
Guest editorial: Assessment of the impacts of COVID-19 and government reactions to it on inequality and poverty reduction

Guest editorial

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Introduction

The aim of this special issue is contributing to a policy evaluation of the impact of COVID-19 on economic, inequalities and existing trends in poverty reduction and the governments' reactions to the pandemic. The existing research study on COVID-19 focuses on the socioeconomic factors that influenced the spread of the virus and its outcomes. To our knowledge no special issues on COVID-19's impact on inequality and poverty has been published. Data are available allowing us to conduct studies on within and between country inequalities in income, health and well-being with strong implications for achieving the Sustainable Development Goals.

Country level and cross-country comparisons of COVID-19's impact have been limited due to data availability and development of methodologies. These are now available and interdependence of the countries regardless of their level of development and location to coordinate their policies and resources to limit the pandemic's spread and effects can be studied. Different countries applied different policies with a different impact. An assessment of the policies and a review of the heterogeneous impact provide information valuable for resource allocations, cross-country cooperation, economic recovery and development and inequalities and poverty reduction around the world.

A summary of the papers in this special section is provided below.

The first paper by Ha, T. "The effects of COVID-19 and response measures on poverty, household income, and household consumption expenditure in South Korea" is an analysis of the effects of the universal benefit of fiscal measures including the Emergency Disaster Relief Fund which were introduced in response to the COVID-19 pandemic. It identifies the effects of the measures on poverty, household income and household consumption expenditure using the Korea Household Income and Expenditure Survey. The paper also investigates COVID-19's effects on vulnerable groups (female, elderly and young households). COVID-19 had prompt and disproportionate effects on the vulnerable. However, government measures had a limited effect. Firstly, the measures could not mitigate the initial income reduction and only had a temporary positive effect on consumption expenditure. Secondly, young households tended to save the relief. Lastly, education disparities were observed between 25 and 50%. The study discusses policy implications for a better welfare system in an economic downturn. It finds the response measures sustainable and concentrated on the vulnerable.

The second paper by Yilmazkuday, H. "Nonlinear effects of mobility on COVID-19 in the US: targeted lockdowns based on income and poverty" investigates nonlinearities in the relationship between mobility and COVID-19 cases or deaths based on demographic or socioeconomic characteristics, with a special focus on income and poverty. The analysis uses county-level daily data from the USA using the difference-in-difference estimation method. It investigates the nonlinearities in the relationship by regressing weekly percentage changes in COVID-19 cases or deaths on mobility measures, where county and daily fixed effects are controlled for. The results suggest that the positive effects of mobility on COVID-19 cases increased with poverty, per capita income, commuting time, or population, whereas they decreased with health insurance or grandparents' responsible for grandchildren. The paper



discusses important policy implications regarding where mobility restrictions will work better to fight against pandemics.

The third paper by Henke, A. and Hsu, C. “CARES and crime” investigates the US COVID-19 Aid, Relief and Economic Security (CARES) Act signed to alleviate the economic effects of the pandemic and related shutdowns. The bill expanded and increased unemployment insurance payments with expected anti-poverty effects. The study examines the effect of the policy on crime using event study and difference-in-difference estimation techniques to estimate the effect of increasing unemployment insurance payments on property and violent crimes. It also estimates the effect of expanded unemployment qualification programs on crime and the degree to which people stayed at home. The findings show that increasing unemployment insurance payments decreased property crime. The paper also finds that expanding unemployment qualifications decreased crime. The benefits of expanded unemployment insurance were beyond its anti-poverty effects.

The fourth paper by Rathanayaka, I. Khanam, R. and Bahman, M. “The economics of COVID-19: a systematic literature review” examines the destructive economic impact of the pandemic. Its main objectives are, (1) examining the growing literature on variations in economic factors due to the pandemic; (2) reviewing literature on the governmental response to the pandemic; and (3) finding out the gaps and suggesting avenues for further research. The paper does a systematic, PRISMA-guided literature review using four databases to analyze research published between February 2020 and August 2021. This review included 31 studies out of 1,248 that were identified. All selected studies have used the macroeconomic, household and health economic factors for analyzing the economic impacts of the pandemic. The results show that because of the lockdowns and other containment initiatives price levels, employment and consumption patterns suffered. The governments’ efforts to develop policy tools and approaches to ensure recovery from the pandemic should target greater long-term economic resilience.

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