

Assessing COVID-19's Impact on China's Economy and Labor Market

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Abstract. The rapid global spread of COVID-19 has impacted 114 countries across six continents, significantly affecting economic growth, health security, and employment. This study examines the pandemic's worldwide trends and its profound implications for China's economy, particularly the unemployment rate. The analysis highlights how strict containment measures, such as social isolation and lockdowns, effectively reduced infection rates but led to economic disruptions, with the aviation, tourism, and hospitality sectors experiencing severe job losses. Labor mobility restrictions and uncertain economic conditions further hindered business operations and investments. The paper provides insights into the pandemic's short- and long-term effects on China's labor market and economic landscape, offering strategic policy recommendations for recovery and resilience in the face of future challenges. This research aims to inform policymakers and stakeholders on developing more effective responses to similar crises.

Keywords: COVID-19, economic growth, unemployment, health security.

1. Introduction

The global economy has been severely impacted by the COVID-19 epidemic, and the Chinese economy saw sharp changes in the first quarter of 2020. Data from the National Health Commission of China and the World Health Organization show that as of June 7, 2020, there were 83,030 cumulatively recorded cases of COVID-19 in China, out of over 6.5 million confirmed cases worldwide [1]. The epidemic not only caused many people to fall ill and even die, but also plunged the entire society into great unease, to some extent changing people's behavior and producing significant social impacts that cannot be ignored. Since there were no effective drugs or vaccines available in the short term, social isolation became the most effective measure to contain the epidemic. China's community isolation, especially the lockdown measures in Wuhan, Hubei Province, have achieved good results, with the number of locally confirmed cases basically zeroed out within three months [2]. The COVID-19 epidemic has brought serious impacts on employment and the labor market. The epidemic has prevented people from moving around normally, caused enterprises to not operate normally, and made organizations difficult to function normally, plunging the economy into a semi-paralyzed state. All enterprises are facing severe challenges, especially in the aviation, tourism, and hotel industries, with many job losses. The epidemic control has restricted labor mobility, with many workers unable to return to work, negatively impacting residents' income. The demand for labor has decreased because of many businesses delaying or cutting down on investment due to the uncertain economic environment. Both the quantity and quality of jobs have decreased as a result of the epidemic [3]. According to the daily COVID-19 situation report released by WHO, as of 17:00 Beijing time on March 10, there were a total of 113,702 confirmed COVID-19 cases worldwide, with 4,012 deaths, affecting 110 countries, including 62 countries, territories or regions with local transmission confirmed, including China. Of these, 32,778 cases were confirmed outside China, with 872 deaths [4]. Of the 109 countries, territories or regions outside China, Thailand, Japan and South Korea confirmed their first cases on January 13, 15 and 20, respectively, and are the three earliest countries to confirm confirmed cases [5]. As of March 10, Italy's confirmed cases have increased rapidly, making it the country with the highest number of confirmed cases outside China and the highest mortality rate. Its confirmed cases have increased by more than five times in the past week, reaching 9,172, with 463 deaths. Japan has reported new cases in many places, and there are a total

of 696 confirmed cases on international cruise ships docked in its territorial waters; authoritative institutions believe that Japan is in the early stage of domestic outbreak; starting from February 22, Iran's confirmed cases began to increase rapidly, and increased further in the country on February 26, reaching 7,161 by March 10, which is 12 times that of March 1; from February 26 to March 10, six countries in the African region (Algeria, Nigeria, South Africa, Senegal, Cameroon, and Togo) have reported confirmed cases; thus, all six regions of the world as defined by WHO have reported confirmed cases [6].

2. Influence of Covid-19

2.1. Economic growth

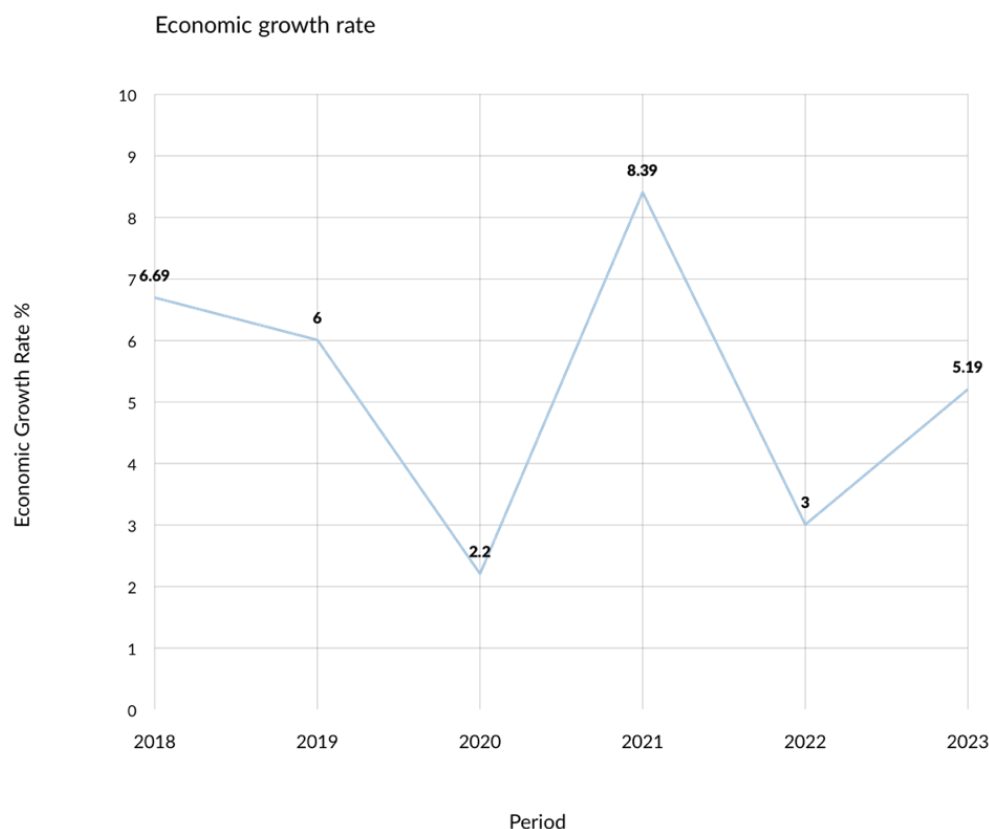


Figure 1. Economic growth rate [7]

In the figure 1, most enterprises in China were forced to close, and some never reopened, because of extremely tight lockdown measures. In January and February of 2020, almost 240,000 businesses filed for bankruptcy. Given that most government offices are closed for the first few months of the year, it is plausible that more businesses filed for bankruptcy at this time but were unable to file. This number is probably going to go up even higher because 36% of private businesses stated in February that they did not anticipate having to go through another lockdown month. Using China's A-level tourism destinations as an example, their economic losses in 2020 could reach 65%, with the first quarter of the year seeing the most of these losses. China's tourist industry has always been in a shock recovery phase, but by the end of 2021, it can be separated into two stages of development: epidemic outbreak and epidemic prevention and management. The tourism sector went through a process during the outbreak phase that included capacity and flow management, progressive relaxation, and quick recovery. The level of tourism openness is determined by the COVID-19 preventive and control policy, and both are impacted by significant epidemic incidents. Due to the quantity and scope of epidemic breakouts in various locations and periods, the recovery level of tourism is highly unstable during the typical stage of epidemic prevention and management. For instance, during the May Day holiday in 2021, domestic travel amounted to 230 million, returning to 103.2% of the pre-epidemic

period; domestic tourism revenue, on the other hand, reached 113.23 billion yuan, an increase of 138.1% year over year; both the number of travelers and the revenue from tourism both surpassed and approached the same period in 2019, respectively. However, affected by the rebound of the epidemic in Nanjing during the summer vacation in 2021 and Inner Mongolia during the National Day holiday, the rapid recovery of tourism has slowed down [7]. Relate to the graph, there is a significant fall in 2020 from 6% to 2.2%, which means the derivative is negative and smaller than previous year, then the Economic Growth rate rise sharply from 2.2% to 8.4% because economic rebound.

2.2. Unemployment

Restarting the supply chain takes time, and requirements for infection control reduce productivity and increase costs. The export-oriented industrial sector is also facing sluggish global demand. Economic output will fall sharply in 2020 and even 2021. As a result, unemployment is rising and may reach levels not seen for a long time. From December 2019 to March 2020, official unemployment rose by 3 million to a record 5.9%. If the 50 million or so migrant workers, many of whom cannot return to work in big cities, they will lose their jobs. Despite the epidemic's rapid pace, the CPC Central Committee's strong leadership and the nation's tireless efforts have allowed for a rapid improvement in the status of epidemic prevention and control as well as a quicker restoration of life and the flow of production. WHO representatives stated unequivocally on March 17, 2020, that China had effectively contained the outbreak. At a high short-term cost, China has purchased a long-term win. Data show that China's job market has entered a stage of rapid recovery in demand since February 24, with a quarter-on-quarter growth rate of more than 30% for two consecutive weeks. Five weeks after the Spring Festival, the scale of enterprise recruitment demand has recovered to 85% of the same period last year. On March 12, data from recruitment platform BOSS Zhipin showed that Internet, IT, transportation and logistics, medicine and education and training have become the five most attractive industries for talent. Simultaneously, the epidemic has accelerated the growth of sectors suffering the talent shortage, including fresh electricity suppliers, games, online education, live video streaming, medical and health, and telecommuting. According to the "substitution effect," nations all over the world give businesses a substantial amount of capital through fiscal and financial policies to guarantee that they have a minimum level of cash flow if the labor supply collapses and businesses are unable to continue with normal operations. This can be thought of as a form of "substitution."

The other is to reduce the use of labor force and contact production activities through the supply of new technologies, the most typical is to replace offline activities through online activities, the use of online meetings instead of face-to-face meetings. From the perspective of labor and employment, under the impact of the epidemic, many enterprises could not start work, resulting in a large number of occupational replacements, and some labor was replaced by other labor. Takeout for example, from January 20 to February 23, 2020, the Meituan platform added 75,000 delivery riders, 18.6% of these new riders are factory workers, 14.3% are enterprise sales personnel, 19.2% are service industry employees, and only 14.3% of the new riders have no job before the Spring Festival. This means that the vast majority are converted from their previous occupations as factories, restaurants and service outlets have been unable to open for business and have had to make career changes [8, 9].

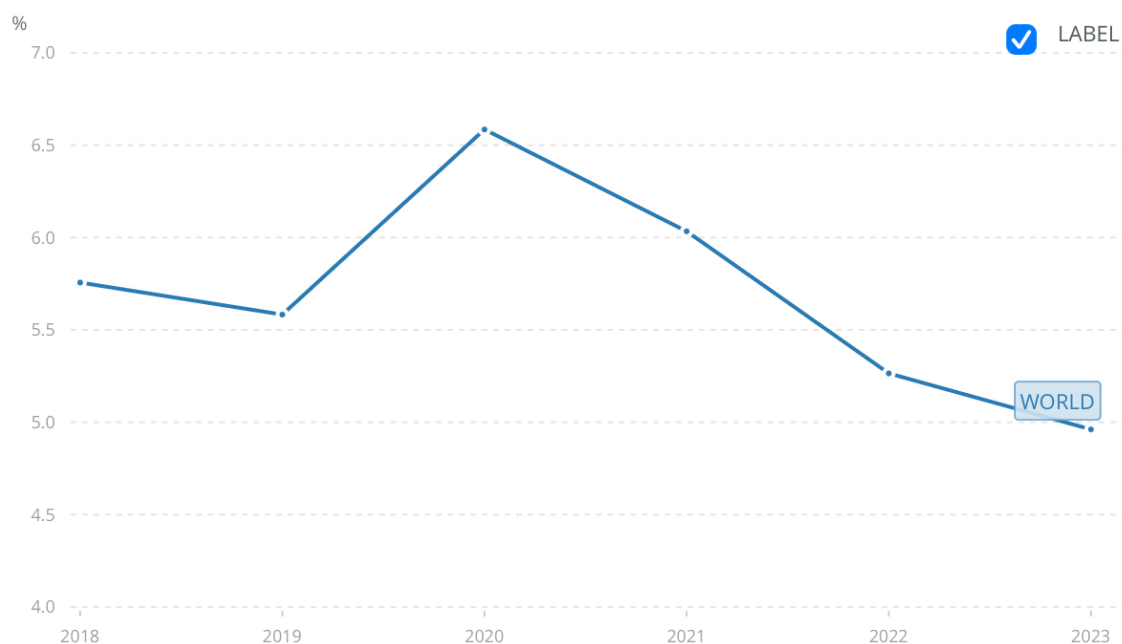


Figure 2. Global Unemployment Rate Trend from 2018 to 2023 [10]

In addition, figure 2 shown that new technologies are used to reduce the use of labor and contact production activities, the most typical of which is replacing offline activities with online activities and using online conferences to replace face-to-face meetings. From the perspective of labor employment, the epidemic has led to many job replacements due to the fact that many enterprises cannot operate normally. Some labor is replaced by other labor. For instance, Meituan's platform recruited 7.5 million additional delivery riders between January 20 and February 23, 2020. Among these new riders, 18.6% worked in factories, 14.3% in sales for businesses, and 19.2% in the service sector. The bulk of the new riders were forced to change careers from their previous employment since factories, restaurants, and service outlets have been forced to close and just 14.3% of them were unemployed prior to the Spring Festival [10].

3. Polices

3.1. Recent Strategies and Specific Measures

First, risk classification for countries, and guidelines for the classification, followed by the principle of "preventing the spread within China and preventing the entry of cases from abroad" to reduce the impact of imported cases on China. Potential imported cases may become a significant factor in epidemic control when China's control efforts pick up steam and the domestic epidemic abates. Accordingly, appropriate contingency plans should be developed and reinforced, with a focus on detection and prevention. The main work involves: To coordinate information reporting, identity registration, health monitoring, and emergency handling, the Civil Aviation Administration of China, Customs, the Public Security Bureau, the National Health Commission, the Foreign Affairs Department, the Border Inspection and Quarantine Bureau, the airport, and other departments should be organized, and a joint prevention and control mechanism established at ports. Strengthening information acquisition, through embassies and consulates abroad, to learn in advance about the return intentions of overseas students and workers from Iran and other countries with severe epidemics, to prepare relevant work plans in a targeted manner. Fully implement the health declaration form filling requirements for all incoming persons, achieving full coverage, full items, electrification, and sharing. Strengthen entry-exit inspection and quarantine work in accordance with the laws and regulations of the People's Republic of China, such as the Law of the People's Republic of China on Entry-Exit Inspection and Quarantine.

For those entering China from South Korea, Italy, Iran, and Japan, the epidemic-hit countries at present, regardless of nationality, strict compliance with local regulations on epidemic prevention and control measures should be enforced, and relevant isolation and observation measures should be implemented. For diplomatic personnel, those with normal body temperature will be subject to the relevant management regulations for diplomatic personnel. Secondly, Good experience should be summarized and technical assistance and experience sharing provided to countries with weak health systems. Active bilateral health diplomacy should be conducted. Drawing on the experience of combating the Ebola virus disease and the earlier COVID-19 outbreak, technical support and experience analysis should be provided to countries in need. Through diversified official media, China should actively and proactively tell its stories and enhance its voice in global health governance. The current outbreak also provides an opportunity to consolidate China's existing health development aid platforms and networks. Timely provision of diagnostic reagents and equipment needed to combat COVID-19, combined with information technology, should enable local technical personnel to be trained in advance and prepared with response plans.

3.2. Long-term Strategies and Specific Measures

Firstly, China should construct an emergency research and development management system for pharmaceutical products that is appropriate for the country's conditions to improve the nation's capacity to prevent and control serious infectious diseases.

China needs to seize this outbreak immediately to compile a systematic overview of the state and working mechanisms of pharmaceutical product research and development, as well as to identify the national core emergency products and technological reserves required for the development of new, unmarketable infectious diseases like COVID-19. incentives in the early stages. A scientific analysis should also be conducted on the main bottlenecks in the current national emergency infectious disease pharmaceutical product research and development system. Utilizing the research and development foundation and institutional advantages of the country, a system for emergency research and management should be established to accelerate the research and development efficiency of related products such as test kits, vaccines, and therapeutic drugs, enhance the country's pharmaceutical product research and development capabilities, and provide scientific and technological support for the current and future national emergency infectious disease outbreak response and infectious disease prevention and control capacity building.

Secondly, Improve the emergency public health response system in China and the institutional mechanism for major epidemic prevention and control. Secondly, China can only effectively manage the dual challenges of internal epidemic prevention and external input prevention in the complex and ever-changing domestic and international environment, and essentially improve China's global health security governance capacity, by strengthening the nation's response to public health emergencies. First and foremost, the Chinese disease prevention and control system needs to be improved. The public health service system needs to be strengthened, and medical and health resources should be allocated as efficiently as possible. On the one hand, this means that grassroots capacity building for prevention and control needs to be strengthened, matched with general practitioner training and the graded diagnosis and treatment system. On the other hand, this means that public health services and medical services should be organically integrated, and the mechanism of joint prevention and control needs to be strengthened. The second step is to restructure and enhance the major epidemic prevention and control system, enhance the major epidemic emergency response mechanism, create a centralized, cohesive, and effective leadership and command structure, create an efficient mechanism for coordinating scientific research, disease control, and clinical treatment, and enhance the protocols for major epidemic prevention and control and emergency treatment. In order to better support epidemic monitoring and analysis, virus origin tracking, epidemic prevention and treatment, and resource allocation, stimulate the use of big data, artificial intelligence, cloud computing, and other digital technologies.

Thirdly, strengthens global health workforce development to meet the challenges of global health security posed by global health governance and international travel health issues.

New requirements and problems have arisen as a result of the deliberations and consultations mandated by the global health security debates during the COVID-19 pandemic. China faces significant health security and public opinion risks due to its deficiency in global health professionals and international travel health professionals, research on global health security governance, tropical diseases, and newly emerging and reemerging infectious diseases, as well as its lack of mechanisms for providing health consultations to international travelers and developing a health risk identification system. The urgency of this issue is especially high during the outbreak. Furthermore, China should foster the development of international talent, hasten the establishment of global health disciplines within its elite domestic universities, and assemble a talent pool comprising individuals with a variety of backgrounds in public health and medicine, a global perspective, cross-cultural cooperation and research skills, familiarity with the global governance framework, and the capacity to engage in both domestic and international health emergency response work [10].

Loose monetary policy is another mainstream view. However, some decision makers are beginning to focus on the future business prospects of the company, and a certain number of companies are even beginning to consider closure and bankruptcy. Favorable credit conditions may have little effect on the behaviour of these policymakers. At the same time, expanding the balance sheet to keep businesses afloat through loose monetary policy is not a good option during a recession. In this context, the government tries to deepen the institutional reform of the financial market, provide institutional channels for some enterprises to list their stocks, and then activate social capital. This policy can not only improve the business situation, but also help avoid the deterioration of the corporate asset structure. On this basis, we suggest that the government may also consider temporarily adopting transfer payments to maintain the continuation of production entities, so as to achieve the policy goal of "releasing water to raise fish"[11].

4. Conclusion

The outbreak of COVID-19 in early 2020 is like a boulder falling into water. It has created waves and ripples around the world, impacting the social and economic systems of all countries and people's normal lives, testing people's conscience and collective consciousness, and highlighting the crisis and helplessness of world governance. At a time when international cooperation is desperately needed, the world has not seen the United States, a former leader, play an active role, but has engaged in various "blame shifting" to avoid responsibility. In the current epidemic, the global governance system has also become more fragile and needs to be reformed and improved. In addition, although the short-term impact of the epidemic on the world economy is huge, if it lasts for a short time, it will not cause too much damage to the economic structure. Of course, if it lasts too long, the epidemic will hurt the industrial ecology and have a long-term impact. In any case, the events of the pandemic have created anxiety about the economy, with many fearing it will end or go into reverse.

In terms of unemployment rates, the pandemic does not affect technological drivers, but it may affect how open a country is. On the one hand, it is true that many countries have temporarily closed their doors due to the current anti-epidemic efforts. On the other hand, the epidemic may be used as a political tool to induce conservative and populist sentiment. However, it also gives the country a good experience to deal with similar situations and improve some policies.

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