

## 1. Introduction

The purpose of this literature review is to critically evaluate the existing research on the economic consequences of COVID-19. The pandemic impacted us on a very large scale from economy to education, healthcare, and rearranging our life priorities, life as we know it will forever be changed. The importance of this topic lies in calculating just how much of an impact COVID-19 had on the global economy, while also identifying the challenges faced, and exploring possible solutions to all the effects.

## 2. Literature Review

The literature review focuses on six articles that have done research on the economic implications of COVID-19. Each article contributes to the purpose of finding specific implications such as Stock market volatility, Economic uncertainty, Supply chain disruptions, Decreased consumer spending, Education system disruptions and Macroeconomic policy challenges.

### *Stock Market volatility*

The problem of stock market volatility during the COVID-19 pandemic is evident across several studies. Baker et al. (2020) highlight the unprecedented impact of COVID-19 on stock markets, emphasizing the significant decline in stock prices due to investor uncertainty, not only did it cause uncertainty but also instability. Additionally Caggiano et al. (2020) support this claim saying effects from the global pandemic negatively impacted economic activity, including the stock market. Moreover, Barua (2020) emphasizes that the virus led to an unpredictable fluctuation in stock price, which inflicted fear in investors leading to great uncertainty. This issue is also supported by Zhou et al. (2021) whose research includes impact on exchange rate and stock markets. They find evidences on how the global crisis increased stock market volatility

### *Economic uncertainty*

There is no need for studies to know that the global pandemic caused great economic uncertainty, but with the help of our sources were able to see to what extent this uncertainty caused and its effects. Mohajan (2020) identifies COVID-19 as the most fatal pandemic outbreak and claims the event to be detrimental and have huge economic implications. The implications from the outbreak are still unknown, only time will tell what are the true effects and to what magnitude but we for certain have already felt them. Every person either felt this uncertainty or knew someone who did, from the moment we were completely shut down many began to wonder how they will fight through this economic struggle. As time went on we witnessed how business began to slow production causing even more struggle as supply and demand curves changed. Studies show that many small business owners have yet to recover from the closure causing them to feel the effects to this day. Caggiano et al. (2020) goes on to explain how this lead to a decline in investment, consumption and employment. Roy et al. (2022) add that it also had effects on the education sector as students were no longer able to attend classes. Education institutions had to quickly resort to online learning which evidently has impacted education as studies show the reading and math skills have declined significantly since the pandemic. Zhou et al. (2021) claim that even policymakers have felt the effects of the pandemic as they quickly search for solutions and ways to get themselves out of the economic crisis.

### *Supply chain disruptions*

Studies show that the effects were so great that we experienced worldwide shortages. Baker et al. (2020) research show that we were affected in more way than expected, as each country began creating their own safety regulations we began to see factories shutdown which slowed the export of essential goods. Travel restriction also made it more difficult for one to perhaps be reunited with their loved ones and added to the unemployment rate. Disruption of goods worldwide, gave us a perfect example of how supply and demand is created. As some essential goods were not produced quick enough it created demand, which increased the prices and boosted their overall value. Barua (2020) states that the lockdown measures lead to reduced trade and added to the overall implications. This also resulted in inventory storage, production delays and increase of cost. Roy et al. (2021) focused more on the effects it had on students as they tried to continue their education but due to shortages perhaps didn't have all the necessary resources at their disposal, leading to a decrease in the quality of education.

### *Decreased consumer spending*

Caggiano et al. (2020) show how overall consumption decreased during the pandemic. They emphasized that the uncertainty surrounding the pandemic has made consumers cautious, leading to reduced spending on non-essential goods and services. This decrease in consumer spending adds to the effects of COVID-19. Mohajan (2020) goes on to state that the decrease in consumer spending was a critical issue as cash flow stopped, businesses weren't able to function as normal and possibly lead to job cuts. These job losses lead to even less consumer spending and worsened the financial situation. Roy et al. (2020) confirm that this affected those that work in retail and hospitality since they are non essential workers and they were no longer able to provide their service.

### *Education system disruptions*

The sources collectively highlight the disruptions in the education system as a significant consequence of the COVID-19 pandemic. Barua (2020) emphasizes how the pandemic possibly left students at a disadvantage due to the need of using distance learning and trying to adapt to a new style of learning. Roy et al. (2022) claim that these disruptions have led to concerns about learning loss and hindered educational process. They examine the long term effects of enrollment for school decreases. Collectively all sources come to an agreement that education was heavily impacted by distance learning and perhaps placed some students at an even greater disadvantage due to financial struggles.

### *Macroeconomic policy challenges*

The effects of COVID-19 are still unraveling today, and as time goes on we find exactly just how life changing this event has been. Our approach to COVID-19 has changed, we no longer find ourselves isolated in our homes and many of the health regulations have been lifted but that doesn't mean we no longer are dealing with the consequences. Instead we are now faced with a more longer term side effect which happens to take place in our daily lives but with the help of policies changes, we are able to combat everything in our way to head towards our pre-COVID lives. Zhou et al. (2021) claim that even policymakers have felt the effects of the pandemic as they search for the best fitting solutions. These policies can range from anywhere from Monetary Policy to the Classroom deciding on behalf of the well-being of the entire country. As time goes on our policymakers adapt a more fitting solution to our current situation and have a never ending job to continue creating policies that benefit the people.

### 3. Conclusion

In conclusion, this literature review highlights the many consequences of the COVID-19 pandemic, as evidenced by the findings from the six selected sources. Only few of the many implications are spoken about such as Stock market volatility, Economic uncertainty, Supply chain disruptions, Decreased consumer spending, Education system disruptions and Macroeconomic policy challenges. We found that the stock market experienced unprecedented volatility with significant decline in stock prices. We also investigated more about the economic uncertainty felt by the entire world during the outbreak which led to declines in investment, consumption, and employment, affecting businesses and individuals. The education system faced significant disruptions as well, resulting in non traditional learning methods and causing concerns about learning loss and educational quality. Supply chain disruptions were also an issue, leading to shortages of essential goods, production delays, and increased costs. Policies were also addressed by policy makers in hopes to address the economic fallout caused by the pandemic and to develop strategies that support recovery and resilience. Overall, this literature review demonstrates the many and significant economic implications of the COVID-19 pandemic. While also showing the importance of understanding these consequences, identifying challenges, and seeking solutions reduce the long-term effects. As we continue to navigate the aftermath of the pandemic, it's important to research and use evidence-based data to find the best solution for a fast recovering economy and better prepare for the future.

### 4. References

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