be, to reduce the chance of COVID spreading. Pillar 4 emphasizes the importance of relying on social dialogue for solutions to the crisis. Indeed, social dialogue is vital in times of a crisis to ensure that workers have the power of collective bargaining, social dialogues to devise robust and tailored solutions to the crisis.
In the next section, we’ll see the relief measures taken by 7 different countries Brazil, China, Germany, India, Korean Republic, Saudi Arabia, and the United States. Each of these nations is a key part of the global supply chain and have unique labour market situations and types of governments. We will analyze the measures taken by these countries to combat the problems brought forth by the pandemic and how their measures match up to the four-pillar strategy suggested by the International Labour Organization. We will also see how these measures have been implemented and finally how the workers in these countries fared during and after the Coronavirus lockdown.

**Country-wise measures**

**Brazil**

Brazil is the twelfth largest economy in the world, the biggest in South America with a population of 213 million. Brazil’s economy in 2020 was pretty weak, still recovering from its 2014-16 recession with a GDP growth of less than 2% in the years preceding the pandemic. Income Inequality has also been a long persistent problem in Brazil which has led to innumerable problems like uneven health system capacity. All of these factors meant that when Brazil got its first confirmed case of COVID-19 in February 2020, the spread of the virus decimated the country and it was faced with an unprecedented health and economic challenge. To mitigate the impact of COVID-19 Brazil announced a series of fiscal measures which added up to 8% of Brazil’s GDP. The Fiscal measures included increased health spending to increase healthcare availability in all the regions of the country, temporary income support to vulnerable households which included cash transfers to informal and low-income workers under the emergency aid program. All of Brazil’s cash transfer programs have covered 68.2 million people, Brazil expanded their social assistance recipients by adding all the households in their lists as potential beneficiaries and then added missing households by using online applications. Brazil’s emergency cash program (Auxilio Emergencial) was also provided to all the people in the informal sector and the self-employed. Starting in April 2020, AE provided 5 months of BRL 600 (US$106) and additional 4 months of BRL 300 (US$ 53) to a maximum of two eligible adults per family, with single mothers receiving a double benefit. The program amounted to USD 52 Billion and ran till December 2020 after which a new round of cash transfers was implemented which was limited to one person per family and was only available to those with low per capita family income. The emergency aid program was distributed through a newly created digital social savings account that could be opened and operated through the Caixa TEM which greatly increased the availability of digital bank accounts. More than 35 million unbanked customers gained access to digital social savings accounts through the app.

Social assistance programs introduced included the 13th pension payment to retirees, expanding the Bolsa Familia program, and advance payment of salary bonuses to low-income workers. Payroll credit loans were extended to 84 months and debt collection was suspended to ease the burden on the population. To ease the burden on enterprises, Brazil’s Micro and Small companies support service announced a $7.5 billion credit line for micro and small companies and individual micro-entrepreneurs, and the Central Bank of Brazil has reduced the base interest rate to facilitate easy access to credit. To protect workers Brazilian government
introduced two important measures the first being provisional measure No. 927.2020, which allowed for the postponement of payment of labour fees, proportional reduction of wages as well as working hours, and suspended the enforcement of the Time of Service Guarantee Fund (FGTS). The second, MP 936 which was introduced to preserve employment and income and to ensure the continuation of business activities. This law provides a way for employers and employees to reach agreements providing for a proportional reduction of working hours or temporary suspension of work with government’s compensation, this was done with a view of preserving jobs in the future. It is estimated that this move saved 19 million jobs. The SEPRT/MS joint ordinance was introduced with an aim to prevent, control, and mitigate the transmission of COVID-19 in work environments. The emergency measures adopted also refer regularly to social dialogue and collective bargaining between employee and employer.

China

China is the country of origin for the novel coronavirus and was also the first country where the virus spread rapidly. China’s growth story over the past few decades has been well documented with the highest continues GDP Growth ever seen in recorded history (a double-digit growth rate for 25 years), China has successfully lifted more than 800 million people out of poverty. China has also seen significant improvement in access to healthcare, education, and other services. China implemented strict lockdowns as well regional travel restrictions to curtail the spread of the virus. China’s harsh lockdown in each affected province was accompanied by discretionary fiscal measures amounting to 4.9 trillion RMB, out of which 4.2 trillion is estimated to have been implemented in 2020. A huge part of this spending was cash transfers to the people under lockdown in the affected areas, this was done by extending the coverage of the diabo, increasing the threshold depending on the recipient’s situation, and temporary assistance programs. Most of these measures were taken at the local level during the lockdowns in those particular provinces, and like the cash transfer for retention of the migrant population in Wuhan, focused on problems unique to the region. Circular 19 extended the tax filing deadline, encouraged online dealing of tax matters, and exempted a wide range of consumer services from taxes. To ease the burden on enterprises SME’s were given guarantees worth RMB 400 Billion and fees and tariff cuts over RMB 900 Billion. SMEs with low layoff rates also received a refund of up to 100% of the previous year’s unemployment contributions. 3.2 million Companies received approximately 6 billion USD in refunded unemployment insurance premiums. Payments under the Basic Pension scheme were increased and this reached nearly 300 million retirees across the country. “Digital Transformation Partnership Action” was launched to help SMEs to reduce the cost of digital transformation, make it easier to adopt and increase the avenues for SMEs.

When the economy opened up China introduces strict measures to avoid COVID hotspots, to that end, several guidelines and recommendations were given to employers to protect workers at the workplace. All units were instructed to constantly monitor the staff’s health conditions, prevent overcrowding and group activities and ensure strict epidemic prevention measures are taken. The government also encouraged wage subsidies and worker retention among
companies by linking the unemployment insurance refunds to a firm’s worker retention levels. New policies were introduced to support migrant labourers and provide them jobs at the local level. To help in this a new vocational skill training program was launched through which enterprises were subsidized to train migrant workers. Explicit prohibition of discrimination on the ground of COVID infection and suspicion of infection was enforced to prevent discrimination and exclusion of workers. Employee organizations and trade unions like the ACFTU have been guiding collective negotiations through their affiliates to mitigate labour compliance risks as well as finding workable solutions for enterprises facing difficulties.

**Germany**

Germany is the largest national economy in Europe and has the fourth largest nominal GDP in the World. Germany is also a founding member of the European Union, a key part of the Eurozone with the 15th largest GDP per capita. Germany registered the first confirmed case of COVID-19 in January 2020, after which the German government took a wide range of measures to halt the spread of the virus including closing borders, closing schools and non-essential businesses for extended periods. These measures coupled with social distancing requirements and mask mandates allowed Germany to begin opening up the economy in April 2020 but a rise in cases in the summer and an eminent second wave forced Germany to declare a nationwide lockdown in November. To combat the economic hardships and support the recovery the German federal government has adopted three supplementary budgets which were worth a combined total of 346 Billion Euros or 10.6 percent of GDP. This includes a service guarantee of social services till the end of 2021 and a 130 Billion Euro economic and future package to secure jobs and facilitate economic recovery.

Germany has introduced various cash transfer schemes to ensure that different sectors and sections of society. Solo freelancers are supposed to receive direct grants of up to 15000 Euros for three months, a one-time interim aid of 5000 Euros was paid to self-employed workers, a onetime salary premium of up to 1000 Euro was paid to employees in geriatric care and parents who lost income due to COVID 19 were given easier access to childcare benefits. The number of people eligible for basic income support has been increased, and a 150 Euro one-time bonus was provided to recipients of basic income support. To reduce the burden on low-income households and Small and Medium Enterprises both private and commercial leases may not be terminated until June 30, 2022. Also, VAT on food items and Electricity prizes have been reduced to ensure stability in prices.

Fiscal measures included expanded access to short-term work subsidies to preserve jobs and worker incomes. As for enterprises they will be reimbursed for the lost revenue during the shutdown by the federal government, companies up to 50 employees will receive 75% of the total revenue lost and larger companies will receive 70%. Additionally, the federal government is extending credit lines for enterprises via the federal state investment bank KFW. The Ministry of Labour and Social Affairs presented a ten-point safety at work standard for SARS-CoV-2 which needs to be obeyed by all workplaces. In addition to the federal government’s
fiscal package, many state governments announced their own measures to support the economy.

A strong pandemic response along with strong fiscal measures have ensured that Germany has recorded one of the lowest mortality rates in the world and staved off a huge economic shock. However, there has been a substantial drop in business activity, especially in contact-intensive sectors. Successive waves of the coronavirus have pushed the German healthcare system and German economy to the brink but, a strong fiscal package that caters to all sectors has ensured that job losses and economic downfall are minimal.

India

India was facing an economic slowdown even before the COVID-19 pandemic. After years of high GDP growth in which millions were lifted out of extreme poverty, the pandemic threatened to reverse this trend, at least temporarily. India is the world’s second-most populous country and is the third largest economy in terms of purchasing power parity. Due to the high population density, low per capita incomes making a huge percentage of the country more susceptible to economic shocks and uneven medical capacity across the country many experts predicted that COVID-19 would be a daunting challenge for India. India’s first case of COVID-19 was recorded on January 30, 2020, and the numbers were on the rise. To combat the first wave of the pandemic and build medical capacity a strict national lockdown was imposed and extended multiple times. During these lockdowns, economic activity halted abruptly and regional movement of people was stopped, to contain the spread of the Virus. This had the unintended consequence of a mass exodus of migrant workers from urban India who left with no choice and running low on resources chose to walk hundreds of kilometers to their home states. The adverse effects of the COVID-19 pandemic in India have landed square on the unorganized and informal workers as well as self-employed micro-entrepreneurs.

Indian Government in response to this glaring rise in economic hardships launched the ‘Pradhan Mantri Gareeb Kalyan Yojna’ with an ambitious target of reaching 800 million people. It included Rs.50 lakh insurance cover for health workers fighting COVID-19, distribution of 5kg wheat or rice and 1 kg of pulses among 80 crore people, and an increase in the employment guarantee act MNREGA wage from Rs.182 to Rs.202. PMGY also included cash transfers for huge sections of the society including a cash transfer of Rs.500 each month to around 200 million women into their Jan Dhan accounts, Rs.2000 paid to 87 million farmers as part of the PM Kisan yojna, and an monthly payment of Rs.1000 as pension transferred to around 30 million senior citizens and physically challenged people for three months.

Different states also announced their own relief packages and cash transfers from the Chief Minister’s Relief Funds like the Rs.1000 cash transfer from the Bihar CM relief fund to the families of migrant workers stranded in other states. Many states also expanded food support given to families under the PDS system and also increased the coverage of the PDS system. PMGY also included providing free gas cylinders to 83 million households. Children covered under the Midday meal
scheme were affected by school closures and many states like Kerala launched programs to deliver food ingredients to children’s homes. Many states like UP and MP have decided to relax labour laws to attract investment and pump up industrial activity.

India’s central bank, the Reserve Bank of India announced a moratorium of EMIs in all outstanding loans till August 31, 2020 to reduce the loan burden on people and MSMEs. RBI also reduced the repo rate to 4 percent in order to boost liquidity, and announced various liquidity measures like a CRR cut of 100 bps, open market operations, etc., resulting in a cumulative liquidity injection of 5.9 percent by September 2020. The government measures to help businesses included a Collateral-free lending program with a 100% guarantee, a partial credit guarantee scheme for NBFCs managed by a public sector bank, a fund of funds for equity infusion into MSMEs along with a credit Guarantee scheme for subordinate debt for stressed MSMEs. The government launched the Atmanirbhar Bharat Rozgar Yojna for any employees who lost a job during the pandemic and are registered under the EPFO. The government will incentivize companies by contributing on them in the EPFO fund, both the employer and employee contributions will be made by the government for establishments with under 1000 employees (only the employees' contribution for those with more than 1000 employees) reducing the burden on them. The government also plans on spending USD 12 billion for agricultural infrastructure projects and a combined 2.5 billion for fisheries infrastructure to stimulate the sectors. The government of India has issued strict mask mandates and other guidelines to protect employees at the workplace. Vaccine allocation for healthcare workers and other frontline workers was prioritized along with the vulnerable populations. However, the second wave of the pandemic has devastated India with medical costs alone pushing many families into financial obscurity. To build back better, India must focus on measures that would reduce inequality. India’s economy is projected to grow at a rapid pace in the upcoming financial year despite the COVID shock but with consumer savings falling to record levels after two grueling waves of the pandemic and a third wave, there may be more hurdles to India’s recovery than anticipated. All the while the uncertainty associated with the pandemic has meant that the employment situation in India remains precarious.

**Republic of Korea**

The Republic of Korea has achieved remarkable growth over the past 5 decades, with significant poverty reduction, it is a highly developed market economy with high levels of education and formalization. Korea received the first case of COVID in January 2020 and was at a higher risk of becoming a pandemic hotspot due to its proximity to China. However, as a result of a well-planned, comprehensive strategy to combat the Virus which included widespread testing, aggressive contact tracing, and a strong medical system, Korea controlled the spread of the virus effectively. Businesses remained open for the most part and voluntary social distancing by the people allowed the economy to function with little difficulties. Real GDP declined by 1% in 2020 but that has since been recovered with active fiscal policy. The national assembly passed the first 2020 supplementary budget which included an additional spending of KRW 10.9 trillion. This was focused on disease prevention and treatment to mitigate the problem of COVID effectively,
loans and guarantees for businesses affected by the pandemic, and support for households. The government in 2020 spent KRW 8 trillion to fund the emergency relief payment program and an additional 14.3 trillion that provided transfers to households.

Coverage by the cash transfer programs has been near-universal in the country with each person being eligible for at least one cash payment from the Government. Emergency relief checks were offered to those vulnerable to job losses, job seekers’ allowance was reintroduced and increased from W200000 to W500000. Households in the bottom 70% income bracket (around 14 million households) were offered emergency relief payments ranging from 0.4 million Won to 1 million Won depending on the number of people in the household. The government also recognized the need for income support for those without employment insurance which included self-employed and freelancers.

The Bank of Korea has taken several measures to ensure liquidity like reducing the base rate from 1.25 percent to 0.5 percent, easing collateral requirements, and purchasing treasury bonds. The financial stabilization plan of KRW 100 trillion (5.3 percent of the GDP) consisted of various measures like increased lending to SMEs, small merchants, and large companies. Emergency relief funds and support for rental fees were provided to SMEs. Widespread tax relief was provided across the country to ease the burden on individuals as well as small and medium firms. Employers were given a subsidy of Won 2 million per employee for introducing flexible work agreements like work from home, remote work, and the subsidy for employee retention was increased from 2/3rd to 3/4th. Stronger social distancing and other COVID 19 prevention guidelines for workplaces were strictly followed. To overcome the crisis caused by the spread of Coronavirus the government, management and labour reached a tripartite agreement. The agreement laid the foundation to tackle the challenges posed by the crisis and ensure that jobs are protected.

**Saudi Arabia**

Saudi Arabia is the largest economy in the Arab World and like the other economies of the Arab world, its economy is heavily dependent on oil and migrant workers. Saudi Arabia hosts the third largest migrant population in the world and a majority of COVID cases in the country are among foreign migrants. In 2020 Saudi Arabia’s GDP contracted by 3.8 percent due to COVID-19 and lower oil production and prices. Saudi Arabia implemented strict travel restrictions and curfews, which meant many foreign workers from South Asia and North Africa were stuck in the country. The government to address this built temporary housing, delaying rent requests and allowing renters to vacate the premises irrespective of lease status, waiving VISA renewal and Exit and return visa fee and offering expat workers repatriation flights. In March 2020, a private-sector relief package amounting to SAR70 Billion (2.7 percent of the GDP) was announced. The relief package included exemption and postponement of government tax payments, fees, and other dues to provide liquidity to the private sector. The availability of financing to the private sector was also increased through the National Development Fund. The Government relaxed the conditions for the Social Insurance Pension program which provides monthly assistance to vulnerable
groups, to cover a larger number of people. A monthly cash assistance of SAR 3000 was announced for self-employed drivers who were hit hard by the pandemic.

The ministry of human resources and social development distributed food baskets as well as hot and dry meals to those affected by the pandemic with the ‘Ramadan Iftar’ initiative and the community fund. These drives covered both citizens and residents, the community fund focused majorly on vulnerable groups. A special paid sick leave was provided for all workers who entered the country from abroad. Health insurance cards for all citizens were auto-renewed for 6 months by government mandate, allowing for hassle-free hospital and clinic visits. The government through the ministry of health will cover all COVID related expenses for those infected, irrespective of the residency status of the person. The Saudi Human resource development fund allocated SAR 2 billion to support 100000 job seekers in the private sector. The “Ajeer” portal was launched which allows expatriate workers to employers, this was done to source workers locally instead of recruiting from abroad during the pandemic. The MHRSD decided to regulate contractual relationships between worker and employer, allowing private sector firms to agree with their employees on reducing wages to reflect actual working hours. The Government through the saned program, decide to bear 60% of employee salaries till October 2020 to ease pressure on employers. The HRD fund pays 30% to 50% of the monthly wage of Saudi employees whose salary ranges from SAR 4000-10000. Saudi Arabia’s economy is projected to expand 3.2 percent in 2021.

**United States**

The Coronavirus effect on the US was devastating, to say the least, the world’s largest economy by nominal GDP was hit by successive waves of the virus which took a huge toll on the country. The US economy saw one of its deepest downturns in generations with multiple relief packages introduced by the government to ease the burden on the populous. In total, the US has allocated $5 trillion in various federal relief packages and other measures to combat COVID-19’s effect on the economy. The first US stimulus checks of $1200 and $2400 for those filing jointly plus $500 per qualifying child were issued under the CARES Act and issued 162 million payments- totaling $271 billion. These payments expired in December 2020, and the second round of stimulus checks was authorized on December 27th and consisted of $600 per person and $1200 per couple filing jointly. And the American Rescue plan enacted on 11th march 2021 increased the stimulus payments to $1400 and $2800 per married couple. As part of the American Rescue plan child tax credits were expanded and increased along with the earned income tax credit, the employee retention credit among other programs.

The cares act allocated $350 billion in partially forgivable loans for non-profits with 500 or fewer employees and will provide a tax credit for $5000 for wages paid per employee, to businesses adversely affected by COVID. Apart from this the paycheck protection program and Health Care Enactment act allocated $60 billion for small businesses, $75 billion for hospitals, and $25 billion for COVID testing. The Pandemic Assistance program was introduced to assist individuals who don’t
qualify for regular unemployment compensation but are unable to continue work due to COVID. This includes self-employed workers, independent contractors, and gig workers.

A huge part of the cares act around $510 billion was earmarked to prevent corporate bankruptcies by providing loans and guarantees. It also provided a number of tax benefits like deferring payroll taxes. The Federal Reserve has also taken several measures to support the economy first, by reducing the interest rate to 0-0.25; they also purchased around $700 billion worth of government securities, established credit streams of around $300 billion. Money market Mutual Fund Liquidity facility was set up to provide loans to depository institutions. The Federal Reserve also introduced the main street lending program to support lending to small and medium-sized businesses by setting up special purpose vehicles (SPVs). The government also put a moratorium on eviction and foreclosure which ran till March 21, 2021. The American rescue plan provided further funding to help those behind on their rent, mortgages, and other utilities. It also has sector-specific measures for those sectors which were hit particularly hard by the pandemic, like the restaurant revitalization fund which allocated $22.8 billion in pandemic assistance grants. The US government also spent $40 billion to increase the pace of the vaccine rollout, which allowed them to administer over 300 million vaccine doses by June 2021 and fully open up the economy. COVID restrictions on mass gatherings and mask mandates are being lifted state by state as the US slowly resembles normalcy, thanks to a well administered and planned vaccine strategy.

Impact

The pandemic is still an active threat with speculations of new variants and a third or fourth wave of cases. With 179 million cases and 4 million deaths worldwide, it is fair to say that COVID-19 has had a profound effect on the world. Global economy contracted by 3.4 percent in 2020 with some countries faring far worse than the others and each country focused on their individual priorities with advanced countries focusing mainly on maintaining the purchasing power of households with cash transfer schemes and unemployment claims and most developing countries focusing on containment measures and ensuring basic food security. We see this in the case of countries like Germany and the US where the country’s monetary and fiscal measures focused on the population retaining purchasing power. Stimulus packages adopted by the German Government greatly curtailed GDP contraction to just 5%. The US was devastated by the Virus leading the world in cases and fatalities but spent huge on stimulus to avoid financial hardships. Despite this US consumer spending and industrial production took a huge hit and unemployment quadrupled from January to April. An effective vaccine strategy has led to the US economy opening back quicker than expected. However, rising inequality remains a huge problem for the US with the pandemic only exacerbating the difference in incomes between the top 10% and the bottom 50%.
Impact on the Unemployment rate

Figure 1. From Left to Right: Brazil, China, Germany, India, Korea, Saudi Arabia, USA and World average

Impact on GDP growth

Figure 2. Brazil, Germany, India, Korea, Saudi Arabia, USA and global GDP contracted in 2020 as a result of the pandemic and are set to rebound in 2021. While China’s GDP expanded marginally in 2020.
Impact on per capita income between 2019-20

Figure 3. Per capita income fell in the US, India, Germany, Brazil and Saudi Arabia. China and Korea saw a small increase in per capita income despite the pandemic.

Measuring inequality using Gini coefficient

Figure 4. *no data available for Saudi Arabia
Gini coefficient is measured on a scale of 0 to 100 with 0 being a completely equal society and 100 being a completely unequal one. The Gini coefficient is based on the Lorenz curve which plots the percentiles of the population on the graph’s horizontal axis according to income. A country’s inequality is said to be dangerously high when the Gini Coefficient is above 40.

**Impact on accumulated real income (loss in accumulated real income as % of GDP)**

![Graph showing accumulated real income loss as % of GDP](image)

Figure 5. From 1 to 8: Brazil, China, Germany, India, Korea, Saudi Arabia, USA and the world average

**Impact on interest rates of Central Bank of the respective countries**

![Graph showing central bank interest rates by country](image)

Figure 6. Central banks of Germany (EU), USA, Saudi Arabia and Korea have cut down interest rates to less than 1 percent while the developing countries interest rates were reduced but are between 3.5- 4 per cent.
Brazil and India focused more on basic fund transfers and food distribution programs respectively while spending on rapidly improving the medical facilities. However, both nations’ pandemic management has been bought into question. Brazil managed the economic response to the pandemic very well despite just recovering from a recession, Brazil spent more money shielding the economy than any other developing nation. Brazil’s Auxilio Emergencial plan was praised for its increased reach and easy accessibility, while their job protection measures successfully saved millions of jobs. But, the country’s COVID management has let the virus run wild with multiple waves of the virus leading to the second-highest number of deaths in the world. Brazil thus had to contend with the virus for much larger than the rest of South America which has meant that Brazil’s recovery will be the slowest in the region. The Bolsonaro Government has tried to dismiss the health risks associated with the virus which has led to the burden to combat the virus falling on states and individual cities. Not having a comprehensive strategy to combat COVID has really hurt Brazil and the prolonged crisis increases the risk of the country slipping back into recession. Brazil also has the highest inequality among all the countries studied at 52.44 (Gini coefficient, see graph 6 for more) which is set to get worse with the pandemic pushing many from the middle class to poverty.

**Relief package as per percentage of GDP**

![Graph showing relief package as percentage of GDP](image)

Figure 7.
India on the other hand went into a 68-day lockdown to contain the spread of the virus, and build up medical facilities, which involuntarily resulted in an unprecedented humanitarian crisis. Migrant workers who usually find employment in the informal sector in urban India were left stranded in the cities with no resources or money and no way to return home. As migrant workers were not eligible to receive the free food grain in ration shops many chose to walk back home, braving the arduous journey in the Indian summer, then stay in cities. This episode brought the plight of those employed in the informal sector to the forefront and highlighted the issues with India’s social security system. Meanwhile many have criticized the 10% of GDP, COVID relief package as an inflated figure which failed to support demand or galvanize the economy. The employment of an overwhelming majority of the workers has taken a huge hit with India having the largest accumulated real income losses of any country (graph 8). In the middle of these disturbing developments, many states are easing labour laws in a bid to attract investments and restart the economy. This, in a country with 90% informal employment might not be the solution that helps workers. A Majority of Indian workers were hit harder by the lack of employment, money, and transportation than the pandemic itself. India’s pandemic response also took a huge hit with the devastating second wave in April 2021, the number of cases and deaths rose rapidly and the medical system was overwhelmed in weeks. Many families lost their breadwinners in the crisis and many more were pushed into debt due to medical expenses. The same government which in 2020 had imposed strict lockdowns seemingly left the decision to the states in the second wave leading to a lot of confusion. Questions have also been raised about India’s vaccine strategy which has not been able to meet the demand for vaccines.

Meanwhile, there have been questions raised about the data coming out of China concerning the number of COVID cases and stimulus measures. However, there is
no denying that the Chinese economy did bounce back from the initial COVID shock. Saudi Arabia was not hit particularly hard by the pandemic and the economy did rebound quickly, thanks to their relatively low dependence on the outside world. The situation of migrant workers in the kingdom remains perilous, efforts to improve the standard of living of migrant workers need to be taken, given the fact that migrants are vital to the economy. The Republic of Korea has been a true COVID success story with strong measures of testing, contact tracing, and treatment they have kept cases at a minimum. While effective stimulus measures kept the unemployment low and incomes high.

**Concluding Remarks**

We see that all countries have followed the ILO’s four-pillar framework in some form or the other and some more effectively than others. The pandemic has exposed the fragility of the labour market and the deep-rooted structure of inequality that persists in all countries. The overall rise in inequality is a worrying trend and interventions are needed to increase earning capacity, reduce inequality, improve access to essential goods and services, and protect and improve the environment. The pandemic has underscored the need for universal social protection and healthcare. The world also needs a comprehensive vaccination policy that goes beyond national boundaries to finally put this pandemic behind us. Even before that there are rising calls ‘building back better’ which includes aligning recovery measures with sustainable development, strengthening institutions of work, facilitating the transition from an informal to a formal economy. Establishing adequate minimum wage and other government measures which are essential for a human-centered approach to the world of work. It is also vital that the growth strategies post COIVD-19 don’t revert back to the pre-crisis norm. Protecting workers and incomes are implementing proper social protection systems are essential for the world to truly move forward from this crisis.

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