

Discussion Paper for GPS Forum. October 7, 2021

The Covid-19 Pandemic: Magnifier of Inequality

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Introduction and Summary

The purpose of this paper is to provide a framework for Forum discussion of the Covid-19 Pandemic and its impact on social and economic inequality.¹ The paper derives conclusions based on the cited literature and raises several questions that are listed at the end of the paper.² The central question is the extent to which the pandemic has affected inequality within and among countries. A follow-on question asks what can be done to reduce inequality and defeat the pandemic?

The impact of the pandemic is portrayed comprehensively in the recent *UN Sustainable Development Goals Report 2021*.³ Of 17 SDGs, ten fell short of expected annual achievement, with the pandemic given in most instances as a cause and in some cases even a reversal of progress. Among the most dramatic examples are reported achievements for the following SDGs⁴:

- **#1 End Poverty in All Its Forms:** “COVID-19 has led to the first rise in extreme poverty in a generation;”
- **#3 Ensure Healthy Lives:** “*The Pandemic has shortened life expectancy*” (reports from countries with available data);
- **#4 Education for All:** “*Wiped out 20 years of education gains*” (in reading and math proficiency).
- **#10 Reduction of Inequality Within and Among Countries:** “The pandemic will likely reverse progress in reducing income inequality.”
- See box at end of Education section below for a sub-Saharan country example involving other SDGs.

¹ The paper and the Forum discussion will be summarized in an article in a future edition of the *GPS Newsletter*.

² The paper also benefits from thoughtful comments by GPS Board members and by Discussant Ted Steege on previous versions of the paper. The author is solely responsible for the current version of the paper.

³ UN Sustainable Development Goals Report 2021. Pp. 5-61.

⁴ SDG titles are somewhat abbreviated; underlining in quotations has been added for emphasis.

An introduction by the UN Under-Secretary-General for Economic and Social Affairs is succinct and stark:

The pandemic has exposed and intensified inequalities within and among countries. The poorest and most vulnerable people have a greater risk of becoming infected by the virus, and bear the brunt of the economic fallout. The crisis has threatened the livelihoods of 1.6 billion workers in the informal economy. The collapse of international tourism disproportionately affects small island developing States. And vast inequities exist in vaccine distribution: as of 17 June 2021, around 68 vaccines were administered for every 100 people in Europe and Northern America compared with fewer than 2 in sub-Saharan Africa.⁵

After reviewing trends in economic and social inequality, this paper will examine in more depth the impact of the pandemic in two sectors: public health and education. Both sectors have important current and future implications for inequality and well-being. Another section describes available evidence on the impact of the pandemic on intra and inter-country conflict. Modest attention is given in a concluding section to the impact on inequality of severe climate-change related events.

The key findings are:

- The paper finds that the effects of the pandemic on inequality are severe, vary by country, and are still emerging.
- The data consistently reveal that the impacts of the pandemic have been to increase inequality by wealth and by public health and education outcomes, as well as by access to better employment, especially for women, and related services such as childcare.
- There is strong evidence that the gender impact of the pandemic on women is severe and is likely to be long-lasting.
- Existing evidence suggests that conflict within and among countries is exacerbated by the pandemic.
- Emerging evidence from recent flood and wildfire disasters suggests that climate change and pandemics are twin drivers of inequality.
- Requisites for a comprehensive analysis of the pandemic's impact on inequality include:
 - An improved analysis needs to be multi-dimensional, taking feedback loops and inter-relationships among causal factors into account.

⁵ Liu Zhenmin, Under-Secretary-General for Economic and Social Affairs, p.3 of the *Sustainable Development Goals 2021 Report*.

- A deeper understanding of the pre-pandemic socio-economic factors creating and perpetuating inequality would be important for the formulation of effective policies and programs that sustainably reduce inequality.
- Available quantitative data, even for the U.S., has gaps and limits understanding of causal factors and trends.

The current Covid-19 situation. Until the highly transmissible delta variant made a significant appearance, the pandemic appeared to be winding down, at least in rich countries. But it has currently emerged as a dangerous source of infection in all countries, as well as exacerbating the huge economic and human development gaps between the rich and poor countries. Unless these impacts are vigorously addressed, they portend the growth of violent conflict in the world, the decay of a global sense of a common future, a growing disengagement from governmental structures and in the absence of requisite policies and programs, a very real risk to the health and survival of the populations of all countries – rich and poor alike. Moreover, these outcomes are likely to be accompanied by the proliferation of ever more dangerous vaccine-resistant virus mutants. What can be done now to head off paralysis of governance, growing divides, violence and catastrophic health outcomes?

The Way Forward. What can be done to reverse the trend toward greater inequality provoked by the pandemic? The paper outlines a two-track strategy.⁶ The first track entails massive investment in vaccine production and distribution to and within poor countries and the second involves investments and reforms in policies and institutions within rich and poor countries to address the causes of the inequalities exacerbated by the pandemic. The second track would involve two sub-tracks: the first emphasizing poverty-oriented expenditures and the second, resource mobilization based on ability to pay (equity). As put forward in a closing section of the paper, needed reforms would also be in the self-interest of the rich within and among countries.

Annex A. on Latin America. Owing to the greater availability of data in the Latin American region as well as the severity of the pandemic in a number of regional countries, the report of a case study on the impact of Covid-19 on inequality in Latin America, prepared by faculty of the Autonomous University of Madrid, is presented in Annex A. at the end of the main text.

Annex B. on Questions for Discussion. A second annex consists of ten sets of questions drawn from the paper, which may be useful for discussion. They are not intended to be exhaustive.

⁶ Based on a similar approach used by Ian Goldin (*Rescue from Global Crisis to a Better World*, Hodder & Stoughton). While Goldin does not use the term “two-track strategy,” as such, he puts forward the various elements of resource expenditure and mobilization, including a “wealth tax,” pp.23, 27, 268. A similar approach, summarized in the last section of this paper, is proposed by Rajiv J. Shah in the current issue of *Foreign Affairs*, “The Covid Charter: A New Development Model for a World in Crisis,” September/October 2021.

The Box below summarizes some salient observations and recommendations of a Webinar sponsored by the Poverty and Equity Global Practice Group of the World Bank on “Inequality in the Covid-19 Pandemic” on June 22, 2021.

Box: “Inequality in the Covid-19 Pandemic”

Webinar (excerpts), World Bank Poverty & Equity Global Practice Group, June 22, 2021

Presenter: World Bank

- In the short run, there were multiple impacts of the pandemic on inequality of incomes, jobs, access to education and social mobility.
- In the long run, the significant impact will be in the form of job and income losses, which will in turn exaggerate inequality.
- The early signs of job and income recovery are not promising; i.e., the gap between the “haves” and “have nots” is not narrowing.
- Impact in terms of Covid infections and mortality has been greater among men but impact on health and jobs has been greater among women.
- The impact of Covid-19 on access to education has been twice as adverse among girls as among boys. Apparently as a result, child marriages have increased, which will further reduce girls’ access to education: a continuing, compounding impact.

Discussant: Oxford University

- At the top of the income/wealth distributions, savings rates increase as attractive investment opportunities are realized, which magnify inequality.
- There are wide disparities in ability to access Internet and other options during pandemic
- Reduced access to education has long-term effects: If the child care gap is not resolved, the current associated economic and social problems will recur.

Discussant: The Gallup Organization

- Disease burden has been greater in OECD countries but economic impact of the pandemic and on the poor, has been greatest in poor countries
- Pandemic-induced rates of job loss within countries has been three times greater in lower income countries.
- Inequality tended to appear early in the pandemic but will not disappear without sustained effort, including close monitoring and expanded health & social services.

Discussant: Bangladesh (BRAC, Bangladesh Rural Advancement Committee)

- Pandemic impact in case & mortality rates was much higher than revealed by data; now amplified by *delta* variant, at 2-3 times rate during first lockdown in March-July 2020.
- For over 15 months schools have been shut down. Hence, a “profound learning loss.”
- With reduction in girls’ school attendance there has been an increase in child marriages, which raises the issue of when they will return to school?
- Social (safety net) institutions are inadequate and not reaching the ‘ultra-poor’

Discussant: Indonesia (Ministry of Development Planning)

- The pandemic exposed inequalities in access to health and social system services
- Pandemic recovery efforts should be aligned with the climate change strategy

We begin our consideration of the impact of the pandemic with a discussion of wealth inequality.

Wealth⁷

Summary. U.S. data, which cover more than three decades, show that in some pre-pandemic instances, the gap between rich and poor, as measured by household and individual net wealth (assets net of current liabilities) was worsening, while in others, the gap appeared to be decreasing. However, the effect of the *pandemic* has been to confirm the pre-existing movement toward greater inequality, or to halt or reverse what had been a trend toward greater equality. Those at the upper one percent of the wealth distribution substantially increased their wealth and their shares of national wealth *during* the pandemic through astute investments, while those in the bottom 90 percent experienced a decline in shares.

Changes in wealth distribution, 1989-2019. The U.S. Federal Reserve System publishes periodic information based on a survey of consumer finances (SCF).⁸ It comprises the most authoritative source of data on income and wealth in the U.S. Changes in the distribution of wealth are reported for four groups: the top 1%, the next 9% (from 90% to 99% percentiles), the next 40% (from 50% to 89%) and the bottom 50%.

Over a 30-year period (1989–2019), the wealthiest one percent of U.S families held an increasing share of U.S. wealth. From 1989 to 2007, the wealth share held by this group increased from 25 to 30 percent, remaining at that level through 2013, when it sharply increased even further to about 34 percent by 2016, remaining at roughly that level to 2019. Families in the next 9 percent wealth group have seen a modest increase from a 37 percent wealth share in 1989 to 39 percent in 2019.

Families outside the top 10 % have seen a steady decline in their share of wealth. The share of those in the next 40 percent group (50 to 89 percentiles) declined from a 35 percent share in 1989 to 32 percent in 2001 and then to 27 percent in 2019. Families in the bottom 50 percent group (0 to 49 percentiles) have always held less than 5 percent of total U.S. wealth, and the share has been near 2 percent since 2010.⁹

Wealth distribution during the pandemic. An important question for this assessment is to what extent these trends continued during the pandemic years of 2020 and 2021? Given that Federal Reserve data are not yet available for these years, we turn to recent

⁷ The term “wealth” in this paper is defined as “net wealth” or “net worth,” meaning total wealth minus current liabilities.

⁸ Drawn from Federal Reserve System: *Survey of Consumer Finances*, September 28, 2020.

⁹ Owing to rounding errors, the shares for the 4 categories add to 2 percentage points above 100 for 2019.

data published by *Forbes* for the wealthiest Americans, based on an analysis of data for the 29 wealthiest individuals for the period March 18, 2020 to November 24, 2020. During this period, which roughly encompassed the first half of the pandemic, the majority of this group experienced considerable gains in wealth. As a whole, the group experienced a total accumulation of wealth of \$260.0 billion, from \$97.7 billion on March 18, 2020 to \$357.7 billion by November 24, 2020, an increase of 266 percent over eight months. This amounted on average to an increase in wealth for each of the 29 individuals of \$8.96 billion,¹⁰ with some individuals accumulating less than this and others accumulating far more.

Other data are consistent with the above picture. There is evidence that the savings rate of the top wealth category has increased rather than decreased during the pandemic, with the savings increment largely allocated to remunerative investments, including stock markets.¹¹ No recent data are yet available for the other wealth categories owning 99 percent of wealth. But if the share of the top one percent has increased, this would imply a decline in one or more of the shares of the other groups.

These findings suggest that the wealth share of the top one percent of households has increased further (above 40 percent), implying that the distribution of wealth likely became more unequal during the pandemic. Thus, the effect of the *pandemic* has been to confirm the pre-existing movement toward greater inequality, or to halt or reverse what had been a trend toward greater equality. The greater inequality by wealth is likely reflected in other dimensions of inequality. The pandemic has magnified pre-existing inequality fault lines in U.S. society, in terms of growing inequality by race and ethnicity, gender, access to education and health services, childcare, housing, domestic violence and drug/opioid abuse.

Wealth Inequality by Race and Ethnic Groups

Wealth inequality between Whites (Non-Hispanics) and Blacks in the U.S. has continued to grow in absolute terms over recent decades. While Black median wealth grew at a faster rate between 1989 and 2019 than White median wealth (182 percent vs. 32 percent, respectively), the *absolute* gap between White and Black median wealth widened significantly, from \$135,010 to \$165,000.¹²

Public Health

Dr. Leana Wen expresses the meaning of public health elegantly and concisely, drawing from personal experience:

¹⁰ Forbes Richest People in America.

¹¹ Abigail Adams-Prassi, Oxford University, discussant at World Bank-sponsored Webinar on “Inequality in the Covid-19 Pandemic,” June 22, 2021 (see the Box on p. 5, above).

¹² From Federal Reserve System, *Survey of Consumer Finances*, as reported by in Economic Policy Institute (EPI), *Inequality.org*.

My passion and purpose found their ideal field in public health, a discipline which, by its very nature, strives to improve lives, reduce inequities, and make real, practical changes in the service of people and communities. It ties together all other disciplines and is a powerful tool in the fight for social justice.¹³

The CDC Foundation (in part) defines public health as:

...the science of protecting and improving the health of people and their communities, ...concerned with protecting the health of entire populations with emphases on prevention, education, research, and policy advocacy on such issues as removal of disparities. In contrast to clinical professionals like doctors and nurses, who focus primarily on treating individuals after they become sick or injured.¹⁴

Race, Ethnicity and the Covid Health Impact. During January to March 2021, a period encompassing the peak of the pandemic in the U.S., the rates of hospitalization and death were systematically higher for Blacks than for other ethnic groups, with the exception of an even higher rate for the Indigenous population. Through March 2, 2021, the Covid-19 death rate among Blacks of 180 per 100,000¹⁵ was 20 percent higher than the White rate of 150.¹⁶ The latter was slightly above the death rate of Latino Americans of 147 and considerably above the Asian American rate of 96.

As of January 16, 2021, the Covid hospitalization rate of 564 among Blacks was 115 percent higher than the White rate of 262,¹⁷ The Indigenous Covid hospitalization rate of 646 was 147 percent higher than the corresponding White rate as well as 15 percent higher than the Black rate. The Latinx (Latina and Latino) rate of 524 was 100 percent higher than the White rate, while the Asian rate of 96 was 8 percent below the White rate.

The Covid-19 impact on three aspects of Public Health and Inequality.

“Eviction is a Public Health Threat”¹⁸

Centers for Disease Control and Prevention (CDC)

Among the multiple inequality impacts of Covid-19, the most dramatic that have drawn recent media attention are (1) the threat of household eviction from rented dwellings and delinquency or foreclosure on mortgages; (2) rising domestic violence; and (3) the

¹³ Leana Wen, M.D., *Lifelines: A Doctor's Journey in the Fight for Public Health*, Metropolitan Books, Henry Holt and Company, 2021, p.314.

¹⁴ The CDC Foundation was created as an independent entity by the U.S. Congress.

<<https://www.cdcfoundation.org/what-public-health>>

¹⁵ All rates are in terms of per 100,000.

¹⁶ “APM Research Lab, as reported in Economic Policy Institute (EPI), Inequality.Org

¹⁷ Centers for Disease Control and Prevention (CDC), as reported in EPI, Inequality.Org.

¹⁸ NBC Nightly News, August 3, 2021.

epidemic of drug and opioid overdose. These impacts have generated considerable media coverage, especially toward the end of July 2021 when rent and mortgage moratoria, promulgated in response to the pandemic, expired, notwithstanding efforts to extend them.¹⁹ On August 3, 2021, the Administration asked the CDC to extend the Moratorium on Rental Evictions for two months.

A major share of rental dwellings and a significant share of mortgaged dwellings in the U.S. are occupied by Black, Indigenous and/or Hispanic low-income tenants. Owing to pandemic-caused loss of employment, these groups would have been severely impacted had it not been for Federal Government sponsored moratoria programs such as the Eviction Moratorium Program (EMP).²⁰ The EMP is reported to have protected 6 million rental households from eviction, about 16 percent of all rental households. The public health hazards resulting from the expiration of these programs is potentially dire, especially in view of the presence of the highly communicable Covid-19 *delta* variant. To the extent that these households are forced to live on the streets or in crowded emergency shelter communities, they could become super-spreaders of Covid-19 within their communities and beyond. The fate of the EMP is unclear at this point. President Biden ordered the CDC to extend the EMP for a 2-month period beyond the deadline of August 1, 2021; however, on August 26th the Supreme Court declared in a 6-3 decision that the CDC did not have the authority to extend the EMP. The fate of the EMP apparently depends on the Congress as well as on the States being prepared to use a portion of their Federal EMP-designated funds for a State-level EMP. In the meantime, the Administration is looking for other approaches to provide relief to renters.

The Pandemic has likely led to a Marked Increase in Domestic Violence²¹

The full story is more complicated. A recent review of the literature suggests reasons why third party 911 calls to report domestic conflict situations have increased while victim and police reports have remained the same or declined. A key reason for the decline in victim reports during the pandemic is that victims had fewer options for escaping abusive situations, including from their abusers. These findings have clear public health implications, including for potential spread to third parties as well as to

¹⁹ For example, see Olivier Knox, with Mariana Alfaro, “Congressional action on eviction moratorium extension stalls out,” *Washington Post*, August 1, 2021.

²⁰ The history of eviction moratoria is complicated, beginning with a relatively narrowly focused moratorium under the CARES Act in March 2020 and followed by a series of broader CDC-imposed moratoria as a public health measure to prevent homelessness and contain the spread of Covid-19. The current two-month extension was to end on September 30, 2021. (Historical information from Congressional Research Service.) Note: the moratorium did not erase rent that was due. It simply said people could not be evicted if they fell behind in rent payments.

²¹The first phrase and the following paragraph are drawn from: Jillian B. Carr, Purdue University (with colleagues Lindsey Rose Bullinger, Georgia Institute of Technology and Analisa Packham, Vanderbilt University and National Bureau of Economic Research), in *The Conversation* (July 2021), a nonprofit science newsletter.

victims. Concern about Covid-19 was one reason given for a decline or no increase in police reports of domestic violence.

The Epidemic of Drug Overuse and the Covid-19 Pandemic

“The twin addiction and overdose crises have collided with the COVID-19 pandemic, each exacerbating the deleterious effects of the other.”²²

The pandemic resulted in increased rates of substance use and overdose, and increased the risk for serious effects of COVID-19 illness. Provisional data from the CDC show that the number of drug overdose deaths reached an estimated 93,000 in 2020, the highest number recorded in a 12-month period, representing a 29 percent increase over the 72,000 deaths recorded for 2019.

Substance Use Disorders (SUDs) are among the health conditions identified by the CDC as increasing a person’s risk for becoming severely ill from COVID-19. Drugs themselves negatively influence human physiology, and data have demonstrated that those who use drugs are more vulnerable to getting infected with SARS-CoV-2, the virus that causes COVID-19 infection, which is more vulnerable to worse outcomes. This is especially true for Black persons and those with opioid use disorder (OUD).

Covid-19 impact on Violent Conflict Within and Among Countries.

The literature on this topic is relatively scant. Several reports prepared in the early months of the pandemic suggest analytical frameworks and identify potential hotspots. But in view of their early dates, they are necessarily anticipatory or conjectural in nature.²³ An exception is a thorough report on Colombia issued in early July 2021 by the International Crisis Group (ICG), “The Pandemic Strikes: Responding to Colombia’s Mass Protests.”²⁴ While the ICG report does not rigorously link Covid-19 surges in

²² “The Federal Responses to the Drug Overdose Epidemic,” Testimony by Dr. Nora Volkow before the Senate Caucus on International Narcotics Control July 20, 2021. The first sentence and the indented paragraph are quoted from the testimony and the second para is based on it. The entire testimony is comprehensive and evidence-based, covering the characteristics of substance use disorders (SUDs) and how they interact with Covid-19. The quoted phrase and the two following paragraphs are drawn from this source.

²³ A particularly extensive and wide-ranging paper, a Special Briefing. “COVID-19 and Conflict: Seven Trends to Watch,” was issued by the International Crisis Group (ICG) on March 24, 2020. A similar report with a regional focus by Adam Burke, “Peace and the Pandemic: The Impact of Covid-19 on Conflict in Asia,” was issued by the Asia Foundation on April 15, 2020. Other sources include UNICEF, “COVID-19 and conflict: A deadly combination,” December 30, 2020; and Reliefweb, “A story of resilience and fragilities: the impact of COVID-19 on horizontal cohesion in conflict-affected countries, July 2021.”

²⁴ The Executive Summary was issued July 3, 2021 and the main text on July 2, 2021.

Colombia to violent conflict and long-standing income and wealth disparities, it does find that disparities were made worse by the pandemic.

For example, “tens of thousands of protesters across the country have joined a strike [on April 28, 2021] to vent frustration over rising inequality – laid bare by the devastating impact of COVID-19 on vulnerable communities – and police brutality.” The majority of strike-related demonstrations was reported as peaceful, yet 58 deaths were reported by the government. A new nationwide strike was planned for July 20.

From the report’s conclusion: “Colombia’s protest wave reflects deep-seated grievances affecting much of society, rooted in economic need and sky-high levels of inequality that the health and economic devastation caused by COVID-19 flagrantly exposed.”²⁵

Gender/Race/Ethnicity Interactions and Access to Employment

“COVID has worsened gender disparities, especially for women of color.”²⁶

Since the pandemic, women’s jobs have been almost twice as vulnerable as those of men, and women spend twice as much time caregiving as do men.²⁷ Of the women who lost jobs in 2020, almost 90 percent exited the labor force completely, compared with around 70 percent of men. In several countries for which data is available women’s labor participation rates fell dramatically. Eight countries had a more than 6 percentage-point drop in the rate of women’s labor force participation compared with the same period in 2019.²⁸

Government monthly jobs reports point to the intersectoral nature of gender disparities, reinforced by race and ethnic disparities in U.S. labor markets.²⁹ In September, 1.1 million people left the workforce, of whom 865,000 were women, and almost half of them were Black or Latina. One in nine Black and Latina women were unemployed, a 57% higher rate than that among White women. The more recent December 2020 jobs report shows that while men gained 16,000 jobs, women lost 156,000. In fact, White

²⁵ Op. cit., pp.1 and 32, respectively. By mid-2021 the death toll from Covid-19 in Colombia exceeded 106,000 (0.2 percent of a total population of 51 million) and near 700 fatalities a day (op.cit, pp.5 &10)

²⁶ Excerpts from Arghavan Salles, Clayman Institute for Gender Research, Stanford University, January 21, 2021.

²⁷ Ibid.

²⁸ From “How the pandemic set back women’s progress in the global workforce,” by Emily Rauhala, Anu Narayanswamy, Youjin Shin and Júlia Ledur *Washington Post*, Aug. 28, 2021. The article is augmented by moving summaries of struggles of three women impacted by Covid-19 in France, Peru and Thailand, respectively.

²⁹ Monthly job reports are issued by the U.S. Bureau of Labor Statistics.

women actually gained jobs while Black and Latina women made up the majority of the losses.

Suggestions for healthcare organizations include:³⁰

1. Personal Protective Equipment (PPE) must be configured to fit people of different sizes and facial shapes.
2. Sacrifices asked of healthcare workers merit hazard pay and medical school debt forgiveness. (Women comprise 70% of healthcare workers globally, and they are 73% of the healthcare workers who have been infected with COVID-19.)
3. Healthcare organizations should provide housing for healthcare workers assigned to high-risk units to avoid the added stress of possibly infecting their family.
4. Healthcare workers with health issues may be at higher risk or when caring for others at increased risk. Alternatives are required so they can contribute in ways other than direct patient care.

Education

The adverse impact of the pandemic on primary school age children has been profound, particularly given the implications for future labor force formation. A recent World Bank paper observes:³¹ that before the pandemic, 258 million children and youth of primary- and secondary-school age were out of school. Low pre-pandemic schooling quality meant many who were in school learned too little. As a result, just over half of all 10-year-old children in low- and middle-income countries couldn't read or understand a simple age-appropriate story. Thus, before the pandemic, the world was already in a learning crisis and far off track for meeting United Nations' Sustainable Development Goal No. 4, which commits all nations to ensure that "all girls and boys complete free, equitable and quality primary and secondary education."

The Bank paper finds that Covid-19 threatens to make education outcomes even worse, already having had "profound impacts on education by closing schools almost everywhere in the planet, in the largest simultaneous shock to all education systems in our lifetimes."

An analysis of test scores of Black and Indigenous students in grades 3 to 8 revealed that while reading scores were generally maintained, math scores markedly declined.³² A recent review in the *Economist* observes that while the pandemic has "resulted in disruptions to education on a scale never seen before, school closures have also

³⁰ Based on Arghavan Salles, *op.cit.*

³¹ World Bank. 2020. "The COVID-19 Pandemic: Shocks to Education and Policy Responses," Washington, DC. The following two paragraphs in the text are drawn from this source.

³² From Northwest Education Association (NWEA), "Understanding the initial educational impacts of COVID-19 on communities of color," by Megan Kuhfeld, Erik Ruzek, Karyn Lewis, Jim Soland, Angela Johnson, Beth Tarasawa, & Lindsay Dworkin, 2020. Cited in *Economist Briefing*: "School closures have heightened awareness of inequality," June 26, 2021.

heightened awareness of inequality and may lead to needed increases in efficiency and effectiveness.³³

According to recent data, enrollment of children at K-12 levels in public schools dropped by 3% or by 1.5 million over the 2020-2021 year. Pre-K enrollment dropped by 22%.³⁴ Declines in enrollment, particularly of these magnitudes, are unprecedented (largest since 2000). While there are several possible reasons, including a switch to distance learning, private schools and homeschooling, the fact that enrollment has declined by significant numbers, some of which reportedly reflects students “dropping out of the system,” has been met with concern that learning will be significantly impaired.

The Post-pandemic Road Ahead for Education.

Nonetheless, the previously cited World Bank paper concludes: “It is possible to counter the shocks and to turn crisis into opportunity.” Among steps identified are to:

- take advantage of school closures to improve the health and safety of school physical environments;
- expand use of remote learning to prevent learning loss;
- careful planning for school reopening; and
- using “new techniques to promote rapid learning recovery in key areas.”

A key admonition is not to “replicate the failures of the pre-COVID systems” but build for “accelerated learning for all students.”³⁵

The *Economist* Briefing suggests incorporation of recent British experience and experimentation by other countries to accelerate precious learning time lost to the pandemic: “Officials in many countries are betting that more one-on-one or small-group tutoring will help struggling students. The evidence to support it is strong. A recent study in Britain found that 12 hours of tutoring could advance a young child’s math skills as much as three months of conventional schooling would.”³⁶

Internet Access While barriers to learning for Black and Indigenous students during the pandemic are formidable, there has been an assumption that students can overcome these by accessing on-line content. But due to decades-long patterns of discrimination in housing policy and differential access to technology infrastructure, many of these students live in homes without digital devices and broadband Internet access essential

³³ *Economist Briefing, op. cit.*

³⁴ By Elon Musk for CBS Evening News, August 26, 2021 and Kevin Mahnken, “New Federal Data Confirms Pandemic’s Blow to K-12 Enrollment, With Drop of 1.5 million Students; Pre-K Experiences 22 Percent Decline,” June 28, 2021, <www.the74million.org>. Statistics are from National Center for Education Statistics.

³⁵ World Bank, *op.cit.*

³⁶ *Economist, op.cit.*

for effective online teaching and learning. “In short, students’ ability to even access online content has been itself inequitable.”³⁷

The box illustrates the pandemic impact on education and its ripple effects in one low-income country.

Uganda and the Pandemic Impact on Education and its Ripple Effects

Schools closed - unable to vaccinate teachers and staff, owing to shortages of vaccines and health service providers

Minister of Health: “A generation of our productive labor force is being lost”

- **Substantial increase in child labor, for example, crushing stones by hand– (SDG#16 = Promote Just Development – “Child labor rose to 160 million globally in 2020; first increase in 2 decades”)**
- **Many girls forced into child marriages (SDG#5 = Gender Equality – “Up to 10 million girls globally at risk over next decade”)**

Source: UN SDG Report 2021; Uganda portion: Sam Lazaro, “Under told Stories,” PBS News Hour 9-28-2021

The Implications of Climate Change for Inequality

While not the main focus of this forum and paper, the severe events triggered by climate change over the last year have made it abundantly clear that these events do not fall equally on the population. The wildfires of the Pacific Northwest regions of the U.S. and Canada and the floods in Louisiana and in India and other parts of the world were the most devastating for the poor who lacked the resources of the wealthy to move to less disaster-prone areas. Thus, Climate Change, just as pandemics, results in increased inequality and is likely to exacerbate it over time in the absence of meaningful public-led actions to mitigate it directly and adapt to its effects. In other words, pandemics and climate change are twin drivers of inequality.

Overall Conclusion: a two-track strategy

The evidence marshaled above demonstrates that the Covid-19 Pandemic has magnified inequality by wealth, by ethnicity, by gender, and by health and education outcomes within and among countries.

There clearly is an immediate need for massive investment in vaccine production, refinement and distribution to and within poor countries. In the absence of an effort of this magnitude, the world is doomed to a halting recovery replete with setbacks that will

³⁷ Drawn from NWEA, op.cit. The study notes that “over one-third of American Indian and Alaska Native (AIAN) children live in households without broadband internet access (the highest of all groups), and 15% live in homes without a computer.

adversely impact poor and wealthy countries alike. In concrete terms, if the vaccination rate in the poorest countries is allowed to remain at 2% or less, the Covid virus will be provided with ample opportunities to mutate into still more deadly and/or vaccine resistant variants that will inflict suffering on everyone. As one public health worker with decades of experience in sub-Saharan Africa put it: “None of us are really safe until all of us (globally) are safe.”³⁸

As the previous discussion has shown, the pandemic has laid bare numerous pre-existing inequalities. Has it also made feasible previously considered reforms and policies over the years but until now stymied for a number of reasons (e.g., interest group opposition, administrative challenges, inertia) Is it possible that reforms and policies, if implemented, would benefit the population as a whole and at the same time reduce disparities in society?

One observer has proposed a sweeping cross-sectoral post-pandemic program for the economy and society as a whole. Ian Goldin of Oxford University has laid out a set of holistic proposals in *Rescue: From Global Crisis to a Better World*.³⁹ After identifying a number of pandemic-caused disparities, the author sets out an ambitious way forward.

- Seventy-five years after WWII, “we are again at a critical moment in world history. The pandemic has presented humanity with a chance to turn the tide that shapes our lives and the course of history.”⁴⁰
- Meeting the challenge posed by the pandemic will require reform of basic policies and institutions.
- It will also require operating in a “fundamentally different way that promotes both equity and planetary sustainability”⁴¹

A skeletal strategy would consist of the following elements (drawn from Goldin and the current Discussion Paper):

- A massive investment in vaccine production and equitable distribution mechanisms among all countries is the necessary first track of the strategy.
- The second track involves:
 - Public sector expenditure policies and programs founded on principles of equitable benefit, opportunity and planetary sustainability, including substantial investments in human capital – education innovations,

³⁸ The first two sentences of this para are drawn from Ian Goldin (cited below). I am grateful to Discussant Ted Steege for sharpening the point by citing the vaccination rate in the poorest countries and the quote from the public health worker.

³⁹ Hodder & Stoughton, Kindle Edition 2021. Goldin is Professor of Globalization & Development at Oxford University.

⁴⁰ Ibid. p.7.

⁴¹ Ibid. pp.1-3,7.

childcare reform, expansion of public health systems (including effective drug abuse and violence prevention programs), renewable and clean energy research, innovation and incentives.⁴²

- Raising resources to finance the strategy based on equity and effectiveness, including globally consistent and fair corporate tax rates and individual wealth tax rates, along with effective compliance approaches.

The strategy can be criticized for being too ambitious and politically unrealistic. However, the Covid-19 Pandemic is a once-in-a-century crisis that also provides a once-in-a-century opportunity to implement the scale of changes and reforms needed to successfully overcome future pan-global crises. If this opportunity is not taken now, future capacity and political courage will be lacking in the face of similar or worse future crises.

Will those with sufficient resources and influence support needed reforms? One consideration suggests they would: namely, self-interest. Since successful implementation of the strategy would redound to the health and benefit of the wealthiest one percent, as well as to all wealth categories, it's plausible that for the wealthiest, self-interest would be a powerful motivator to support and to financially contribute a major share of the cost of policies and programs intended to defeat the pandemic.⁴³

An article in the current edition of *Foreign Affairs* (September/October 2021) argues for a similar approach, which includes several important additional elements. In "The Covid Charter: A New Development Model for a World in Crisis," the author, Rajiv J. Shah, identifies five commitments that must be made by developed and developing countries to defeat the pandemic.⁴⁴ Summaries of the five commitments follow. Notably, the author emphasizes public-private partnerships (Commitment 4) and regular monitoring and reporting of inputs and outcomes (Commitment 5):

- (1) First, developed countries must agree to commit at least 1% of their GDPs to foreign aid, which would *increase* development assistance by around \$100 billion.
- (2) Second, developing countries pledge to strengthen their own capacities to implement expenditure programs that are inclusive and to expand public

⁴² Post-pandemic and climate sustainable investment should and can, as Goldin argues, be complementary. See Goldin, *op. cit.* pp. 54, 90, 159, 210-230, 236, 246, 264-265.

⁴³ I am grateful to GPS Board Member Ron Ridker for this suggestion. Ian Goldin ends his book, *Rescue from Global Crisis to a Better World*, with an appeal to a sense of global interest in supporting the strategy. For example, "Unlike in the wars, during the pandemic the entire human race has fought a common unseen enemy. If this does not unite us in our determination to work together, nothing will." *Op. cit.* p.259. The power of this appeal would be strengthened by the self-interest argument described in the text above.

⁴⁴ The author is President of the Rockefeller Foundation and was the Administrator of the U.S. Agency for International Development from 2010 to 2015.

resource mobilization from the current figure of less than 14% to a goal of 25% of GDP.

- (3) Third, shareholders and institutional leaders must commit to redesigning and restructuring (Shah uses the term, “reimagining”) the Bretton Woods architecture (IMF, World Bank, Regional Development Banks) to respond to the twin crises of Covid-19 and Climate Change.⁴⁵
- (4) Fourth, private-sector and philanthropic leaders should commit to working with governments in public-private partnerships to help vaccinate the globe and jump-start a green recovery.
- (5) Fifth, all the signatories of the COVID charter should commit to having their inputs and outcomes measured in ways consistent with internationally agreed upon standards and to having their work regularly monitored by the G-7, the G-20, and the UN Security Council.⁴⁶

⁴⁵ The author gives credit to the IMF for its proposal to recycle Special Drawing Rights (SDRs), which would provide \$100 billion to support vaccinations and promote a green recovery, p.18.

⁴⁶ Principles of measurement of inputs and outcomes were agreed at the 2011 High Level/OECD Forum on Aid Effectiveness, held in Busan, South Korea.

Annex A. Regional Case Study **Impact of Covid-19 on Inequality in Latin America** ⁴⁷

By [Ángeles Sánchez Díez, *Autonomous University of Madrid*](#) and [José Manuel García de la Cruz, *Autonomous University of Madrid*](#)

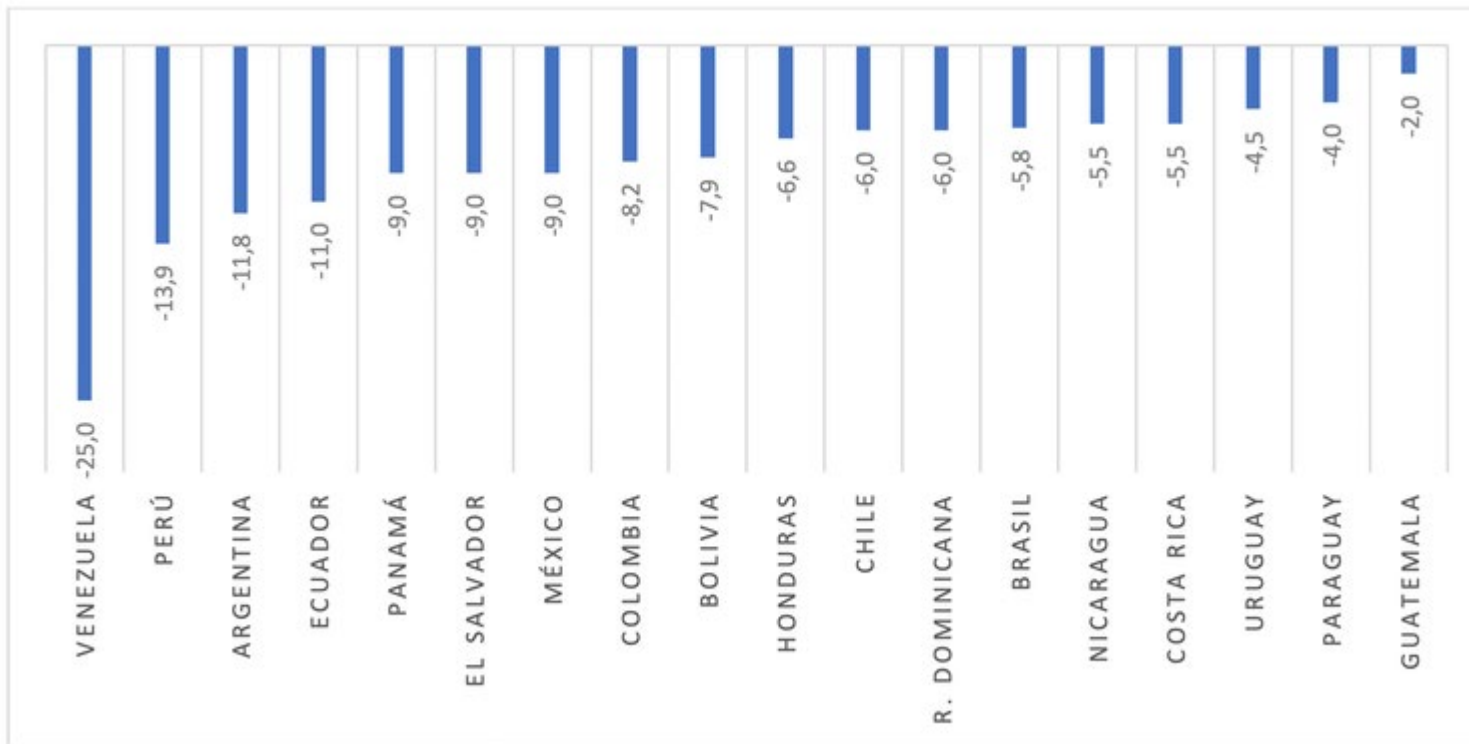
Summary. The COVID-19 pandemic has resulted in an 8.1% drop in GDP in Latin America, overcoming the impact of the crisis in the European Union and other emerging economies. However, the Latin American economies already showed significant weaknesses before the start of the health emergency. In other words, the pandemic has exacerbated the productive and social problems of Latin America, such as the region's perverse commercial specialization, the weakness of the productive fabric and the labor market, and social problems.

Impact on Poverty and Income Distribution (from p. 6)

In the years before the pandemic, Latin America had managed to reduce these rates [of inequality and poverty]. Poverty had gone from affecting 45.2% of the population in 2001 to 30.3% in 2019. Now, with covid-19, the number of poor will increase by 28.7 million people, reaching the figure of 214.4 million poor in the region. In turn, extreme poverty will affect 15.9 million more, totaling 83.4 million people.

After a few years in which the Gini index [of relative inequality] had fallen from 0.53 to 0.46 between 2001 and 2019, the pandemic has caused huge social costs that are very unevenly distributed. This increase in inequality has rekindled social protests in the region, generalizing those already manifested during the second half of 2019 in Chile, Ecuador and Colombia (see graph below).

⁴⁷Republished from [*The Conversation*](#) under a Creative Commons license, 2021.



GDP variation for Latin America in 2020 (in%) Source: IMF (growth forecasts made in October 2020. The IMF does not make forecasts for Cuba)

Although we speak of Latin America as a whole, the differences between countries are very high. Peru, Argentina, Ecuador, Panama, El Salvador, Mexico and Colombia have been the most affected countries. On the contrary, Paraguay, Uruguay and, especially, Guatemala have been affected to a similar degree to that of other developing and emerging economies. Venezuela is the country that has registered a greater drop in its production, as in previous years, although this cannot be attributed only to the impact of the virus.

The impact on economic sectors

The pandemic will have caused the closure of 2.7 million Latin American companies, that is, 19% of all companies. But social distancing measures and mobility limitations have unevenly affected economic activities.

Tourism, culture, commerce, transport and fashion have been the most affected sectors. These represent 24.6% of GDP and 34.2% of employment. In contrast, the activities that have been least affected have been agriculture, livestock and fishing, food production, medical products and telecommunications. These activities account for 14.1% of GDP and 18.2% of employment.

92% of technology-intensive production has suffered a strong impact from the crisis. This is a clear alarm signal for the medium term: the old specter of being on the sidelines of world trends, now heading towards digitization, reappears.

The crisis has affected companies differently, depending on their size. More than 2.6 million micro-businesses will close. In fact, 20.7% of micro-companies and only 0.6% of large companies will disappear. The vast majority are companies dedicated to commerce, community, social and personal services, and hotels and restaurants.

The impact on the labor market

In 2020, the closure of non-essential economic activities resulted in job destruction , particularly in the months of March, April and May. However, in the vast majority of countries, mechanisms were established to maintain labor relations. Latin American ERTEs⁴⁸ have saved many jobs. Although the number of *discouraged* people also increased, which are those who stop looking for a job because they know that they will not find it. That is why unemployment did not grow as much as might have been expected.

Teleworking has been a differential and very important element in order to maintain production and work activity. But telecommuting is not possible for all companies, nor

⁴⁸ ERTE (Expediente de regulacion de empleo) - a form of employment protection originated in Spain.

for all employees. Small businesses and low-skilled workers are struggling the hardest, and thus have also been hit the hardest by restrictions from the pandemic.

Women and youth are among the most damaged groups. The former have a strong presence in tourism and catering and the latter have more precarious jobs. In addition, women have had to double their work time in caring for the home and family, with new obligations during home confinement.

Many jobs in Latin America are informal, although there are very important differences between countries. 92.1% of non-agricultural workers in Ecuador are informal, as are 73.2% in Bolivia and 68.5% in El Salvador. They are people who earn their living day by day, without contracts or labor rights. For this reason, they Many jobs in Latin America are informal, although there are very important differences between countries. have also been more exposed to the coronavirus.

The pandemic increases public debt and public deficit

The pandemic has affected the revenues and expenditures of the public sector. If tax collection was affected by the closure of activities and the drop in consumption, public spending has also increased. It is worth highlighting the expenses destined to face the social impacts of the coronavirus.

The vast majority of countries established instruments of direct help to households. Some examples are the Emergency Family Income in Argentina, the COVID-19 Voucher in Chile, the Solidarity Income of Colombia, the Proteger Voucher in Costa Rica or the Emergency Voucher in Brazil.

The result of the decrease in public revenues and the increase in expenditures has been an increase in the public deficit and public debt. Brazil and Argentina are the countries with the highest level of debt (around 100% of GDP) and public deficit (exceeding 10% of GDP) in 2020.

With the crisis, trade, foreign investment and remittances fall

While international trade has contracted in 2020 globally, it has contracted more severely in Latin America. Exports fell 10.1% and imports 13.4%. Also, in this case there are important differences according to countries.

Apart from Venezuela, whose crisis is much deeper economies and has causes that go beyond the effect of the pandemic, the Central American economies have reduced their exports above the average, as well as Paraguay, Uruguay, Peru and Argentina. The fall in imports has been most pronounced in Panama, Paraguay, El Salvador, Ecuador, Mexico and Colombia.

Some countries have been able to take advantage of the boost in their exports of medical products and agricultural products. ECLAC notes (p. 6) that Guatemala and

Honduras have benefited from the sales of masks and Costa Rica from those of medical equipment, mainly destined for the United States.

The greater drop in imports than exports has reduced the region's trade deficit, from \$89,709 million in 2019 to \$21,620 in 2020.

Foreign investment has also fallen, approximately 50% according to UNCTAD and ECLAC, reaching 82 billion in 2020, particularly in Peru, Argentina, Chile and Colombia. In addition, the prospects for recovery are not good: companies are recording significant losses as commodity prices fall. Europe continues to be the main investor in the region.

Remittances from Latin American workers from outside the region fell by 19.3% in 2020 according to the World Bank. These incomes are very important in Central America, where they represent between 13% and 20% of GDP, especially for the most vulnerable households. Between 80% and 90% of remittances are used to cover basic household needs, such as food or health.

Going back what is advanced: inequality and poverty are growing

The closure of economic activities, the destruction of employment and the reduction of trade, investment and remittances are reflected in the increase in inequality and poverty.

In the years before the pandemic, Latin America had managed to reduce the rates of poverty and inequality. Poverty had gone from affecting 45.2% of the population in 2001 to 30.3% in 2019. Now, with covid-19, the number of poor will increase by 28.7 million people, reaching the figure of 214.4 million poor in the region. In turn, extreme poverty will affect 15.9 million more, totaling 83.4 million people.

After a few years in which the Gini index had fallen from 0.53 to 0.46 between 2001 and 2019, the pandemic has caused huge social costs that are very unevenly distributed. This increase in inequality has rekindled social protests in the region, generalizing those already manifested during the second half of 2019 in Chile, Ecuador and Colombia.

In short, the pandemic is having a strong economic and social impact in Latin America. Unemployment has risen and businesses have been closed, public accounts have deteriorated, and poverty and inequality have increased. Recovery will depend on the evolution of the world economy and the dynamism of international flows in trade and finance to the region.

Annex B. Questions for Discussion.

Based on Forum Discussion Paper “The Covid-19 Pandemic: Magnifier of Inequality” (9-29-2021)

1. Impact of Covid-19 on inequality. How persuasive is a basic conclusion of the Discussion Paper (DP) that the Covid-19 pandemic has magnified inequality? What would make it more persuasive?
2. Opportunity for reform. The way forward proposed by the DP is that the pandemic provides an opportunity to implement far-reaching reforms that would reverse the movement toward greater inequality resulting from the pandemic. What reforms would have this effect? What would make this argument more convincing?
3. Inter-sectoral considerations. There is evidence that the spread of Covid-19 infections is considerably less in some sectors. Annex A of the DP suggests that in Latin America agriculture, livestock, fishing, food production, medical products and telecommunications were least affected (see Annex A of DP). What explains this finding? How long is it likely to be sustained? Does it apply equally to high-income as to low-income countries?
4. Behavioral implications by wealth category. It’s plausible that for the wealthiest 1%, self-interest would be a powerful motivator to pay for a major share of the cost of policies and programs intended to defeat the pandemic. This follows from the fact that success would redound to the health of the wealthiest as well as to all wealth categories. How convincing is this hypothesis? How universal is it? To what other countries would it apply, besides the U.S. (assuming it holds there)?
5. Public Health The DP highlights three aspects of public health: eviction from shelter; domestic violence; and drug/opioid abuse. It finds that Covid-19 has made them all worse, including exacerbating existing inequalities in terms of wealth, race/ethnicity and gender in each case. Do these relationships consistently hold or are there instances where the effect of Covid-19 is neutral or even toward less inequality? Are there other aspects of public health that should be explored?
6. Education. The literature on education during the pandemic suggests that critical skills lost during the pandemic (especially math and related skills) are likely to never be made up, resulting in a damaging loss of human capital. What evidence do we have this result? Or what evidence is there for “catching up,” thereby avoiding the scenario above? Is the loss more likely to be damaging and lengthier in low-income countries than in high-income countries? Why? To what extent can “new” approaches make up for the loss of human capital, such as, the personal computer/Internet and intensive tutoring.
7. Gender. Available data indicate that the impact of the pandemic is greater on women than on men and that among women, the impact is greater on Black women than on White women. Moreover, the data suggests that the impact lasts longer for women and may be permanent. What might explain this result?

8. Conflict within and among countries. How prevalent is the result that the pandemic has increased conflict within and among countries? What would explain an opposite result: that the pandemic has reduced intra and inter-country conflict? What evidence is there for this?
9. Latin America Experience. Covid-19 impacted Latin America relatively early – even in some countries by late 2019, when it was barely on the radar screen in the U.S. How can this be explained? Among the several countries where it has become a pandemic, in what ways and to what extent has it exacerbated inequalities? Which countries, if any, have avoided a pandemic? What can be learned in terms of policies from these cases?
10. Climate Change. Pandemics and Inequality. It is highly likely that such climate-change-caused events as massive wildfires and floods have had more than proportional impacts on the poor, thereby exacerbating inequality. Moreover, such events are likely to make impacted poor populations even more vulnerable to pandemics. Addressing the economic and social factors underlying these inequalities must be part of a strategy of sustainable recovery. There is evidence of the disproportional impact of the California wildfires on the poor and there probably is for Louisiana. What other evidence is there of such impacts in the U.S. or elsewhere? Is there evidence of Covid infection among the poor being caused by severe climate-change events? Is there evidence of States or localities marshalling resources to effectively assist the poor affected by severe climate-change events?