

COVID-19: An update since our last note

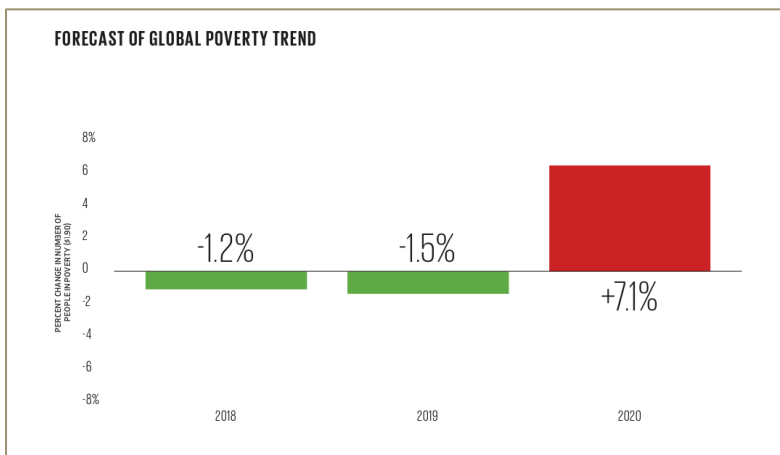
This note considers the unequal impact of the pandemic on different sectors of society, and its potential to drive increasing global inequality.

What 2020 has highlighted about inequality

Few would have anticipated the extent to which the pandemic would have reshaped our lives nine months later. From curtailing our movements, to disrupting global trade and economies: the impact is clearly visible. However, digging below the surface quickly reveals that the impact of the pandemic is not evenly distributed.

The pandemic is reversing past gains, exposing the weakness of existing safety nets

A recent report by the Bill and Melinda Gates Foundation states that the pandemic has deepened social and economic inequality across virtually all metrics. In South Africa, research indicates the middle class could shrink by a third. Recently, UN SDG advocate, activist and humanitarian Edward Ndopu argued that the pandemic's extreme impact on global poverty measures illustrates the inadequacy of existing social nets, but also the shortcomings of our existing metrics. For example, those in the informal sector or doing part-time work may be able to carve out a living under normal circumstances, but typically do not have access to the safety nets associated with formal employment (e.g. unemployment benefits).



Source: Bill and Melinda Gates Foundation via World Economic Forum.

The pandemic highlighted the vulnerability of women

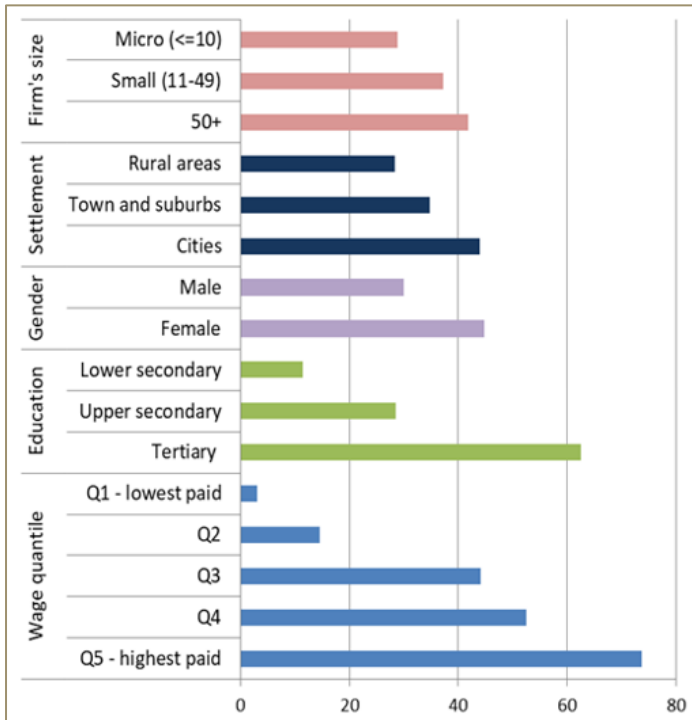
Research shows that in South Africa, two million of the initially recorded three million job losses were experienced by women. Since the burden of childcare often falls disproportionately on women, many struggled when childcare centres closed: women have to devote more time to childcare duties, which impacts their ability to earn a living and work successfully from home. Since women are also more likely to work in the heavily impacted service and hospitality industries, they are more likely to see their incomes impacted by the lockdown regulations. Across the globe, the pandemic also led to an increase in the incidence of gender-based violence, as those in already stressed situations were confined together for extended periods of time. Trapped with their abusers, many women had fewer options to access help during the lockdown period. Thus, the pandemic highlighted that women often enjoy lower levels of economic security than men.

Not everyone can work remotely (and continue earning an income)

Less educated people and poorer individuals are more likely to have blue collar or less skilled jobs. These lower-income jobs often require physical labour, and many of them can also be classified as essential services (e.g. sanitation workers, carers). During the pandemic, lower-income individuals either had to forego income and opt not to work when they technically could (delivering essential services), or they had to risk their health in the interest of earning an income. It is well understood that across the globe, poorer individuals are also more likely to suffer worse health outcomes, thus potentially compounding the impact if they do get sick. Those with lower incomes are also less likely to have access to stable, fast and reliable internet connections at home. Thus, even where they are technically able to work remotely, they are not necessarily able to do so efficiently. By contrast, the highest paid, highest earning and best-educated individuals are most able to work successfully

remotely. Those in rural areas are also far less likely to be able to work remotely than their city-dwelling counterparts, both because of the kind of jobs they tend to do, and due to internet connectivity. A study based on European data (see the graph below) found that 40% of those living in cities have jobs that can be done remotely, compared to less than 30% of those living in rural areas. Similarly, more than 70% of the highest paid workers can work remotely, compared to only 3% of those earning the lowest wages. Where these social attributes were already distributed along racial and ethnic lines, the pandemic has tended to reinforce these fault lines by having a disproportionate impact on the ability of these groups to earn an income during lockdowns.

Employees in tele-workable occupations by workers' characteristics



Source: VoxEU via World Economic Forum, based on EU data.

Pupils from poorer and rural households are disproportionately impacted

Schools across the globe saw an estimated 1 billion learners miss out on formal education opportunities, sometimes for months at a time. However, while some learners easily adapted to online classes, those without internet at home risked being left behind. These tend to be from poorer households, and also in more rural areas. So-called 'low-tech' solutions became a stopgap to issuing learners with radios complete with batteries. It is estimated that some 500 million learners received no education at all, further widening the gaps between the haves and have-nots.

Spatial inequality exposed

It is well known that social distancing is challenging in informal settlements, where people share communal taps and are cramped together into small spaces. However, the pandemic has also highlighted different rates of access to green spaces between the rich and poor across the globe. Access to green spaces helps to promote better physical and psychological outcomes, and thus this spatial inequality further reinforces unequal health outcomes across communities.

Taking a global view on the way forward

COVID-19 has exposed existing weaknesses and inequality in our society, and has heightened awareness of some of the most pressing issues. There is growing recognition that we need a global economy that serves the needs of the majority of the world's population, and not just the 'one-percenters'. It should therefore come as no surprise that a recent World Economic Forum/Ipsos global survey found that 86% of 21 000 adults polled want a more equitable and sustainable future. The challenge, however, will be how to deliver on this grand challenge.

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