Key findings

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The COVID-19 pandemic caused by the SARS CoV-2 virus, which struck in the years 2020-2021, was characterized by a global scale, an unprecedented pace of spread, fundamental uncertainty and interrelation of health, social and economic phenomena. The 2020+ pandemic entailed a worldwide exogenous demand and supply shock.

Restrictions imposed on social and economic activities in March 2020, aiming to contain the pandemic, involved dramatic changes in the economies of western and eastern regions of Europe. The economic collapse began at the turn of Q1 and Q2. Such dramatic and massive changes have not been observed in any business cycle after World War II. The sharpest fall in the value of GDP per capita between Q2 of 2019 and Q2 of 2020, in absolute figures, was experienced by the countries that in the years 2006–2019 were classified in the group characterized by mean, high and highest levels of wealth of an average citizen. All analyzed European countries experienced in Q2 of 2020 a dramatic fall in both exports and imports of goods and services compared to Q2 of 2019, due to restrictions imposed in H1 of 2020.

All countries except Sweden imposed a state of emergency with limited mobility of employees, closed border checkpoints, and a ban on certain business activities. The first lockdown lasted on average 20 to 94 days. Emergency programmes were launched and a record-breaking fund dubbed Next Generation EU was established at the European Union level. The methods employed to support the economies of Europe were convergent. All support packages imposed heavy financial burdens on the budgets of the states covered by the survey.

Russia faced an extremely high mortality rate caused by the COVID-19 pandemic in 2020. The Russian population decreased, in 2020, by almost 700,000 people. It was the deepest annual decrease in the last 15 years. Non-residents invested in the business enterprise sector in 2020 five times less capital than in 2019. The 2020+ pandemic was only one of the factors causing problems in the Russian economy.

The Ukrainian ministry of economy announced that inflation in 2020 reached 5%, principally due to a dynamic increase in revenues from retail sales and a rise in prices for energy sources on the global market that

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affected local expenses on public utility services, finally reducing the consumer demand. The volume of passenger transport dropped in 2020 to 46% of its value in 2019.

The proposed multi-level pandemic narrative, a national and an international perspective, led us to a series of speculative scenarios.

In a theoretical analysis, falls in production in an economy without access to a vaccine reach, at peak incidence, 18.3% to 19.9% if severe restrictions are imposed in response to the epidemic, or 10.4% to 10.9% if a liberal approach is adopted. Slow progress in immunization coverage of the population combined with severe restrictions imposed in response to the epidemic reduces falls in production by 17.7% to 19.5%. If a liberal approach to the epidemic is adopted, estimated falls in production will reach (respectively) 10.2–10.6%. Additionally, rapid progress in immunization coverage has no material effect on falls in production at peak incidence.

Scenario analyses of the epidemic process in selected countries of Eastern Europe indicate that the minimum time required to curb the epidemic is two years in Ukraine and almost two and a half years in Poland.

The deep recession of 2020 and the great uncertainty as to the medium term (2021–2022) accelerated changes in the model of social and economic life, promoted by the technology revolution, towards a digital economy and remote education system. Those stimuli cannot be overestimated. Specific institutional consequences can be expected (established and commonly used telework and remote education models).

Secondary consequences of the 2020+ health disaster, including a fall in employment (in selected service industries), interrupted supply chains, a reduction in social capital level (repudiation and/or partial repudiation of contracts, limited social relations) and limited spatial mobility of workers and tourists, will be suffered for a longer period than drops in production, consumption spending, investment and trading turnover.

The post-pandemic economic recovery will be accompanied by an acceleration of the fourth industrial revolution. We can expect mass digitalization, common use of robotics in manufacturing processes and of artificial intelligence in services. Low labour costs will no longer represent an advantage. Advantages will include the quality of education, IT infrastructure, supportive business environment, transparency of law, the quality of the research and development (R&D) and science sector.

The COVID-19 pandemic caused by the SARS-CoV-2 virus will come to an end. But its economic and social consequences will be suffered for a long time. Digital tools and products will commonly and durably affect the ways we work, learn and relax. The popularity of countries still affected by the pandemic as tourist destinations will decline. Public debt will burden us for decades. Can we survive another exogenous global demand and supply shock without huge social costs?