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THE IMPACT OF THE CORONAVIRUS EPIDEMIC ON THE PUBLIC FINANCIAL SYSTEM AND CHINA'S RELATED PREVENTION AND CONTROL MEASURES

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ВПЛИВ ЕПІДЕМІЇ КОРОНАВІРУСУ НА ДЕРЖАВНУ ФІНАНСОВУ СИСТЕМУ І ВІДПОВІДНІ ПРЄВЕНТИВНІ ТА КОНТРОЛЬНІ ЗАХОДИ В КИТАЇ

The novel coronavirus pneumonia has swept the world, causing many places to stop work and production. As a serious external factor, it has always attracted the attention of various countries. How to stabilize the public financial system during the epidemic has been widely studied by various countries. In today's economic globalization, the economies of all countries have begun to be closely linked. If a country's economy is turbulent, it will inevitably lead to the spread of risks, which will affect the public financial system of countries with close economic ties. The novel coronavirus pneumonia is two-sided. While causing national economic turmoil, the world is affected by the epidemic due to the particularity of external factors. So, how to maintain the stability of the public financial system during the epidemic is a simple look, we need to face at least two difficult problems: 1. How to ensure the stability of the public financial system under the influence of the epidemic? 2. How to ensure the stability of their own public financial systems when countries are in economic turmoil? This is not a simple addition, but a more complex interaction. Not to mention, there are still many small problems. For example, the economic development of many countries in the world has been severely impacted, the foreign trade of various countries is facing changes, and the epidemic has led to government overruns, past additional expenditures and other impacts. This may seem like an unsolvable conundrum, but China has an answer worth learning from. Although the experience cannot be completely replicated, in my opinion, it will be easier to come up with a solution suitable for each country by using the experience to solve the problem.

A study of the impact of the coronavirus epidemic on China's public financial system led to the following conclusions: use an active fiscal and monetary policy to promote economic development; optimize the structure of an active fiscal policy and ensure sustainable economic growth; introduce preferential policies for hard-hit industries; optimize the import and export environment; promote the development of international cooperation.

Нова коронавірусна пандемія охопила весь світ, внаслідок чого призвела до зупинки роботи та виробництва. Як істотний зовнішній чинник, вона завжди привертала увагу багатьох країн. Способи стабілізації державної фінансової системи під час епідемії широко вивчалися у різних країнах. У разі сучасної економічної глобалізації економіки всіх країн стали тісно взаємопов'язаними. Якщо економіка країни є турбулентною, це неминуче призведе до поширення ризиків, що вплине на державну фінансову систему країн із тісними економічними зв'язками. Нова коронавірусна пандемія має двосторонній характер, а це означає, що викликаючи національні економічні потрясіння, світ торкнеться епідемії через специфіку зовнішніх факторів. Тож для забезпечення стабільності державної фінансової системи під час епідемії необхідним є вирішення щонайменше двох складних проблем: 1. Як забезпечити стійкість державної фінансової системи в умовах епідемії? 2. Як забезпечити стабільність державних фінансових сис-

тем, коли країни перебувають в умовах економічних негараздів? Це дві непрості та взаємопов'язані проблеми, не говорячи вже про те, що є ще багато дрібних проблем. Зокрема, економічний розвиток багатьох країн світу серйозно постраждав, зовнішня торгівля різних країн зазнає змін, а епідемія призвела до підвищення державних витрат, додаткових витрат та інших негативних впливів. Така ситуація може здатися нерозв'язною задачею, але Китай має відповіді, яким варто повчитися і іншим країнам. Хоча досвід неможливо повністю відтворити, доцільним видається знайти рішення, яке підходить для кожної країни, використовуючи іноземний досвід для вирішення проблеми.

Дослідження впливу епідемії коронавірусу на державну фінансову систему Китаю дозволило розробити такі рекомендації: використовувати активну фіскальну та грошово-кредитну політику для сприяння економічному розвитку; оптимізувати структуру активної фіскальної політики та забезпечити стале економічне зростання; впроваджувати пільгову політику для дуже постраждалих галузей; оптимізувати середовище імпорту та експорту; сприяти розвитку міжнародного співробітництва.

Key words: epidemic, public finance, economic turmoil.

Ключові слова: епідемія, державні фінанси, економічні потрясіння.

FORMULATION OF THE PROBLEM

Since the large-scale outbreak of the new coronavirus pneumonia, the negative impact has far outweighed the positive. Although the impact in China is great, it still seems optimistic among countries around the world. Since the main impact of the new coronavirus pneumonia is discussed, I think it is easier to understand the degree of harm by taking a more representative United States for analysis.

At the beginning of 2020, the U.S. economy fell into the worst recession since the Great Depression, and the new coronavirus pneumonia is the main culprit. Although the vaccine has gradually brought life back to normal in the United States, the data will not lie (Fig. 1).

It can be seen that the most obvious impact of the new coronavirus pneumonia on the US economy is the unemployment rate. The last time there was a surge was during the financial crisis. The harm caused by the new crown pneumonia is not small in comparison, but it is still an average value. If you analyze it in detail, you will find that the impact is more serious. In February 2020, before the epidemic hit the U.S. economy, the unemployment rate in the United States was 3.5%. By April 2020, the unemployment rate in the United States reached 14.8%. The highest level ever recorded. But this is also the period when

the impact of the new crown is the worst. From April 2020 to August 2020, the unemployment rate fell by 6.4 percentage points to 8.4%, and by May 2021, the unemployment rate continued to decline to 5.8%. It can be seen that although it is improving, the trauma caused by the epidemic is still affecting the US economy.

From the point of view of interest rates, here I choose short-term interest rates that are more volatile. Since 2014, short-term interest rates in the United States have been on the rise, reaching 2.21% per year in 2019, but in 2020, it will drop to 0.53% per year, this is to use lower interest rates to stimulate consumption.

In terms of gross domestic product, in 2020, the U.S. gross domestic product experienced the largest contraction since World War II and the first contraction since the Great Recession between 2007 and 2009. Consumer spending fell 3.9%, the worst performance since the Great Depression in 1932. And consumer spending accounts for up to two-thirds of the U.S. economy, so it's conceivable that the impact on the U.S. is huge [1; 2].

PURPOSE AND FORMATION OF THE ARTICLE

Although the new type of coronavirus pneumonia is raging and sweeping the world, the Chinese economy has

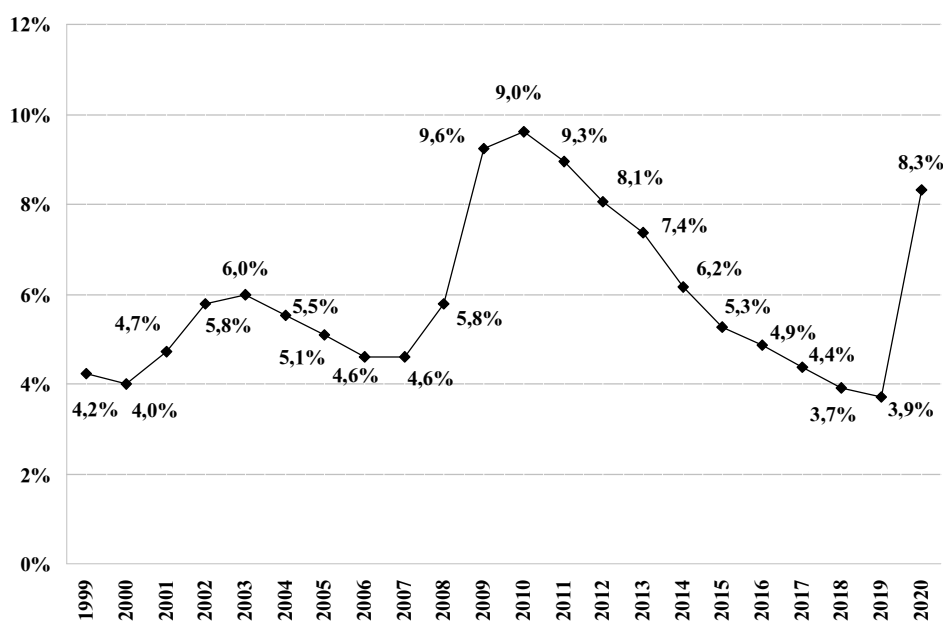


Figure 1. U.S. unemployment rate from 1999 to 2020

Data source: [7].

withstood the stress test, showing strong recovery capabilities and vigorous vitality, and took the lead in breaking out of the haze of the epidemic to achieve recovery. Therefore, this article mainly discusses how to stabilize the public financial system during the epidemic, and will draw on the experience of China. The main focus of the article is: how to use China's experience to deal with the direct and indirect impact of the new coronavirus pneumonia on the country, that is, how to reduce the impact on the national economy and the impact of economic fluctuations in other countries.

MAIN MATERIAL

Direct impact. Peter Kazinovsky said: Stability is the basic premise of development. Without stability, nothing will happen. This is the conclusion drawn by the Polish people after summarizing the development process of Poland in the past 20 years. Peace and stability are the foundation of a country's development and a necessary prerequisite for global economic and social development. Only with social stability can development be stable and lasting.

The epidemic brought about not a struggle between people, but a struggle between people and nature, but the impact is no less than war. The rising number of deaths is accompanied by economic turmoil. In this earthquake, the government cannot decide a person's life or death, but it can decide whether the public financial system is stable, which indirectly affects the outcome of the battle.

The new type of coronavirus pneumonia spreads rapidly, so when a large number of outbreaks occur in a country, it is inevitably accompanied by large-scale shutdowns, and the economic turmoil caused by shutdowns is huge. The three major industries in any country will face the crisis, especially the tertiary industry. Taking China as an example, because the primary industry is mainly agriculture, although the inconvenience of transportation and lack of labor caused by the epidemic will lead to inefficiency or even stop of agricultural production activities, the "green channel" given by the government and timely online with the transformation and upgrading of sales, the impact of the epidemic can be quickly and effectively controlled. The secondary industry is also the industry. For the light industry, the shutdown of offline brick-and-mortar stores and factories has a huge impact. From January to November 2020, the national online retail sales reached 10,537.4 billion yuan, a year-on-year increase of 11.5%, compared with 1.5%. -In October, it accelerated by 0.6 percentage points; among which, the online retail sales of physical goods increased by 15.7%, accounting for 25% of the total retail sales of consumer goods. Therefore, by means of online sales, the impact of the epidemic can be alleviated slightly, while the heavy industry has a better prospect after resuming production due to its relatively large income elasticity. The tertiary industry, that is, the service industry, has been greatly affected. Whether it is catering, tourism, transportation and other industries, it can be said that they will face serious losses, but considering that they will face retaliatory consumption in the future, the impact on these industries depends to a large extent on the government's subsidy policies and The length of the business closure is short, so the government needs to devote most of its attention to these industries and use the government's credibility to quickly bring the epidemic under control in a short period of time. The severely damaged industries will be closed for a short period of time and have small losses. However, at the same time, the government still needs to take into account the use of medical items and online service industries such as video games. Although the economy will generally decline during the epidemic, these industries will inevitably rise in the opposite direction, so it cannot be too high. Estimate the negative impact of the pandemic on the economy (Table 1) [3].

Table 1. Retail sales of consumer goods in the country in 2016–2020

| Years | Total retail sales of consumer goods (100 million yuan) | Growth rate, % |
|-----------------------|---|----------------|
| 2016 | 332316 | 10.4 |
| 2017 | 366262 | 10.2 |
| 2018 | 380987 | 9.0 |
| 2019 | 411649 | 8.0 |
| January-November 2020 | 351415 | -4.8 |

Data source: China Intelligence Network (www.askci.com)

Table 2. China's import and export value and growth rate

| Years | Import value, trillion yuan | Growth rate, % | Export value, trillion yuan | Growth rate, % | Total import and export, trillion yuan | Growth rate, % |
|-------|-----------------------------|----------------|-----------------------------|----------------|--|----------------|
| 2017 | 12.46 | 18.4 | 15.33 | 10.8 | 27.79 | 14.2 |
| 2018 | 14.09 | 12.9 | 16.42 | 7.1 | 30.51 | 9.7 |
| 2019 | 14.31 | 1.6 | 17.23 | 5 | 31.54 | 3.4 |
| 2020 | 14.23 | -0.7 | 17.93 | 4 | 32.16 | 1.9 |

Data Sources: www.baidu.com

Therefore, in the face of the most direct impact of the epidemic, the government needs to use policies. For example, for the most affected catering industry, retail industry and other industries, whether there are small or micro-enterprises, the government should implement tax reduction policies, while reducing Tax policy can go hand in hand with loose monetary policy. Overall, the policies of various regions have been implemented in four aspects: strengthening financial support, reducing the burden on enterprises, stabilizing the workforce, and optimizing approval services. The specific measures include reducing financing costs, ensuring credit balances, reducing taxes and fees, rent reduction and exemption, and delaying payment. Social Security, Refunded Unemployment Insurance, and more. However, because the problems faced by different regions are similar but not heterogeneous, the degree of impact and the industry is different. Therefore, in the process of precise policy implementation, differentiated guidance should be implemented according to the characteristics of the industry in each region.

Indirect impact. The indirect impact of the novel coronavirus pneumonia is mainly reflected in import, export and investment. Trade has been severely damaged in the epidemic, and the epidemic in trading countries will also increase the negative impact of the epidemic. In order to prevent the spread of the epidemic, countries have restricted the flow of people and strictly controlled the import and export of goods, and import and export activities have suffered serious losses under these unfavorable conditions. The new crown epidemic has reduced international transportation routes. Many countries have improved the customs import inspection standards and extended the customs clearance time of goods. The resulting market uncertainty and the extension of delivery dates have led to increased pressure on import and export trade. In the first quarter of 2020, China's exports of goods fell by 1.4% compared with the same period last year, and imports of goods fell by 0.7% compared with the same period last year. However, from the perspective of the overall trade situation, China's total import and export volume in the first quarter fell by 6% compared with the same period last year, and the adverse impact of the epidemic on China-EU trade is deepening. The novel coronavirus pneumonia has a significant impact on the stability of the public financial system, and will have a certain impact on all aspects of the economy in a short period of time. However, will the negative impact of the epidemic on the public financial

system continue, or how long will it take? Different scholars hold different views on whether the disappearance of talent will cause long-term economic impact. However, many experts in China believe that the epidemic will trigger two to three rounds of financial shocks around the world. The sluggishness of the supply and demand ends of the international trade supply chain caused by the epidemic is still in progress, and the economy will take a long time to recover (Table 2) [4; 6].

At a time when the world governance structure is changing, the outbreak of the new coronavirus pneumonia is undoubtedly a test for all countries in the world. Before the outbreak of the epidemic, the prevalence of global trade protectionism had an adverse impact on world trade. It can be said that the outbreak of the epidemic, it is a huge challenge to the trade environment of various countries. If the response is not timely and effective, it will cause violent fluctuations or even collapse of the public financial system. How to respond is a problem that each country should consider. First of all, it can be implemented in parallel with the tax reduction policy for small and medium enterprises, reducing taxes for enterprises whose main business is foreign trade, and reducing the serious losses caused by international turmoil. Secondly, active fiscal and monetary policies, such as adjusting aggregate demand through fiscal spending and tax policies, as well as statutory reserve ratios, rediscount policies and open market operations, can stimulate the economy and ensure the stability of the public financial system. The last is to seek international cooperation to reduce trade barriers. Although international aid is accompanied by certain losses, it has always been difficult for recipient countries to accept it, but international aid still plays a certain emergency role [5].

CONCLUSION AND PROSPECTS FOR FURTHER RESEARCH

The novel coronavirus pneumonia brings both challenges and opportunities. If it can quickly recover from the epidemic, it will bring unexpected benefits. In the face of the turbulence brought about by the epidemic to the public financial system, the country needs to respond to the situation in a timely manner. It is important to analyze the damage situation and learn from the governance experience of other countries. This paper draws the following conclusions from the analysis:

1. Use active fiscal and monetary policies to promote economic development, optimize the structure of active fiscal policies, and ensure sustainable economic growth. Due to the impact of the new coronavirus pneumonia, the economies of all countries in the world have been affected more or less, causing the economy to decline, which also poses challenges to the public financial system. Active fiscal and monetary policies can stimulate the economy, more or less to a certain extent, it stabilizes the public financial system.

2. Implement preferential policies for severely damaged industries. Of course, the specific situation should be analyzed by analyzing the damage situation, taking into account the upcoming proactive fiscal and monetary policies and retaliatory consumption after the epidemic, to reduce taxes to an appropriate degree, and to stabilize the public financial system while avoiding the government. The loss is too great.

3. Optimize the import and export environment. The novel coronavirus pneumonia has brought about not only the downturn of the domestic economy, but also the turmoil in the public financial system of the trading countries. Due to the particularity of the crisis, the import and export inspections and restrictions are even more stringent, and the import and export are seriously damaged. Therefore, Optimizing the import and export environment and formulating relevant policies is what the government needs to seriously consider.

4. Seek international cooperation. Although international mutual assistance is generally accompanied by losses, considering that it can alleviate the negative factors brought about by the crisis and reduce the long-term negative impact after the crisis, receiving international assistance is not an option.

All in all, the government should formulate corresponding actions according to its own losses, and learn from the experience of other countries, seek safer and more stable solutions, face the challenges brought by the epidemic, and seize the opportunities to strengthen national strength and increase international influence.

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