

Critical analysis of the impacts of covid 19 on (a) trade (b) financial activities (c) and labour market and policy implications. A case study of the USA

SLIDE 1: Title Slide –

Good morning to you all. Thank you for providing me the opportunity for presenting a very interesting discussion before you. Through this presentation I would be critically analysing the impact of COVID-19 on three crucial areas, that is

- **Trade**
- **Financial Activities and**
- **Labour Market and Policy Implications**

I have taken the case of the United States of America, which is the largest economy in the world and one of the most powerful nations in the contemporary global environment.

SLIDE 2: Contents Slide –

This presentation has 7 key sections. We begin with introduction which covers brief overview of global impact of the COVID-19 pandemic. Thereafter we will highlight the impact of COVID-19 in the USA. It is also important to demarcate the status of the US economy prior to the pandemic crisis which is covered in Section 3. Section 4 5 and 6 critically show the impact of the pandemic on different aspects such as trade, financial activities and labour market. We conclude in segment 7 which is the summarization of key findings. So, now lets Begin.

Slide 3 PRE-HEADING

MAIN CONTENT OF 15 SLIDES STARTS FROM HERE

SLIDE 4 - Introduction

The rampant spread of the Coronavirus disease that originated in Wuhan China in December 2019 and speedily spread throughout the world by March 2020 has had a devastating impact on the entire world.

As on date, a total of **257,433,040** cases have been identified across the globe. **51,637,142** deaths have been recorded because of COVID-19.

232,383,182 cases have recovered thus far.

In 2020, governments worldwide ordered for country-wide lockdowns, shutting down public places, instructing people to wear masks and follow hygienic practices and social distancing rules to contain the virus. Despite several measures, the spread of the virus was too difficult to control.

SLIDE 2: COVID-19 in the USA

Taking a look at the figures in the United States, the COVID-19 pandemic was very severe.

A total of **48,558,229** cases were identified. **793,539** people lost their lives due to the pandemic. Compared to the current year, where the vaccination drive initiated, the spread of COVID-19 pandemic has relatively declined. Presently, **38,437,852** cases have shown recovery. However, it goes without saying that from March 2020 till date, the impact of this pandemic has been devastating and caused major disruptions around the globe.

SLIDE 3: Pre-COVID Status – General Background

The USA is one of the largest economies in the world. A look back at the status of the USA until 2019 (before the pandemic crisis hit the world) shows that

The economy was worth 21.43 billion which was a reasonable 4% improvement from 2018.

The political stability of the USA was 0.13.

The country ranked 23 with a score of 69 in the world corruption index.

The inflation rate of the US economy was marked at 1.81% with unemployment at fairly low levels @ 3.67%

SLIDE 4: Impact of COVID-19 on Trade

According to Bureau of Economic Advisors, a trade gap of USD 678 Billion was reported in 2020. This deficit increased from the 2019 levels which was \$576.9 Billion.

SLIDE 5

As can be seen from the figures presented, the exports and imports in the US were significantly impacted as only essential goods and services were on a rollout within domestic borders. International trade and commerce were completely halted as a result of which no country was undertaking any trade and commerce.

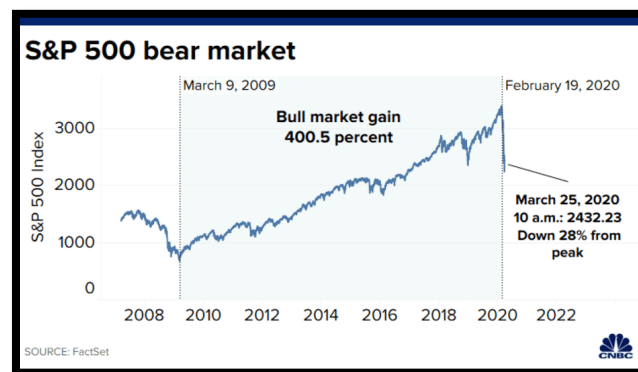
Balance of Trade	2019	2020	Difference
EXPORT	\$2528.3 billion	\$2131.9 billion	-\$396.4 billion
IMPORT	\$3105.1 billion	\$2810.6 billion	-\$294.5 billion



SLIDE 6: IMPACT OF COVID -19 ON FINANCIAL ACTIVITIES

COVID-19 pandemic has been an external stimulus that had a massive impact on the global economy. In the context of US trade, the first impact of COVID-19 was witnessed on the stock market.

According to Imbert (2020), on 23rd March, 2020 when COVID-19 was officially declared as a pandemic, the news of the crisis led to 43% drop in the US stock market. However, the government initiated to provide relief which led to a 37% recovery between March and July 2020.



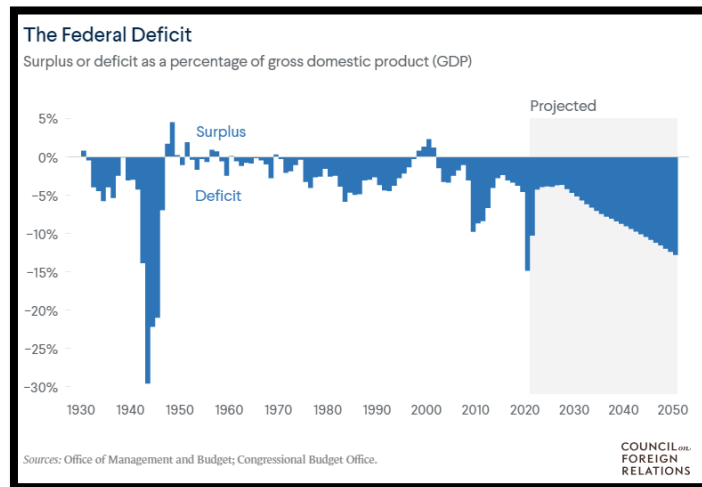
SLIDE 7

The US economy stood at \$21,433.22B, which is a 3.98% increase from 2018. However, post pandemic crisis, the economy saw a decline by 2.32% from 2019 levels and the GDP attained valuation of \$20,936.60B. The major sectors that took a hard beating of the consequences brought by COVID-19 pandemic were airlines, real estate, oil, retail apparels, and tourism. On the contrary online retail, IT hardware and non-durable household goods sector saw a significant positive inflow because of the drastic changes in consumer preferences and expectations.

SLIDE 8: DEBT The Biggest Red Flag for the US economy.

Debt in the US has been a long-standing problem that has been aggravated by the COVID19 pandemic. In the wake of COVID19, the federal government spent trillions of dollars to sustain the economy and give boost to the businesses, people, states and local governments (Mcbride, Chatzky and Siripurapu, 2020). As can be seen from the graph, the inevitable steps taken by the federal government during COVID19 to protect the economy and the people, significantly increased the federal deficit. The federal

deficit reached \$3.1 trillion in 2020, that is, approximately 15% of GDP and has been the highest since 1940s (Mcbride, Chatzky and Siripurapu, 2020).

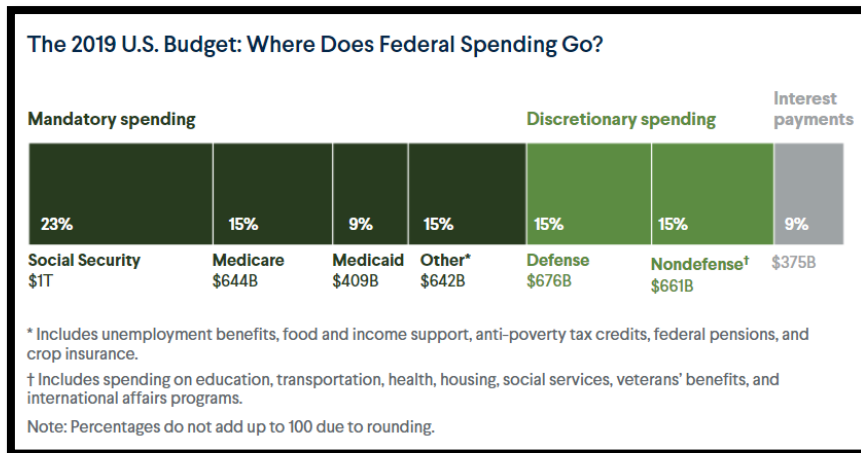


SLIDE 9: DEBT The Biggest Red Flag for the US economy

Although in the wake of COVID19, the debt reached its highest level since 1940 in the US but, COVID19 only acted as a fuel to the fire that was already burning. The debt-to-GDP ratio of the United States is among the highest in the industrialised world. Only Japan is ahead of the United States among the industrialised nations. According to Mcbride, Chatzky and Siripurapu (2020), the annual deficits were expected to exceed \$1 trillion in 2020, and was to continue above that level thereafter. Before factoring for COVID-19 expenditure, the public debt of the United States was expected to nearly quadruple to more than \$29 trillion over the next decade.

SLIDE 10: Reasons for the high debt

Since the nation's establishment, the United States has incurred yearly deficits, spending more than the Treasury earns. The time following World War II, when the United States ascended to worldwide superpower status, is an excellent place to start when looking at current debt levels. Defence spending throughout the war resulted in record borrowing, with the national debt reaching more than 100 percent of GDP in 1946. Since then, the government has tried to reduce the debt levels. The overburdened social security system, disproportionate spending on the healthcare sector and the continuous tax cuts and tax rebates have resulted in the high debt.



SLIDE 11 – IMPACT OF COVID-19 on LABOUR MARKET

We will now look at the impact of COVID -19 on labour market in the US economy.

Being the largest economy in the world, the pandemic had a paramount impact on the labour market.

Unemployment was at record high standing at 8.31% which was a sharp increase from 2019 levels that stood at 3.67%.

In numerical terms, Pew Research showed that compared to February 2020, the employment levels in February 2021 were 8.5 million people less!

SLIDE 12

This was reinforced by Bureau of Labour Statistics on 2021 report wherein the findings showed that job gains were mostly seen in

- Leisure and
- Hospitality

Smaller gains were seen in

- Temporary help services,
- Health Care and Social Assistance
- Retail trade
- Manufacturing

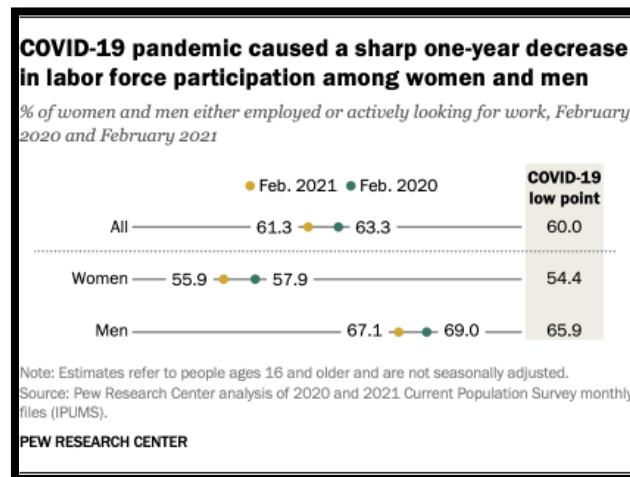
Substantial decline was seen in

- state and local government education,
- construction, and
- mining

Experts opine that it could take almost 3 years to regain employment levels that stood prior to COVID-19 thus reflecting the deeply affected state of affairs for the US economy.

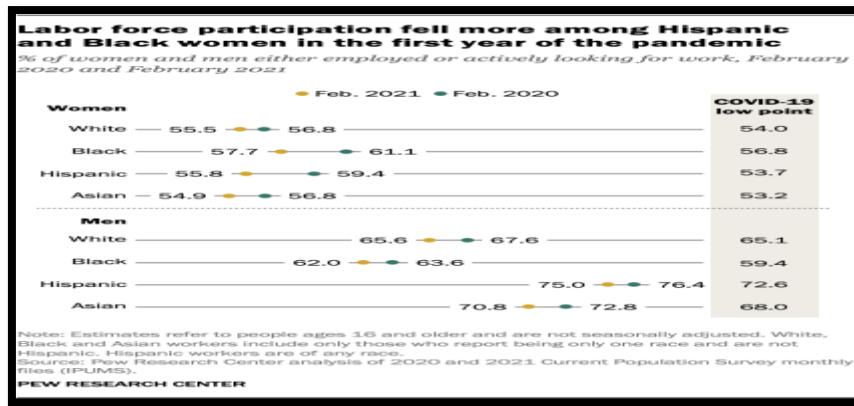
The impact of COVID-19 also affected the diversity in workforce significantly. According to Kochhar (2021)

- More women quit or lost their jobs compared to men during the pandemic crisis.
- Hispanic women and immigrants faced significant job losses
- Single mothers were also included in the category of people who lost jobs
- Low wage workers were left unemployed and finally
- Young adults who were academically less qualified faced job cuts and layoffs.



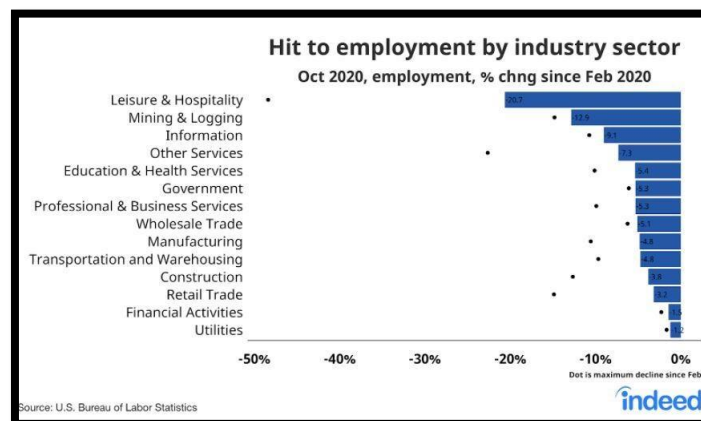
As can be seen from the figures indicated in the image, comparatively more women bore the brunt of losing their jobs during the pandemic than men, when it is known that less than half of the US workforce is constituted by women.

Looking at another critical insight people of colour and other ethnicities have also been largely affected when already their inclusion in the workforce in terms of numbers is still not significant enough



SLIDE 13

The fundamental reasons which can be particularly cited for unemployment levels in general and job losses for female workforce in particular is because compared to the previous recessions the impact of COVID-19 has largely affected service sector, such as travel, tourism, hospitality and leisure. These sectors typically employ more females than males. Thus, shutting down of these sectors had significant bearing on women.



SLIDE 14 US facing LABOUR MARKET PARADOX

Analysts have identified that while millions of people have lost their jobs in the USA, the country is still facing “labour shortage” thus giving rise to labour market paradox. Research shows that large corporations such as Delta Airlines and McDonalds besides many others have indicated impact on business as they are unable to gain adequate workforce.

Now Richardson (2021) has attributed three possible reasons for such a paradox to occur

- Workers are fearful for health and safety and don't want to come back to work
- Over-generous benefits – for example some US states are offering twice as better benefits than minimum wage, so a person does not want to return to work
- Lastly, it is possible that labour has relocated to other industries.

So, these are also some of the factors that need to be considered.

SLIDE 15 – CONCLUSION

So, throughout this presentation we have analysed the impact of COVID-19 on trade, financial activities and labour market. The overall conclusion is that within a span of one year, the impact of this pandemic crisis has brought severe implications for the US economy. While the country is eventually seeking revival and renewed leadership by President Joe Biden has brought with it some noteworthy promises. However, it will be long until the US economy can fully restore its previous levels and regain pre-covid levels. The pandemic has significantly changed the business landscape, and consumer taste and preferences about different products and services.

Remote location working and digitization have become a significant reality of the new normal. However, whether these changes are going to help in the sustenance of the US economy or pull the societal and cultural domains further down will be a critical implication that only time will be able to uncover.

With this I close the presentation and open the house for questions.