

# Global Poverty Spiral!

COVID-19, Poverty, Global Crisis, Socio-economic

COUNTRIES  
ALL OVER  
THE WORLD  
HAVE FELT  
THE IMPACTS  
OF COVID

Trap  
PRESENTED  
BY COVID

THE

CONCEPT OF  
POVERTY

- Depends on others
- Inability to obtain necessities
- A state of deprivation

THE IMPACTS  
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# GLOBAL POVERTY SPIRAL!

*The Impact of  
COVID-19*



### Abstract

As we enter into the third year of the COVID-19 crisis, the economic implications of the crisis continue to complicate livelihoods. Countries scramble to ease the burden created by COVID. Rebel has commissioned an investigation on the observed and expected economic impacts across the world. A systematic literature review was conducted on countries all through the continents to investigate the consequential crises caused by COVID.

This paper will give more precise insights into the impact of the actions taken by the governments, as well as its effect on the people worldwide.

In addition, recommendations and solutions regarding the aftermath of the COVID, viz-a-viz the socio-economic crises would be investigated. We conclude that a paradigm shift is immediately necessary to minimize the impact of the disaster on the livelihood and the socio-economic activities of people all over the world. From this perspective, COVID may have presented the opportunity for us to rebuild our societies from lessons learned.

**Keywords:** *COVID-19, Poverty, Global Crisis, Socio-economic*

# INTRODUCTION

**COUNTRIES ALL OVER THE WORLD HAVE  
FELT THE IMPACTS OF COVID**



Lockdowns and mandatory social isolation were imposed all over the world, affecting billions of people. In addition, tracking systems and vaccine passports were mandated in some countries for travelers such as France, Belgium and Russia. All of these have decreased most production rates; conversely, money printing, and increased social welfare support boosted the rate of inflation. In addition, employees' salary reduction and tenant eviction ban on landlords have heightened the income insecurity of the landlords.

Compulsory vaccination made the situation worse, as this mandate drove and continues to drive people out of their workplaces for its compliance. As we have seen in the past year, government workers, hospital workers, airline pilots, school teachers, Big Tech workers, supply chain truck drivers, and employees in many other sectors face being fired unless they receive the vaccines.

Consequently, the economy has been affected significantly, as the restrictions led to shortage of labor because many people have been rendered jobless.

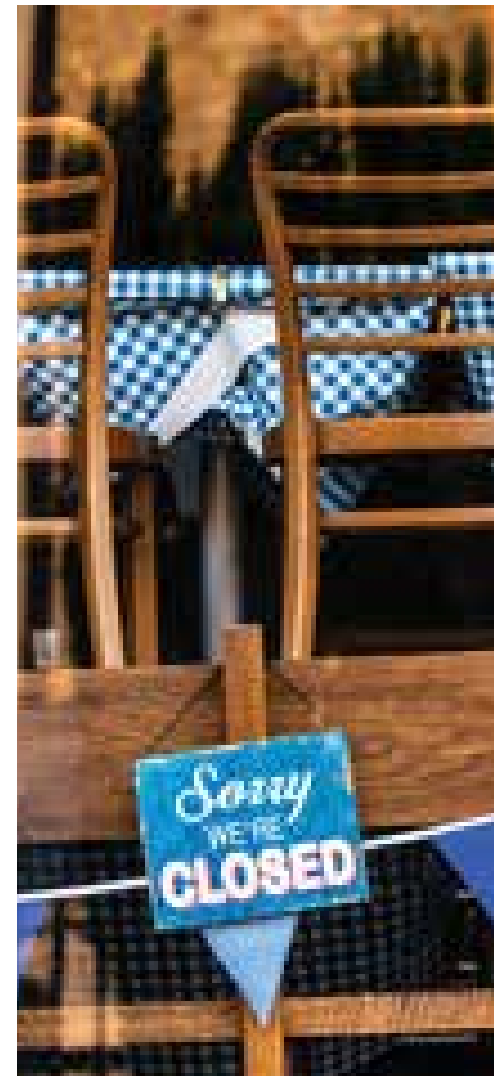
Moreover, property owners have lost income and properties because of unpaid rent and mortgage foreclosure for missing mortgage repayment. All these measures eventually led to increasing poverty levels. Governments of developed countries, somehow have all the necessary contracts and supplies in place.

Hence, the lockdowns instituted in more developed countries were better equipped, with their governments having the situation more orderly controlled.

Conversely, the developing countries were more affected by COVID. Measures taken to control the spread of COVID were hard on its residents, as the societies could not sustain themselves without production from their people. the poorer countries could face more economic crisis than what they have already experienced.

Prices will continue to increase due to the economic depression worldwide, which may not stop any time soon. The unemployment rates are shooting up as expected. The government is responsible for maintaining and protecting its residents' livelihood and rights. This increasing poverty rate hinders the aim of UN Sustainable Development Goal (SDGs) of ending poverty by 2030 .

Looking at the current ongoing crises, we call for a paradigm shift in society to radically transform how we operate in order to curtail the deprivation, starvation, and the depth of poverty faced by people in many countries. The following sections will focus on how COVID has changed lives around the world as well as how the preventive measures set to contain COVID are working against the people. Furthermore, it will expose the weakness of societal governance and critical flaws in the global socio-economic system. Solutions will be offered on the impacts of COVID containment measures on the people.





# THE CONCEPT OF POVERTY

**According to the World Bank, poverty is defined as the inability to obtain the bare minimum of necessities in life**

If this statement holds true, today, more and more people worldwide are losing the standards required for a decent living style, and COVID is one of the factors responsible for this, along with rising taxes and inflation. In some countries, mostly developing countries, people work without a contract or a basic salary and there is no paid leave or bonus.<sup>1</sup> These people work on the basis of hand to mouth. The wages paid are so little and can only cater for food alone. The population that lives like this does not make enough to cater for all their wants, let alone saving any funds. This population could be the most affected by the control measures according to World Bank.

Poverty is a situation where one depends on others; a situation where one may be in a position to be abused and disrespected when asking for help.<sup>2</sup> Thus, social isolation can be intensified by discriminatory practices that provoke more feelings of shame, humiliation, and exclusion). There are different opinions about poverty according to different organizations. For instance, the United Nations defined poverty as a violation of human dignity with lack of choices and favorable opportunities.<sup>4</sup>

The organization perceives poverty as a state of deprivation where one does not have access to good food or food generally, lack of medical care and education, including poor housing. Thus, poverty can be termed as the inability to participate essentially in a society.

Poor people are always trying to survive with the bare minimum. Some of them could lack the basics of life, like clean water and proper hygiene, and still maneuver for survival. However, the concept of poverty is perceived to be relative. The idea of the incapability to fulfill minimum living standards is different for each economic and geographical setting. The bare minimum of living standards in Africa cannot be the same with the minimum living standards in Europe and the USA. The most underprivileged in a developed country can be much better off than the most underprivileged in Africa by far.

Poverty can be the absolute meaning of the nonexistence of means required to maintain personal socio-economic necessities, like food, clothing, and shelter. Here, the meaning remains the same in all situations. Poverty can also be directly related to incomes.

Reduction of income reduces the purchasing power making one needy and ill-treated regardless of all political promises<sup>5</sup> while being degraded to the status of a tool or slavery<sup>6</sup>. Majorly, still poverty is viewed as the numerical monetary restrictions creating a clear distinction between being poor and deprived.<sup>7</sup> This makes it possible for comparison; however, it is still hard for most people to handle situations that do not necessarily need money.<sup>8</sup>

There are new indices for poverty classification which set 48 indicators structured in six aspects, namely; vulnerability, scarcity of access to knowledge, scarcity of resources, scarcity of access to work, development of children and homelessness.<sup>9</sup> By applying this background of understanding of poverty, we argue that COVID has not just presented a crisis in itself, but more fundamentally, it has exposed and illuminated a series of underlying crises that were already present during the pre-COVID system. We therefore call for a reform of a new society, with a new global governance system.

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# THE POVERTY TRAP

## PRESENTED BY

# COVID

The decline in income has translated into a sharp increase in global poverty. Job losses among the most vulnerable workers, including women, youth, and those without college education, can affect their productivity and income growth even as economies revive. In addition, the severe impacts seen for small and micro enterprises can lead to the erosion of entrepreneurial capital and jobs that can be hard to reverse. That's perhaps why, in economies where policies were becoming less restrictive and jobs were coming back between July 2020 and January 2021, the employment gaps between groups produced by the initial impacts of the pandemic did not narrow significantly.



**When we are dealing with a life-threatening crisis, understanding the concept of poverty and the cost of interventions are fundamental. Governments' mishandling of crises and failure to effectively help their citizens through these crises could make their respective countries face the worst economic crisis in the coming years.**

The measures to control COVID has led to inflation of food and an expensive livelihood. This results in food scarcity and hunger, increasing the crime rate, corruption, and terrorism. This would increase absolute and relative poverty worldwide, which would eventually negate efforts and goals to end poverty. It has been identified that COVID has categorized people into three phases of poverty: (i) relative poverty, (ii) absolute poverty, and (iii) extreme poverty.<sup>1</sup>

As for the relative poverty, it majorly affected the people in the middle class social economic status, as they would experience a shrink in their status, such

as removal of benefits they once enjoyed, as well as increment in income inequality due to economic instability. Moreover, absolute poverty would be prevalent during the COVID as a result of prevalence of unemployment, and inability to find good full-time jobs. This will eventually reduce income, which will affect purchasing power of the people. This situation will place many under the poverty line. The cohort of people in extreme poverty would experience shortage of social amenities like clean water, shelter, health and education, as well as essential food. It is possible that the situation will linger longer than expected for people in absolute poverty.

Before the COVID, poorer countries could not offer quality health services and many of them sought foreign assistance. When COVID struck, these countries suffered from poor medical services amidst a health crisis. Many lost their lives due to lack of or poor services offered in hospitals. Inaccessibility to medical services is a sign of poverty and is catapulted to the worst-case scenarios of the crisis.<sup>2</sup> The barely surviving communities in Africa would face the repeated factors of poverty with the presence of COVID. The continent has faced high poverty levels throughout history, and will certainly continue as they are stuck with COVID. High poverty levels could lead to more death cases and misery to the surviving people in Africa. Amidst COVID, factors like illiteracy, high death rate and infant mortality, low life expectancy and malnutrition may well increase.

In Asia, the situation was not any different. Take India, for example, many commercial and educational institutions were closed. The borders of the country

were also shut down. A lockdown was imposed which lasted for almost two months. According to The Economic Times, India has approximately 90% of the working population under the informal sector.<sup>3</sup> This entire population suffered from unpaid leave with no job security. Most of them depended on daily wages that could not be raised under the imposed lockdown. Some of them chose to go out and look for food regardless of the government's order. They in turn face police beating rather than being starved to death.

Policy makers should always consider the consequences of the set policies when dealing with crisis such as COVID. The COVID situation calls for an extension of economic safety nets across the world as soon as possible.

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*The following is a brief overview of the cost of restrictions in the United States and around the world, including stay-at-home orders, closings of businesses and schools, restrictions on gatherings, and interventions in the freedom of movement.*

# ACTUAL POVERTY IMPACTS OF COVID



## 1 Economy

In the United States, between March 25 and April 10, 31% of U.S. adults said their families couldn't afford rent, mortgage, or utility payments, were food insecure, or went without medical treatment due to cost.<sup>1</sup> 52% of those aged 18 to 29 are living with their parents as of July 2020 (47% in February), a record number of available data that surpasses the 48% living with parents in 1940 (during the Great Depression).<sup>2</sup>

Q2 2020 GDP decreased at an annual rate of 32.9%, and Q1 2020 GDP decreased at an annual rate of 5%.<sup>3</sup> Between March 25 and April 10, 41.5% of non-elderly adults reported having lost jobs, reduced work hours, or less income because of COVID.<sup>4</sup>

In Africa and Asia, from March 2020, there was a significant decline in employment and income in middle and low-income countries. Households experienced a drop in income somewhere between 8 and 87%.<sup>5</sup>



## 2 Income

Globally, about 97 million more people are living on less than \$1.90 a day because of the pandemic, increasing the global poverty rate from 7.8% to 9.1%. Between 2019 and 2021, the average income of the bottom 40% fell by 2.2%, while the average income of the top 40% fell by 0.5%.<sup>6</sup> Poverty rates have risen in many regions, but they're especially high in Sub-Saharan Africa and Latin America and the Caribbean. According to World Bank high-frequency phone surveys, 81% of Peruvian families and 85% of Senegalese households experienced income losses in the early months of the crisis.<sup>7</sup>

## 3 Unemployment

The wages of workers worldwide were also adversely affected. Their wages were reduced by a large percentage and allowances were canceled.<sup>8</sup> This was a big blow, forcing them to either adapt to low incomes or resign. Consequently, some ran out of food; which eventually affected their livelihoods.

In the United States, unemployment rate increased to 14.7% in April 2020. This is the highest rate of increase (10.3%) and largest month over month increase in history of available data (since 1948).<sup>9</sup> In March, 39% of people living with a household income of \$40,000 and below reported a job loss.<sup>10</sup> The unemployment rate between February and April increased by 12% for women and 10% for men.<sup>11</sup> Mothers of children aged 12 and younger lost 2.2 million jobs between February and August (12% drop), while fathers of small children lost 870,000 jobs (4% drop).<sup>12</sup> In the Asian continent, most people suffered heavily, especially the migrant workers. Their jobs and contracts were called off, and they had limited means of transporting themselves. For instance, most of them got stuck in railway stations and bus stations. Moreover, lack of food was also a problem, and this weakened their already compromised health. Most Asian migrant workers live in poor conditions; they work on low wages and can only afford food to sustain themselves.

They were the first to experience the harshness of the lockdowns, as well as the joblessness during the COVID. Most of these Asian migrants starved and lost the minimal amounts of savings they had during the lockdown.

## 4 Hunger

Globally, hunger caused by the pandemic is responsible for the deaths of 10,000 children.<sup>13</sup> Approximately 20 million more children (67 million total) will suffer from wasting (weakening of the body from emaciation) in the first 12 months of the pandemic.<sup>14</sup> Number of undernourished individuals may increase from 690 to 822 million people.<sup>15</sup> In the United States, the rate of food insecurity from 2018 to mid-2020 has more than doubled (14% to 32%) for households with children.<sup>16</sup> Between 9% and 14% of parents report their children did not have enough to eat because they could not afford food.<sup>17</sup> In March alone, food banks gave out 20% more food than in an average month.<sup>18</sup> In Asia, the number of child deaths in six Asian countries is expected to have increased by 228,641 in 2020.<sup>19</sup> In Nigeria, COVID-19-induced disruptions of school feeding services increased households' experiences of food insecurity, increasing the probability of skipping a meal by 9 percentage points...and the likelihood of going without eating for a whole day by 3 percentage points.<sup>20</sup>

## 5 Education

The education sector was also affected, as schools were closed down and people could only learn online which would eventually negate efforts and goals to end illiteracy. Although some schools offered free mid-day meals prior to COVID, but could not be offered anymore on lockdown owing to COVID. Learners were only expected to learn online; however, some students could not access or afford the internet services and gadgets to join the class. The poor learners were the most disadvantaged during COVID, as they were being deprived of their rights to education, and were unable to study with others.<sup>21</sup>

About 24 million children worldwide may drop out of school next year as a result of the lockdown's economic impact.<sup>22</sup>

In the United States, a decrease in life expectancy by 5.53 million years of life is found to occur for American children due to the closing of American primary schools.<sup>23</sup> 30,806 internships were lost (a decrease of 52%) between March 9 and April 13.<sup>24</sup> Between March 9 and April 13 travel & tourism internships fell 92%; IT dropped 76%, architecture & engineering 65% and telecommunications 65%. Accounting & legal internships fell the least, dropping 22%.<sup>25</sup> Preschool participation sharply fell from 71% pre-pandemic to 54% during pandemic; the decline was steeper for young children in poverty.<sup>26</sup>

## 6 Crime

In the United States, assault and other violent crimes rose by 4.6% in the first half of 2020, while murder and non-negligent manslaughter charges surged by 14.8% in the same period.<sup>27</sup> The number of property crimes went down by 7.8%, but thefts of cars went up by 6.2%.<sup>28</sup> Arson surged 19.2% in the first six months of 2020 compared to the same period last year, and 52.1% in cities with populations of one million or more.<sup>29</sup> Between June and August 2020 homicides increased 53% and aggravated assaults increased 14% compared to the same period in 2019.<sup>30</sup> In the United Kingdom, a 25% increase in calls made to helpline since the start of lockdowns.<sup>31</sup>

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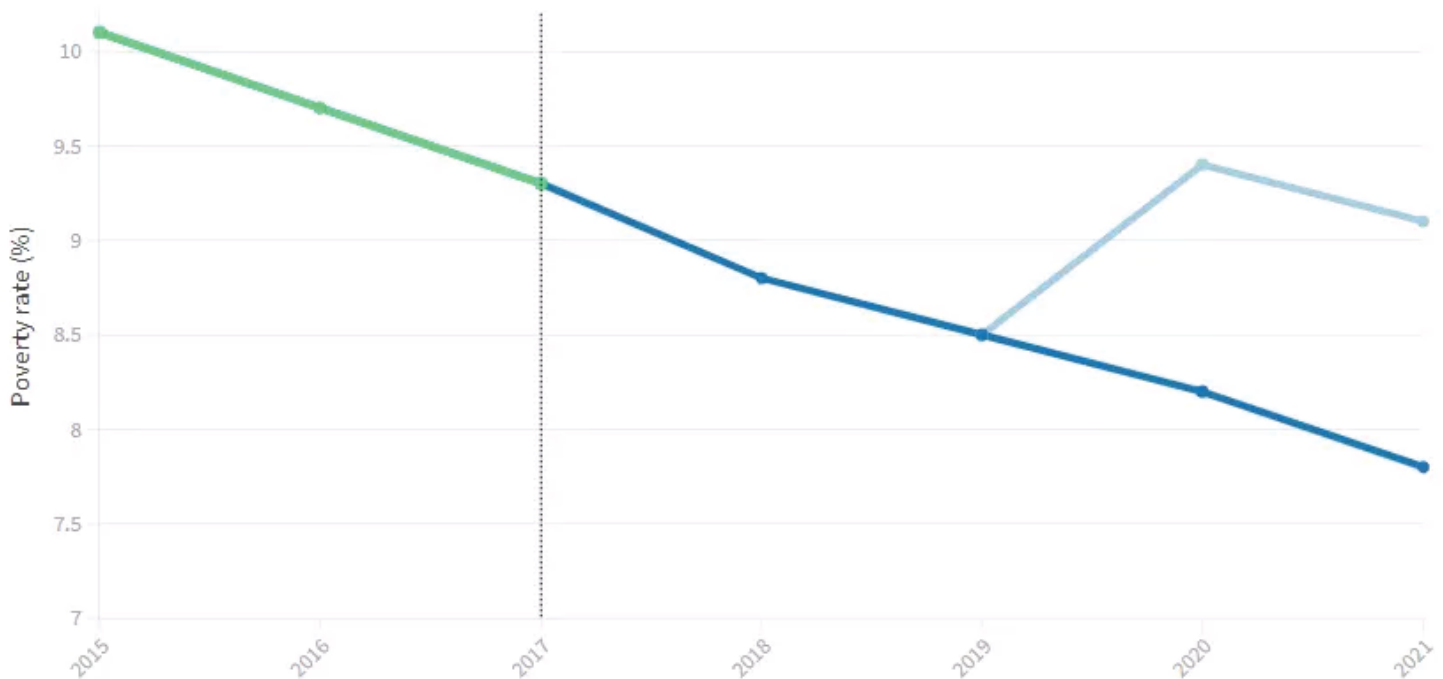
# PROJECTED POVERTY

## COVID

*OECD has warned that this global economic hit from*

### Extreme poverty rate, %

- Historical poverty rates
- Pre-COVID-19 projections
- Post-COVID-19 projections



Source: [Mahler et al. \(2021\)](#). • Note: Extreme poverty is measured as the number of people living on less than \$1.90 per day. 2017 is the last year with official global poverty estimates.



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The Lancet emphasizes that in the event of a crisis like COVID, vulnerability is dependent on the political reaction.<sup>2</sup> Economic implications such as sudden loss of income, or lack of social support may have devastating effects on family's existence. In this scenario, not only the elderly that would be vulnerable, but also persons with comorbidities, or those who are homeless. It would go

beyond that, since it would have to address those populations that are having major difficulty dealing with the COVID crisis.

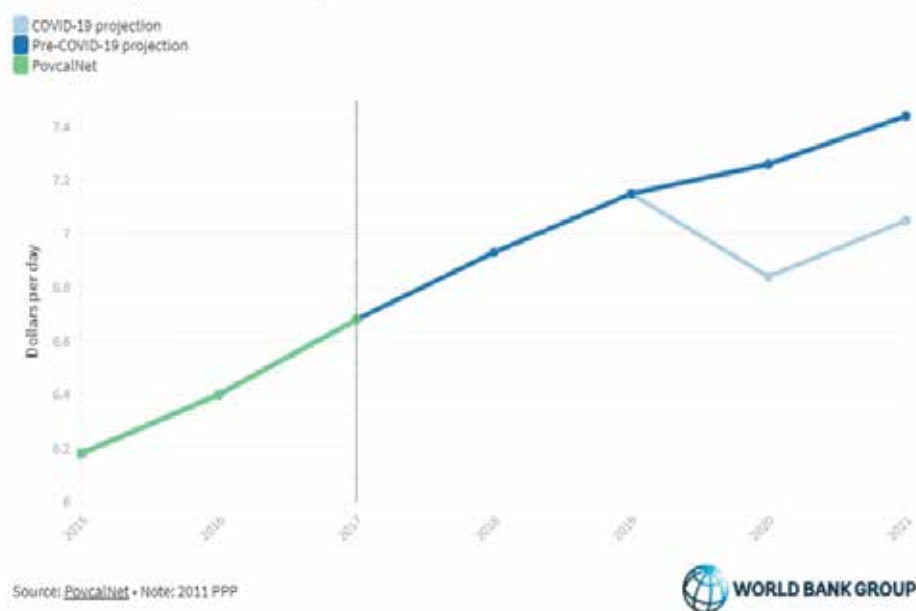
World Bank estimates 88-115 million people are living in extreme poverty.<sup>3</sup> The amount could have climbed to 150 million in 2021, with an estimated 86 million youngsters falling into poverty. The population of people living on less

than \$1.90 per day is expected to grow. According to World Bank projections, more than 665 million people would live on less than \$1.90 a day. It is projected that three to four years of progress toward eradicating global extreme poverty have been lost.

# TY IMPACTS OF

*m COVID will be felt for a long time to come.<sup>1</sup>*

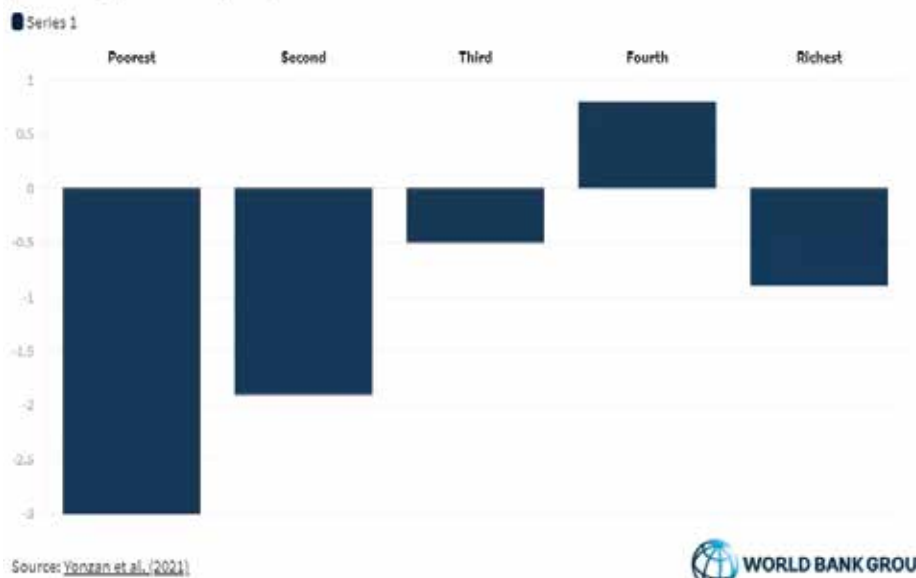
**Global daily median consumption**



Because of the divergent economic recovery, the COVID-19 problem has directly negated reducing inter-country inequality, for the first time in a generation, inter-country inequality is expected to rise.

Emerging data suggests that inequality within nations may have worsened as well. Poorer households lost income and jobs at somewhat faster rates than richer households, according to World Bank phone surveys in emerging economies, a pattern that adds to the worsening of global poverty and inequality. As a result, vulnerable groups including women, those with poor educational attainment, and those who work in urban areas in the informal economy were particularly heavily impacted.

**Percentage change in income from 2019-2021 (including COVID impacts)**



In order to ensure that the recovery is equitable and serves all groups within societies, assistance that target women, low-skilled workers, employees in the urban informal sector and children are required. This includes equitable access to opportunities and technology, as well as investments in assets.

# SOLUTION.

A valid solution for the very dire situation we are facing is **necessary** in order to help people regain **freedom to transact**.

Rebel's solution for a crisis like COVID is to shift the paradigm and rebuild a whole new society with a decentralized ecosystem of platforms that focus on making it pertinent and beneficial for current events and relationships that keep occurring around us. Rebel aims to form a good and strong network that is decentralized. Out of this a whole new society will be made from society members. Thanks to technology, humanity can now be saved from such disaster by standing and working together to provide a good solution to our problems. It is an ecosystem which allows members to continue to reap in a free market world.

We also aim to build numerous types of decentralized autonomous organization (commonly known as DAO), where members of the Rebel Society could work collaboratively toward its mission, using Rebel coin as a coordination tool. Smart contracts are economical and it could secure ways for agreements. Parties can place agreements in real-time, which are encoded and stored publicly on blockchains. The obligations can be implemented automatically as well.

The way we carry out our economic communications could be altered for the better. The platform will reduce the costs of the transaction, and verification will be made easier using this platform.

Records can be easily kept, and property rights are protected easily with the help of this platform. Consequently, by embracing blockchain and smart contract technology, we can form a novel social media ecosystem, transforming local communities internationally. A more democratic and thriving society can be formed to give everyone a chance to participate in social value creation.

Rebel offers a novel kind of socio-economic relation, where everyone—people, businesses, and non-profit establishments—actively contribute and share in the value they co-create. Such platform is a potent tool for building society—the personal, social, commercial, and governance work hand in hand to produce the best results. Local communities come together here to collectively create a digital society within which members are free to transact in a free market. This can help to bring people to the knowledge of how to get something done or make a small income to



**GRATITUDE IS WHAT WE OWE BLOCKCHAIN INNOVATORS, AS THEY HAVE RENDERED BLOCKCHAIN TO BE BOTH DISRUPTIVE AND TRANSFORMATIVE. COMBINING BLOCKCHAIN WITH PRIVACY AND DECENTRALIZATION IS MEANT TO CHANGE LIVES FOR THE BETTER.**

improve their livelihoods. The constant connection of people from different backgrounds gives positive feedback that helps every active member both socially and economically. The notion of partnership between people-business, public-private, universities-business, etc., is viewed as a mutually beneficial outcome that can be achieved in a variety of ways and across a variety of scopes. The representation of the "Co-Creation", the communal object that embodies collective co-creation to its fullest extent, broadens and extends the personification of this new paradigm, foreshadowing a revolution in every

area of our lives. Rebel offers an environment for co-creators while connecting everyone regardless of the location or situation. It offers people a chance to meet other people with better ideas and experiences which can be shared. Each member is recognized and integrated into the entire group. This makes us grow both socially and financially together. Havocs caused by crises can be treated by bringing people together and making them work handily to solve financial crisis. Rebel will certainly help people to gain the confidence to face these tough times together, as well as to be prepared for the next ones to come.

It gives people an opportunity to grow together by leveraging their resources. Businesses can do much better with the knowledge gained from members of the Rebel Society. The ecosystem holds up humanity by letting members help others while they are also gaining. This is a mutual benefit that everyone needs to grow both socially and financially. Members experience belongingness within the community, and they are interested in doing more. This in turn develops the Society, and so everyone grows together.





# BUILDING THE FUTURE

CONTACT US

<https://rebelstation.org>

# CONCLUSION

*In a host of ways, COVID-19 has affected our stability and way of living — and it isn't behind us. But the challenges of these times offer an outstanding opportunity for us to transform our societies for the betterment of all. Many of us knew that the system needed fundamental transformation. Transformation is survival from all points of view. If we properly use this opportunity for the better, it could mean improved livelihood. The opportunity is there and it is up to us to seize it.*