

Socio-Economic Problems in a Pandemic

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ABSTRACT

This article reveals the essence, signs, possible consequences of the pandemic for the economy of Uzbekistan. At the same time, the article assesses quarantine measures that significantly affect the social sphere, and after it, all sectors of the national economy. The consequences of the pandemic will be serious not only for a particular industry or economy of the state, but also for the entire world economy

The coronavirus pandemic has shown that it is important as a policy social sustainability and the policy of economic growth. Basis effective anti-crisis management in the context of epidemiological crisis was the readiness of mankind for solidarity: the people and governments have made an important choice between economic growth, generating income and maintaining a healthy life for people.

The spread of the coronavirus has once again proved the importance of health as the bulk of human capital and the need for readiness healthcare systems. Uzbekistan is taking enhanced measures to further prevention of the spread of coronavirus in the country. Special attention paid to the organization of quality medical services to the population, disease prevention, organization of patient care in accordance with international standards.

To mitigate the effects of the spread of the coronavirus infections and organizing the provision of effective medical services to patients The Ministry of Health of the Republic of Uzbekistan created a reserve over 5 thousand beds in state medical institutions. It is allowed for non-state medical organizations to provide medical services for patients infected with coronavirus infection, classified as an infectious disease requiring the adoption emergency preventive and anti-epidemiological measures, in order exceptions, for a period up to September 1, 2020, on the basis of agreements, concluded between the Ministry of Health of the Republic Uzbekistan and non-state medical organizations. Costs non-governmental medical organizations related to the provision medical services for patients infected with coronavirus infection, covered by the Anti-Crisis Fund under the Ministry Finance of the Republic of Uzbekistan.

However, the task of the state as a stabilizer is also reproduction of predictable living conditions

for the population, which will allow continue to set goals and earn income.

Based on the global impact of the coronavirus pandemic, experts expect a rapid decline in economic growth and an unknown slow recovery. A protracted recession or slowdown in economic growth is a sharp increase in unemployment, an increase in the risk of impoverishment of the population, a decline in budget revenues, and as a result, the reduction of opportunities for consumer and public spending on the social sphere and health care.

In Uzbekistan, the formal economy employs only 5.6 million people out of a total workforce of 19 million, which means that about 13.4 million are vulnerable to economic shocks. Consequently, when workers lose their income, they start to consume and spend less, and the crisis will eventually spiral.

When taking anti-crisis measures, it is necessary to realize that no one will be left out of the negative impact of the pandemic, even those who should not suffer. The indirect economic consequences of the virus hit low-income people harder. According to former world Bank economist David Evans, " women can disproportionately experience the economic and social consequences of coronavirus."

The second indicator of risk is the slowdown in the global economy, in particular the economies of countries with which we have close economic ties, especially where we receive money transfers. The Russian ruble has fallen sharply due to falling oil prices, which means that money transfers from Russia will decrease. Moreover, due to the downturn of the Russian economy, most of our migrants may be out of work or will feel a reduction in spending (as it was in 2014). Because of the decline in remittances, the income of people who depend on these transfers will be spent much less, which will further spur a slowdown in our economy and lead to a decrease in the income of all people (even those who do not depend on these transfers directly).

For example, industrial production in China fell in January-February 2020, the most in the past 30 years. Analysts at Goldman Sachs lowered their forecast for China's economic growth in 2020 to 3 percent from the previously expected 5.5 percent. "This could make global growth much more difficult," points out Jeffrey Frankel of Harvard University, " because the world economy is more dependent on China than ever. In 2003, China accounted for only 4 per cent of global GDP; today, this figure is 17 per cent (at the current exchange rate). Moreover, since China is the global center of the supply chain, disruptions in China undermine production elsewhere... All of China's major trading partners are vulnerable."

At a videoconference chaired by the President Uzbekistan On March 19, it was said that there are risks of a slowdown in growth The country's GDP this year by 1.8 p.p.

The main factor in the decline in economic growth and incomes of the population is the impact of plant closures or cuts in spending on non-food goods and services as a result of large-scale lockdown retail, catering and service businesses, as well as change in consumer preferences of the population, expressed in the growth propensity to save.

Preliminary assessment of the change in the reduction in the costs of services and non-food products as a result of a large-scale lockdown showed that the growth rate of consumer demand as a result of large-scale quarantine measures can reduce the consumption of non-food goods and services by 10-15%. And since the share of non-consumer goods and the service sector accounts for about 50% in the structure of consumer spending, then a general decrease in the capacity of the consumer market (volume of consumer expenditures of the population) can be up to 7% of the current volumes consumption. However, it will also be necessary to take into account the possibilities compensation for unsatisfied consumer goods during the quarantine period demand after the lifting of quarantine (in terms of the provision of services and sales non-food products), measures taken to support the population and providing free medical care and food support vulnerable segments of the population, issuing loans to private sector enterprises for the payment

of salaries at the expense of the state budget and various charitable foundations, transition to remote provision services. As a result, the potential cost savings could be a smaller value (3% of current consumer spending).

The fact that the situation in China and in the world affects the state of the economy of Uzbekistan, probably, no one doubts. "The coronavirus pandemic, as in all countries of the world," President of the Republic of Uzbekistan Sh. Mirziyoyev said at a government meeting on March 18, 2020, "will naturally have a negative impact on our economy." Gas supplies from Kazakhstan and Uzbekistan to China decreased by 20 percent. But, of course, the most striking example was the fact that JSC UzAuto Motors reported that due to the outbreak of coronavirus in China, deliveries of Chevrolet Equinox cars are delayed indefinitely. The decline in demand from China and the subsequent decline in world prices for goods, including oil and gas products, can damage the economy of a huge region. The volume of exports from Uzbekistan to China has already decreased.

Uzbekistan has trade relations with 193 countries. Three countries account for 42 per cent of its foreign trade turnover: China (18.1 per cent), the Russian Federation (15.7 per cent) and Kazakhstan (8.0 per cent). Our country has a weak diversification of the portfolio of trading partners, which is one of the main risks for the domestic economy. With the global economy slowing down, investors will prefer to invest in safe-haven securities and try not to invest in developing countries. But, unfortunately, the volume of foreign investment in our country is not so large as to have a significant effect on people's incomes.

The epidemic has the greatest and most direct impact on the service sector (catering, tourism, transport, and entertainment). During the quarantine period, public catering companies lost 40 percent of sales, said A. Melibayev, founder of the Havoqand People group of companies (Les Ailes, Chopar, Burger "Bro" and other projects). In hotels, the occupancy rate dropped to 35 percent. According to aviation industry expert A. Lanetsky, the amount of damage to Uzbekistan Airways from the suspension of air services between the countries due to COVID-19 is estimated at \$ 20 million. The total amount of damage to the economy of Uzbekistan in 2020 from the pandemic is estimated at 2.2 billion dollars. In addition, given the depreciation of the ruble (Russia is a country that receives more than 80 percent of labor migrants from Uzbekistan), our country will not receive 1.6 billion dollars in remittances. That is, the total amount of losses is estimated at \$ 3.8 billion this year.

A number of measures have been identified to support the population, especially its social vulnerable categories. Benefits are automatically renewed families with children, child care and financial assistance, whose terms payments end in March-June The Cabinet of Ministers was instructed to simplify procedures for assessing the need of families to receive social benefits. The expected result is an increase in the number of recipients of benefits by 123 thousand people.

However, Uzbekistan, in terms of the created potential of private household plots, has significant benefits and airbag to ensure the population food among the CIS countries, including Central Asia.

According to the Central Bank, the impact of the "coronavirus effect" on domestic prices is expected to be one-time and short-term. At the same time, unsecured demand for imported goods from China will be met by expanding domestic production and establishing imports from other countries, as a result of which, in the medium term, prices will stabilize. And here it is not a matter of mass initial hype for consumer goods, primarily food products. The fact is that the consequences of the coronavirus will be felt for a long time (presumably – until the end of 2020). After all, cooperation links, supply chains and production cycles have been disrupted. A number of companies will declare bankruptcy. After all, coronavirus is really force majeure and we have yet to see a series of bankruptcies and negative consequences.

What can Uzbekistan do against a coronavirus infection? Calm, hygiene and common sense. The state takes adequate measures to limit the spread of the coronavirus. This is the time when public-civil partnership is needed. All our people, according to the President of Uzbekistan Sh. Mirziyoyev, should be sure: we are fighting the coronavirus on the basis of transparency principles.

The situation in our country so far resembles what happened in China two and a half months ago, and in Europe - a month ago. There are not so many patients, and the authorities face a choice between losses from the introduction of a full quarantine and risks from the spread of the epidemic. Similar measures are taken: cancellation of mass events, checking arrivals, etc.

The economy is a huge mechanism, and the crisis will undoubtedly have an impact for a long time, even after the end of the crisis. No one can assess the situation now, but the crisis will shake everyone and everything. More people lost their jobs in the two weeks of the current crisis than in the two years of the Global Financial crisis. In addition to the panic in the financial markets and lower OPEC oil prices, oil consumption in the chemical and energy sectors will decrease in the world. The world is waiting for a return to a natural, that is, capable of self-sufficiency, economy. This movement is absolutely the opposite of the process of globalization. Sooner or later, the pandemic will recede. But we do not yet realize that the world has already changed and, once out of quarantine measures, people and States will find themselves in new and unusual conditions and relationships. So get ready for a new world!

Thus, Uzbekistan has adopted a large-scale anti-crisis program to combat coronavirus pandemic. The comprehensive measures taken include support the health system, macroeconomic and social safety of the population and every entrepreneur. And also, the recession threatens mass unemployment and social instability. Therefore, Uzbekistan has taken a number of measures, including large-scale social investments and strategies to support enterprises and population to prevent social and economic instability.

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