

Economic Impact Study of the New Crown Epidemic

Yang Xia

Chaoyang Kevin School, Beijing, 100000, China

xiayang@sunnydigits.com

Abstract. The outbreak's impact on the world as a whole, particularly the world economy, has been enormous. Although there have been studies on the impact of the epidemic on certain areas and sectors, there is a lack of comparative summaries and a lack of a more comprehensive exploration of the results of the epidemic. This paper aims to synthesise a number of papers to summarise and analyse the impact of the outbreak on the economy in China, such as a decrease in consumption and the number of products produced. In the future, people should identify the existing problems in various fields, solve the problems by combining the actual situation of the current era, and the state should summarise the relevant laws and introduce relevant policies to accelerate the economic recovery speed, help the economic development, and build the country into a rich, intense, democratic, civilised, harmonious and modern socialist power as soon as possible.

Keywords: New Crown Epidemic, Economy, Impact.

1. Introduction

An outbreak of New Crown caused massive infections to arise across the country in 2020. The virus spread rapidly and triggered a global outbreak that had a severe impact on people. As the outbreak progressed, the negative impact of the outbreak on all sectors became apparent, with a drop in spending in tourism, retail, and catering, the closure of hotels, the loss of jobs, the imposition of embargoes on maritime trade, increased uncertainty in the stock market, higher global unemployment and lower consumer demand. In addition, the epidemic has led to disruptions in global supply chains and restrictions on production activities, a sharp decline in international trade and a downward revision of global economic growth expectations. The impact of the epidemic on the global economy has been significant and a cause for concern.

Because of this, the world is experiencing a major change that has not been seen in a century due to the new crown epidemic, which is a profound and grandiose change of the times. The new crown epidemic has greatly impacted the world economy, and the economic development of China, which was the first outbreak, has faced more pressure, such as the contraction of demand, the impact of attacks, and the weakening of expectations. Wang Hongjian et al. analysed what impact the real enterprises had after encountering the unfavorable impact of the new crown epidemic. They studied how the fintech empowerment and the real economy should be repaired afterwards(Wang, 2024). Many industries have yet to recover from the impact of the New Crown epidemic.

Until now, although there is literature on this aspect of the study, but most of the focus on the macroeconomy, the real economy, and so on, but no scholars on the impact of the epidemic to carry out a more comprehensive summary. In order to achieve the purpose of this study, this paper compiles the relevant domestic literature. It describes the impact of the epidemic on various economic levels from various aspects in chronological order. This study aims to help us better see through today's economic status quo, better understand the national policy, and accordingly take precautionary measures for the future, to enhance our emergency response capacity.

2. Severity of Economic Impact

Economic impacts refer to the effects on society, industries, individuals, etc. due to economic changes. Economic impacts are wide-ranging and affect society, epidemics, and so on. Economic fluctuations are the most significant manifestation. Economic volatility can lead to disruptions in

supply chains and stagnation of production activities, which can affect people's production and consumption activities, resulting in economic recession and increased unemployment.

During the epidemic, the highly contagious nature of the epidemic led to embargoes in various cities of the country, which restricted travel and consumption and led to a significant reduction in consumption in the tourism, retail, catering, culture and entertainment sectors, particularly in the tourism and catering sectors, which had a considerable impact on the normal operation of those sectors and on employment. The economic volatility has also had an impact on the global supply chain, affecting industries with a globalised industrial chain, and products that are produced in cooperation with various countries have been greatly affected, as the embargo has prevented the delivery of many spare parts, resulting in products that are ultimately unsold, which has led to huge losses for those enterprises.

Economic recession and rising unemployment may reduce people's motivation to produce, and the overall immunity and coping capacity of society may be reduced due to the change in people's status, thus making it more difficult to control the spread of the epidemic. In addition, economic instability may lead to insufficient government investment in epidemic prevention and control, exacerbating the severity of the epidemic and the difficulty of its spread.

3. Macroeconomic Impact of the Epidemic

Macroeconomics refers to the total quantity and structure of production, distribution, exchange and consumption of the national economy, and this paper will talk about two aspects of macroeconomics, namely, the consumption of the population and the import and export trade.

3.1. the Consumption of luxuries

Resident consumption is an important foundation of the economy and people's livelihood. The epidemic has affected the consumption tendency of our urban and rural residents. During the epidemic, people also had a clearer shopping tendency. Online consumption was more competitive than before, but offline tourism and service industry suffered a huge impact, and consumption dropped sharply (Fu, 2020). At that time, many different views on residential consumption emerged. In order to know more specific details, scholars researched residents' consumption behavior, preferences, and other factors affecting consumption (Li, 2020).

Later, some scholars focused on the study of the psychology of consumption, the results show that, precisely because thrift and frugality is our country's fine tradition, so even in the face of the arrival of this crisis, China's traditional consumer concepts and consumption behavior is difficult to change, people are more often choose to store their wealth, in case of emergencies. Residents save a lot, and because of the epidemic during the residents' income reduction, the herd mentality gradually began to reflect, making the residents' consumption failed to rise in time. The psychology of seeking differences accounts for a relatively small proportion, unable to stimulate people to spend. People think more about collecting money than making money, and these mentalities are also why the economy failed to recover when the epidemic improved a little. Although the gap between urban and rural areas has increased, the mentality will not be changed easily, so the population's consumption has declined. Residents' consumption psychology inhibits residents' consumption behavior. In comparison, the decline in consumption of urban residents is much greater than the decline in consumption of rural residents (Zhang, 2020). When the epidemic first broke out, the country's residents' consumption experienced negative growth, and after timely adjustments our economy gradually recovered.

There are many factors affecting the decline in consumption by the population, such as falling income, restrictions on consumption items, rising risk awareness, and changes in consumption scenarios. So, from a comprehensive point of view, the most influential factors on residents' consumption are consumption item restriction factors and income decline factors (Liu, 2022). On the other hand, the obvious decline in total consumption of the population and the behavior of the state

in order to promote the recovery of the consumption level as soon as possible are of great significance in promoting the economic recovery and the construction of a new development pattern.

3.2. Import and Export Trade

As the epidemic gradually expanded in its mid to late stages and evolved into a national epidemic, it affected our import and export trade, and most of its impact on our import and export trade has been adverse. The New Crown Epidemic affected the country's production activities in all seasons, causing gaps in the country's production supply chain and thus affecting the country's import and export trade (Li, 2020). As a result of the gap in the production supply chain, the growth rate of import and export trade declined year-on-year because the spread of the epidemic hampered those production companies that needed more manpower, limiting the speed of their production so that all aspects of the trade were affected. In contrast, import and export companies suffered very serious economic losses. The development of imports and exports gradually slowed down, which resulted in a decline in the growth rate of import and export trade year-on-year. However, it is also to compensate for these losses, China's economic integration with the global supply chain has increased, the epidemic situation is not so serious after a certain extent, but rather stimulate China's imports and exports of goods to expand the scale (Zhu, 2020).

Foreign trade enterprises take up a certain proportion of the import and export trade and have made many contributions to the import and export trade. Due to the severe epidemic, foreign trade enterprises have lost certain overseas orders. To control the spread of the epidemic, China has implemented epidemic control, and due to the special nature of some products, so that it cannot be made by online or robotic instead of production, so the number of some labour-intensive products production has dropped sharply, which has brought a certain amount of loss for the enterprise. In addition, in order to ensure environmental health and safety, countries around the world to increase the inspection of transport, such changes make the transport personnel need to be vaccinated due to a variety of reasons caused by the gradual increase in the inspection time at the seaport, and international logistics and transport speed are declining, these measures increase the cost of cross-sea transport, which makes it more difficult for enterprises to operate (Chen, 2021).

4. Impact of the Epidemic on the Meso-economy

In its scope of study, mesoeconomics mainly includes regional economics as well as industrial or structural economics, which is closely linked to regional development. In this paper, we will look at the industrial aspect of meso-economics.

The epidemic has had an impact on a number of sectors in the country. Studies have shown that the fisheries, agriculture and biomedical industries have all been affected. Our scholars first conducted a study on the impact on fisheries. The fishery industry's production, marketing, and regeneration capacity decreased, decreasing fishermen's income (Zhang, 2020). Scholars have conducted in-depth analyses and interpretations of the fishery industry, clarified the problems of the industry, and provided warnings for future transformation and upgrading.

Agriculture is equally challenged. Since ancient times, agriculture has had an indispensable place in our country. (Teng, 2022) firstly proposed the performance of the impact of the epidemic on agriculture, and found that agricultural products suffered from difficulties in production, trading, and future development, etc. They put various problems on the surface, then looked for the reasons behind them, explored how the new Crown Pneumonia epidemic's public health and safety incident impacted agriculture, explored the root causes, and finally proposed solutions.

The New Crown epidemic has had a complex impact in the biomedical industry. Relevant scholars have analysed the original industry prospects of the biomedical industry, followed by a description of the impact of the epidemic on the biomedical industry. Then the impact of the epidemic is gradually subdivided into various categories of the biomedical industry, including the chemical pharmaceutical industry, the biologics industry, the medical services industry and so on. The epidemic's impact on

different branches of the biomedical industry has brought about various impacts, some of which hindered the development of the industry, and some of which facilitated the development of the industry. The multifaceted nature of the impact of the New Crown epidemic is reflected in the biopharmaceutical industry (Li, 2023). These in-depth investigations have led to a better understanding of the problems in various industries and have contributed to the development of the industry in the future.

5. Microeconomic Impact of the Epidemic

At the micro level, the new crown epidemic has affected businesses in all sectors to varying degrees. Studies have shown that the epidemic has slowed down production and operations, and reduced the production and consumption of goods. In order to alleviate these problems, the state will implement a relatively easy monetary policy to support enterprises in tying over the difficulties. The authors explore the relationship between the financialisation of firms in the context of epidemics and examine the heterogeneity of the impact of this relationship across different types of firms. This study provides a better understanding of the current state of firms and a better understanding of future directions, which can help to rejuvenate firms (Hu, 2023). Later on, some scholars conducted research on the financial resilience of enterprises in epidemic situations. The author first describes the theoretical basis clearly, then makes assumptions, assuming the subject, operation and market, and finally describes the impact mechanism of the epidemic on enterprises. The authors use a variety of methods of inquiry in the process and finally draw conclusions. This research opens up a newer direction for scholars to refer to and provides policy references for local governments (Wan, 2023).

It is undeniable that the epidemic had impacts on the enterprises, but these impacts in a way rather promoted the development of these enterprises, making them identify some problems and solve them. These studies show the connection between the New Crown epidemic and enterprises. Still, most of the research papers in this direction show a certain enterprise as an example, and then use the data of this enterprise in the epidemic to conduct research. Nowadays there is no comprehensive, systematic, generalised and introduced papers for reference, and there is a certain gap in this aspect of the scientific research section.

6. Conclusions

This paper mainly studies the impact of the new crown epidemic in China on the economy, the new crown epidemic on the economy is divided into macro, meso and micro levels, and respectively find related papers in related fields to conduct a literature review, a detailed study of the impact of the new crown epidemic in various fields. At the macro level, the epidemic has inhibited the growth of consumer spending; at the import and export trade level, the epidemic has increased the cost of import and export trade and inhibited the development of foreign trade; at the meso level, the epidemic has affected several industries, and most of them have been negatively impacted; and at the micro level, from the point of view of enterprises, the epidemic has limited the development of the economy, but it has helped enterprises to understand more about the direction of future development.

Existing studies have analysed in depth the impact of the epidemic on consumption and import and export trade in China, and have achieved rich research results, but there is a lack of research on industries and individual behaviour of the population, so there are still some sub-areas that need to be explored more. First of all, the impact of the epidemic is not only negative, although it has inhibited the development of the economy, but it has also helped enterprises or industries to identify their own problems, correct them, propose solutions, and point out the way of development in the future. In the follow-up study, the impact of the new crown epidemic should be explored in a comprehensive manner. At the same time, the government should make appropriate policy changes, conduct more in-depth studies of the economy based on today's literature, and make preparations at the national level.

References

- [1] Chen, L.-Q., 2021. An overview of the impact of the New Crown epidemic on international trade and China's import and export trade. *National Circulation Economy*, (11): 30-32.
- [2] Fu, C.H., Wang, C.G., 2020. Impact of New Crown pneumonia epidemic on residents' consumption and countermeasures. *Fiscal Science*, (04): 33-40.
- [3] Hu, Y., 2023. Research on the impact of Xin Guan epidemic on financialisation of enterprises. Northeast University of Finance and Economics.
- [4] Li, L., Wu, J., 2020. Analysis of the impact of the New Crown pneumonia epidemic on residents' consumption behaviour and the formation mechanism. *Consumption Economy*, 36(03): 19-26.
- [5] Li, X., 2020. Impact of the New Crown pneumonia epidemic on China's import and export trade. *Journal of Huanggang Institute of Vocational Technology*, 22(05): 100-104.
- [6] Li, L., 2023. Risk and investment research on biomedical industry under the impact of the New Crown epidemic. Soochow University.
- [7] Liu, H., Di, J., Wang, R., 2022. Study on the impact of the New Crown pneumonia epidemic on residents' consumption. *Statistical Research*, 39(05): 38-48.
- [8] Teng, J., Wang, J., 2022. Impacts and implications of the New Crown pneumonia epidemic on the agricultural and rural economy. *Agricultural Technology and Equipment*, (06): 51-53.
- [9] Wang, H., Cao, Q., Cao, Y., 2024. Fintech empowerment and real economy repair-based on the impact of the New Crown pneumonia epidemic. *Nankai Management Review*, 1-26.
- [10] Wang, C.G., Fu, C.H., 2020. Impact of New Crown pneumonia epidemic on residents' consumption and countermeasures. *Fiscal Science*, (04): 33-40.
- [11] Wan, M., 2023. Research on financial resilience of Chinese manufacturing enterprises in the context of epidemic. Jiangxi University of Finance and Economics.
- [12] Zhang, P., Wang, J., 2020. Demand constraints and policy choices of fiscal policy under the influence of the New Crown epidemic - a study based on residents' consumption. *Journal of Hainan University (Humanities and Social Sciences Edition)*, 38(04): 37-46.
- [13] Zhang, Z., 2020. Impact of the New Crown pneumonia epidemic on the fishery economy and suggestions for response. *China Aquaculture*, (03): 37-39.
- [14] Zhu, J., Wang, H., 2020. Impacts of the New Crown