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## RESEARCH ARTICLE

### Post-Corona World Revisited: Economic, Political and Social Effects of Covid-19 Pandemic

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#### ABSTRACT:

Since the beginning of 2020 the world has been experiencing difficult times due the eruption and subsequent effects of a coronavirus called Covid-19. So far it has caused more than 6 million deaths, many more millions active patients and hundreds of millions recovered. More importantly many things in our economic, political, social and academic lives have changed for good. To be fair and balanced, we can talk about both negative and positive effects of Corona. On the one hand, in our so-called “new normal,” government regulations and state interventions became more visible, inflation climbed to record-high levels all over the world, we lost some of our loved ones, and wearing mask became part of our life. On the other hand, sensitivity to hygiene and cleanliness has increased, technological infrastructure and digitalization has been improved tremendously in this process, many educational services started to be offered over the internet, and virtual zoom-meetings became part of our academic life. This article reviews the basic effects of Covid-19 on economic and social life from both perspectives, negative as well as positive.

**Key words:** Covid-19, coronavirus, post-corona world, economic and social impact of corona.

**JEL Codes:** A12, I18, E50.

## 1. Introduction

As I mentioned in a previous article on the same topic, the year 2020 is likely to be one of the turning points of the 21<sup>st</sup> century because of the tremendous effects of Covid-19 on economic, political, social and academic life.<sup>1</sup> Accordingly, since the beginning of 2020 the world has been experiencing difficult times due the eruption and subsequent effects of Covid-19, which is a new type of coronavirus. So far it has caused more than 6 million deaths, many more millions being still active patients, and hundreds of millions recovered cases which will be discussed in more detail in the next section.

We can argue that many things in our economic, political, social and academic lives have changed for good due to Covid-19 pandemic. Contrary to what one may think at a first glance, it would be unfair to argue that Covid-19 has affected our lives only negatively. Taking a more balanced approach, we can talk about both negative and positive effects of Corona. On the one hand, in our so-called “new normal,” government regulations and state interventions became more visible, inflation climbed to record-high levels, food supply chains were hit terribly all over the world, and wearing mask –which is not a comfortable thing to do- became part of our life.

On the other hand, there have been some other developments which we can list among the positive changes: sensitivity to hygiene both at home and work increased, health systems have been thoroughly revised and reorganized, technological infrastructure and digitalization have been improved tremendously in this process. As such, many educational services are now being offered over the internet, and virtual zoom-meetings became part of our academic life.

In light of the above, this article reviews the basic effects of Covid-19 on economic and social life from both perspectives, negative as well as positive in the aftermath of the eruption of coronavirus with a focus on economic effects. The rest of the paper is organized as the following.

The next section evaluates the eruption and scope of the Covid-19, including an overview of the total number of cases, active patients and death toll in different countries and the world as a whole. This section also talks about the major effects of the

coronavirus on our social, political and academic life. Section 3 focuses specifically on economic effects of Covid-19. The conclusion summarizes the main findings and the lessons to be taken from this process.

## 2. Eruption, Scope and Major Effects of the Covid-19 Pandemic

As the old Turkish saying goes, “hafıza-i beser nisyan ile maluldür,” meaning, the human memory is defected with forgetfulness. As such, many of us tend to forget what happened in the history before the eruption of Covid-19 and tend to think that this was something unprecedented and a different one. Certainly Covid-19 was not the first and will not be the last of pandemic diseases. Moreover, in terms of the relative killing power or in terms of the number of deaths as a percent of the population Covid-19 is one of the least dangerous ones, causing relatively smaller death rates around 1%. Kilic<sup>2</sup> talks about in detail many of the pandemics that have been observed throughout history, their consequences, and estimated death rates. In other words, there have been many similar epidemics or pandemics humanity faced throughout history including plague, malaria, cholera, yellow fever, smallpox, influenza, tuberculosis, typhoid, typhus, and syphilis. All of these were important epidemic diseases that caused deaths in mass. Many of these diseases caused much more human lives than the coronavirus we are having today.

The symptoms of coronavirus were detected first in Wuhan, China in December 2019 and rapidly spread around the world. As soon as it was realized that this was a dangerous new type of coronavirus, strict measures were taken by all countries to prevent it from further spreading and curing the infected patients. These measures included isolation (forced stay at home), business lockdowns, strict limitations or ban on internal and international flights as well as land route transportation.

Despite all the measures taken, however, it was impossible to prevent hundreds of millions of people from getting infected and many of them eventually die. Table 1 summarizes total number of cases and casualties due to Covid-19 and vaccine doses administered as of December 23, 2022.

**Table 1. The Cost of Covid-19: Total Cases and Deaths (as of December 23, 2022)**

| Countries             | Total cases | Deaths               | Vaccine doses administered              |
|-----------------------|-------------|----------------------|---|
| <b>World</b>          | 651,918,402 | 6,656,601<br>(1.02%) | 13,073,712,554 (As of 21 December 2022) |
| <b>USA</b>            | 99,027,628  | 1,080,010<br>(1.09%) | 647,345,101 (As of 1 December 2022)     |
| <b>India</b>          | 44,676,678  | 530,690 (1.19%)      | 2,199,517,388 (As of 5 December 2022)   |
| <b>France</b>         | 37,988,187  | 157,364 (0.41%)      | 153,069,144 (As of 15 October 2022)     |
| <b>Germany</b>        | 37,177,845  | 160,611 (0.43%)      | 191,799,871 (As of 26 November 2022)    |
| <b>Brazil</b>         | 36,044,441  | 692,461 (1.92%)      | 493,700,899 (As of 1 December 2022)     |
| <b>Italy</b>          | 24,884,034  | 183,138 (0.74%)      | 148,917,486 (As of 26 November 2022)    |
| <b>United Kingdom</b> | 24,135,084  | 198,937 (0.82%)      | 151,248,820 (As of 10 September 2022)   |
| <b>Russia</b>         | 21,750,711  | 393,277 (1.81%)      | 181,894,298 (As of 10 December 2022)    |
| <b>Turkey</b>         | 17,004,677  | 101,419 (0.60%)      | 139,624,472 (As of 26 November 2022)    |
| <b>China</b>          | 10,167,676  | 31,585 (0.31%)       | 3,465,113,661 (As of 28 November 2022)  |
| <b>Iran</b>           | 7,560,629   | 144,672 (1.91%)      | 154,753,596 (As of 6 December 2022)     |

Source: WHO.<sup>3</sup>

As it can be seen from Table 1, globally there have been nearly 652 million confirmed cases of Covid-19, of which nearly 6.7 million are deaths reported to WHO, yielding a 1.02% death rate. As of December 21, 2022, a total of roughly 13.1 billion vaccine doses have been administered. In terms of the number of cases, the USA is at the top of the list with more than 99 million cases, followed by India (44.7 million), France (38.0 million), and Germany (37.2 million). In terms of number of deaths, the USA is again on the top of the list with nearly 1.1 million losses, followed by Brazil (692 thousand), India (530 thousand), and Russia (393 thousand). Death rates range between 0.31% (lowest) and 1.92% (highest). It is interesting to note that, even though it is the source of the virus and the most populated country in the world with nearly 1.5 billion total inhabitants, China is at the bottom of the list with the smallest number of cases (except for Iran), deaths, and death rates (10.2 million, 31.6 thousand, and 0.31%, respectively).

As has always been the case when faced similar tragedies, a number of conspiracy theories have been spread out around the world on who produced the virus and on what purpose with what kind of dark expectations. Some blamed China for inventing it in order to challenge US's political, military and economic hegemony in the world, while others blamed US for just the opposite reasons: stop China's rise as a new world hegemonic power. Some conspiracy theories' favorite scapegoat for

perpetrating the virus were big capitalists with monopoly power like Bill Gates. In this regard Acar,<sup>1,4</sup> Arabaci,<sup>5</sup> Bitchute,<sup>6</sup> Cevik,<sup>7</sup> Internethaber,<sup>8</sup> Milli Gazete,<sup>9</sup> and Yilmam<sup>10</sup> talk about several corona-related conspiracy theories regarding who perpetrated the pandemic, who benefits from it and what kind of dark forces would be involved in getting it spread around the world from behind the curtains.

Conspiracy theories may provide mental or psychological comfort when we face complicated, difficult, and problematic cases that are not easy to explain, but they are far from convincing as they are not based on any solid evidence but rather on simple groundless blames on some scapegoats. I believe that, in order to be convincing or plausible, we have to think carefully and rely on solid evidence, scientific research, facts and figures to explain such events; conspiracy theories in this context may be subject to jokes and used as a magazine material, should be thrown into trash otherwise.

There is no doubt that Covid-19 was a serious pandemic and it affected our lives in many ways. In other words, the pandemic has created economic, political, social and academic consequences which has changed our lives at differing degrees. Usually people tend to think of the negative effects of the pandemic and exaggerate them. But when we think about it more thoroughly, we can enumerate some

positive effects as well alongside the typical negative effects we keep hearing every day.

First of all, as a result of curfews and lockdowns imposed by the governments, we had to stay at home for almost a year and a half, which affected our lives tremendously. It was hard to stay at home day and night, together with all family members in a limited space, in most cases doing nothing but watch TV, surf over the Internet, and play games. Many people, especially the older ones, psychologically got into trouble and this added new difficulties over the existing corona-related difficulties and health problems.

Secondly, we got acquainted to wearing masks because otherwise we were not allowed to go out, shop, work, or travel. Wearing masks and the so-called “social distance” became part of our “new normal.” The concept of “social distance” by the way is obviously a misnomer because it is the “physical,” not “social” distance we wanted to keep against others during the pandemic. We wanted to continue to interact, communicate, talk, trade, shop (i.e. keep all social relations going), but we did not want to come too close to one another, which is the physical distance. Yet, as the famous Turkish saying goes: “Galat-ı meshur lugat-ı fasihten evladır,” (i.e. mumpsimus –grammatical mistake sanctioned by usage- is preferred to the grammatically right one), this misnomer somehow became a common phrase used worldwide during the pandemic to warn people.

Thirdly, it is also important to note that sensitivity toward cleanliness and hygiene has increased greatly in this process. We rediscovered the importance of washing hands and faces carefully and frequently, keeping away from crowded places and unclean areas.

Fourthly, governments had to intervene the markets and our daily lives heavily determining almost everything on what can be done and what not, when to go out and when not, under what conditions we can work, travel, do business or not, etc. This clearly ruined the balance between state and the market, leaving only a tiny space for the market forces and a huge space for the public authorities. It is a well-known fact in economic literature that the bigger is the government and larger the size of the public expenditures, the smaller is the private sector and volume of the private investments, which is called “the crowding out effect.” It is because the financial resources are limited as all other resources and as government uses more of those limited resources, the amount that can be used by the private enterprises for investment purposes gets ever smaller. It is important to note that there are many problems with ruining the balance and having a big, all-

powerful government including negatively affected political rights and civil liberties, huge fiscal deficits and heedlessly high monetary expansions and the subsequent high inflations, which we will discuss in the next section more deeply.

Fifthly, a number of countries including Germany, China, Russia and Turkey were able to invent the necessary vaccine to cure the disease in a relatively short period of time. This is certainly something good as to its implications for the prospective similar pandemics in the future. As indicated in Table 1, more than 13 billion vaccines have been administered so far to fight against Covid-19 at the global level. Many countries had to review and improve the quality of the health services offered through the hospitals and the social security systems. Covid-19 pandemic in a sense played a positive role to send the governments a wake-up signal in this respect. Accordingly, many countries reorganized their health and social security systems.

Sixthly, Covid-19 forced in a sense all countries to improve their technological infrastructure so that many services could be offered via electronic means, i.e. over the Internet now. As such, during the curfew and lockdowns due to the pandemic, education at all levels (elementary, secondary, as well as higher education) were started to be offered online. For almost two years all courses without exception were delivered using electronic platforms such as Microsoft Teams, Adobe Connect, Zoom, etc. Even after the curfew and lockdowns are over, some of the courses are still being offered online. Today almost everywhere the Covid-19 bans have been lifted, schools are reopened and face-to-face education has been returned to its usual traditional format. However, many of the courses are still continued to be offered online, especially at the graduate level. This implies that education at all levels can now be offered online whenever it is needed, which is obviously a gain on the part of countries, governments and civil society, or the humanity at large.

Last but not least, thanks to the “new normal” brought about by Covid-19, communication and interaction on electronic platforms exploded. Intellectuals, academics as well as members of NGOs are now organizing zoom-meetings almost every day to discuss and exchange of ideas on scientific, political, economic, cultural and social issues. The number of meetings and the level of interaction is now at an unprecedented level. Thanks to the Internet, social media, computer technology and digitalization, people from different cities and even different countries can now come together easily and discuss any issue they are interested. Personally I have been invited to participate

several such online meetings every week; besides, I also contributed to many of them as a speaker. This is obviously a positive development on the part of human beings since they are social creatures, they need to talk, communicate and interact, and these became possible, easier and cheaper than ever. Such online interactions would also help ever more people to exchange ideas and disseminate knowledge, experience and the findings of their scientific research.

The next section discusses the economic effects of Covid-19 pandemic in more detail.

### 3. Economic Effects of Coronavirus: Big Government, High Inflation

It is certain that the most important, visible, comprehensive and influential effects of the pandemic are related with economic life. Right after the eruption of the coronavirus we observed quite visible, concrete results in the labor market, manufacturing industry, services sectors (especially in transportation, tourism, travel, and education), and agriculture. The negative effects of the pandemic have been observed both from demand as well as supply side: labor supply globally decreased, levels of production in all industries fell, economies slowed down at a global level, many businesses were locked down, and the supply chain

was broken. Although there was a sharp decline for a short period of time in the oil prices right after the eruption of the pandemic, input costs and energy prices increased over time. Except for the health industry, people lost their jobs everywhere, hence they lost their income. Accordingly, governments had to take certain measures and increase public expenditures to help people, business enterprises, the poor and the needy, etc.

Duran and Acar<sup>11</sup> discussed the macroeconomic effects of Covid-19 all over the world. Seker, Ozer and Korkut<sup>12</sup> provided a critical evaluation of the pandemic from various perspectives ranging from health, education, R&D and innovation, academic works and publications, international relations, comparative politics, and global security and governance.

In an effort to help people and the business world, governments all over the world had to introduce a series of monetary and fiscal policy measures, as would be expected. These measures included monetary expansions, reducing interest rates, assistance packages to businesses and social aids. Table 2, Table 3 and Figure 1 below give details on such policy measures and their relative sizes with respect to GDP in different countries from various income groups.

**Table 2. Monetary and Fiscal Policy Measures by Governments to Fight COVID-19**

| Policy          | Measures  | Implementing country   |
|-----------------|---|--|
| Monetary Policy | Mandatory regulatory operations by the banks and offering debtors affected by Covid-19 principal and interest moratorium. | Ireland, China, Nigeria, Italy.                                    |
|                 | Providing liquidity by the central banks to the financial markets.  | USA, China.  |
|                 | Purchases by the central banks of bonds and securities with rapidly decreasing values.                                    | Australia, EU, Canada.   |
|                 | Reducing interest rates by the central banks.   | Turkey, USA, New Zealand, Japan, UK, Nigeria, South Korea, Canada. |
|                 | Continuous credit flow to the banks, SMEs, public health sector, individuals and critical enterprises.                    | UK, USA, Australia, Nigeria  |
| Fiscal Policy   | Approval by governments of big federal assistance packages for industries heavily affected by Covid-19.                   | UK, USA, Australia, Nigeria, Turkey.                               |
|                 | Social aid payments to support all households.  | Australia, USA, Turkey.  |
|                 | Providing income support for individuals.   | Australia, USA, UK, India, Turkey.                                 |

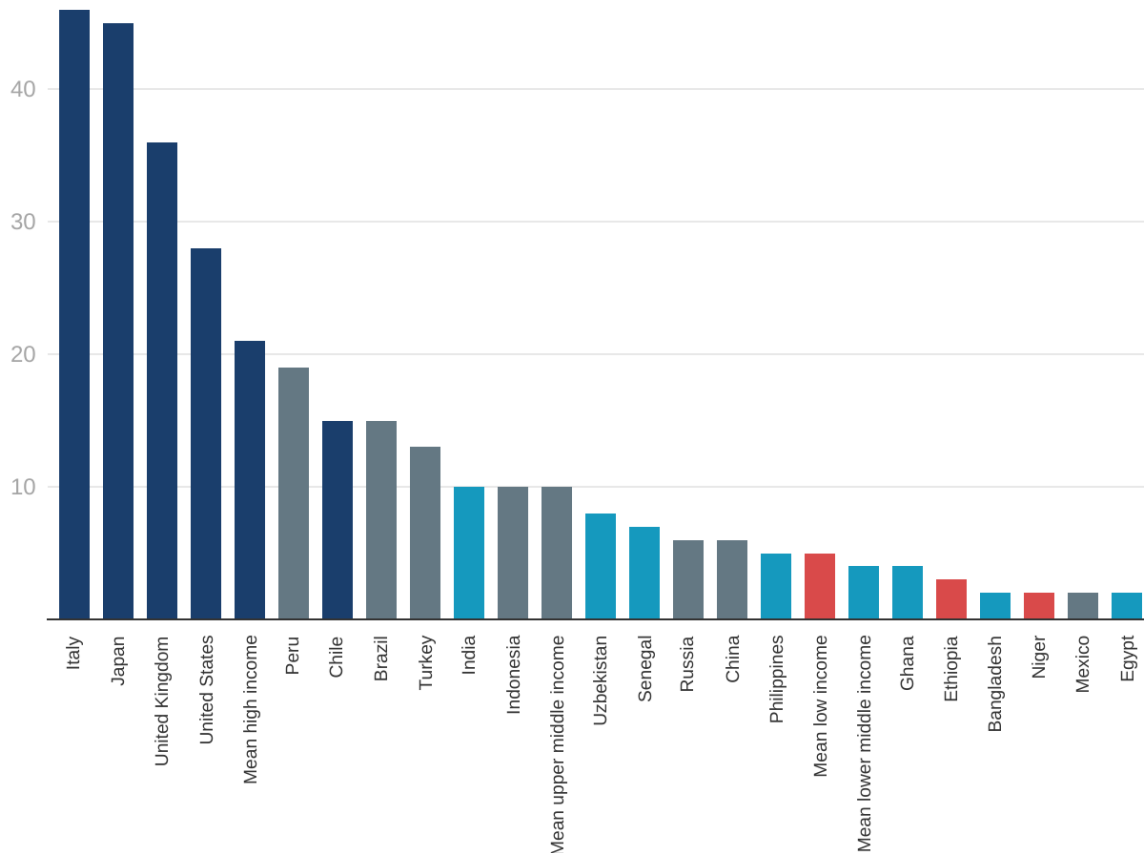
Source: Ozili and Arun (2020).<sup>13</sup>

**Table 3. Fiscal Response to the COVID-19 Crisis (Selected countries by income group)**

| Country                         | Share of GDP (%) | Country                  | Share of GDP (%) |
|---------------------------------|------------------|--------------------------|------------------|
| Italy                           | 46               | Senegal                  | 7                |
| Japan                           | 45               | Russia                   | 6                |
| United Kingdom                  | 36               | China                    | 6                |
| United States                   | 28               | Philippines              | 5                |
| <b>Mean high income</b>         | <b>21</b>        | <b>Mean low income</b>   | <b>5</b>         |
| Peru                            | 19               | Mean lower middle income | 4                |
| Chile                           | 15               | Ghana                    | 4                |
| Brazil                          | 15               | Ethiopia                 | 3                |
| Turkiye                         | 13               | Bangladesh               | 2                |
| India                           | 10               | Niger                    | 2                |
| Indonesia                       | 10               | Mexico                   | 2                |
| <b>Mean upper middle income</b> | <b>10</b>        | Egypt                    | 2                |
| Uzbekistan                      | 8                |                          |                  |

Source: WDR 2022 team, based on IMF (2021).<sup>14</sup>

Share of GDP (%)



**Figure 1. Fiscal Response to the COVID-19 Crisis (Selected countries by income group)**

Dark blue = High-income | Gray = Upper-middle-income | Light blue = Lower-middle-income | Red = Low-income

Source: World Bank (2022).<sup>15</sup>

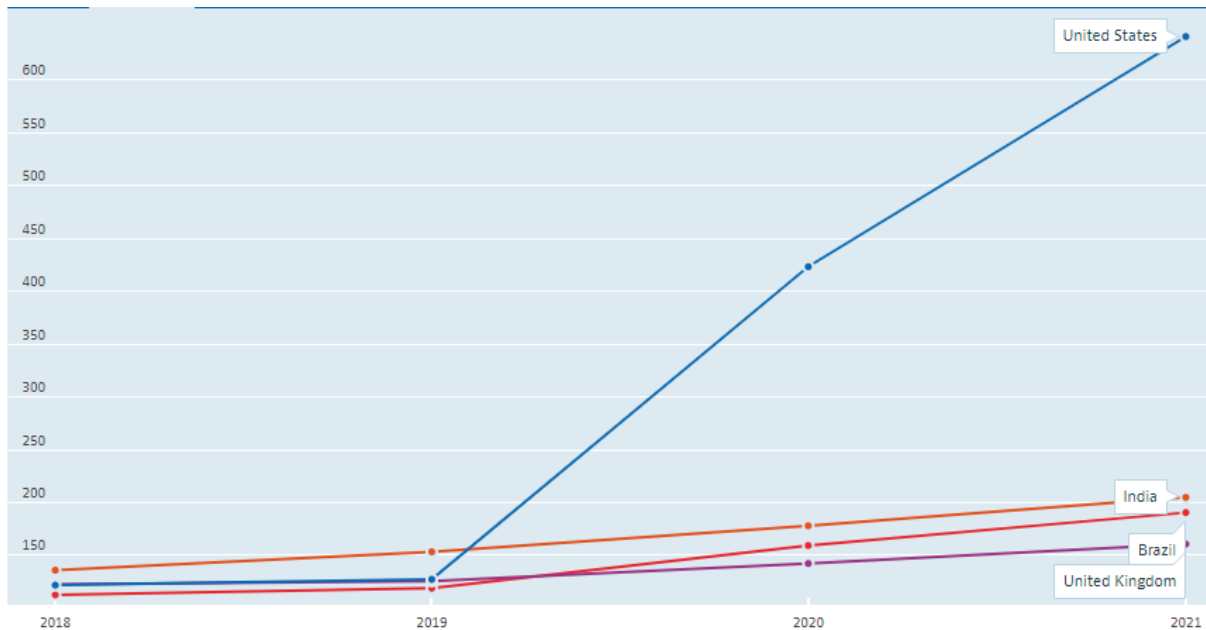
**Note:** The figure reports, as a percentage of gross domestic product (GDP), the total fiscal support, calculated as the sum of “above-the-line measures” that affect government revenue and expenditures and the subtotal of liquidity support measures. Data are as of 27 September 2021.

As one can see from Table 3 and Figure 1, fiscal response given by governments from all income groups were huge, reaching -on the average- 21, 10 and 5 percent of GDP in the high income, upper middle income, and low income countries, respectively. Some countries spent nearly half the GDP (Italy, 46%), some spent almost one-third (US, 28%), others spent more than 10% of their GDP (Türkiye, 13%) when fighting against negative effects of the pandemic.

As elaborated by Acar,<sup>16</sup> universal laws of economics clearly assert that everything has a price; in other words, there is no such thing as a free lunch. The unavoidable consequence of increasing public expenditures tremendously is huge budget deficits. There are basically three ways to finance

government expenditures and the subsequent budget deficits: increasing taxes, printing money, and borrowing.

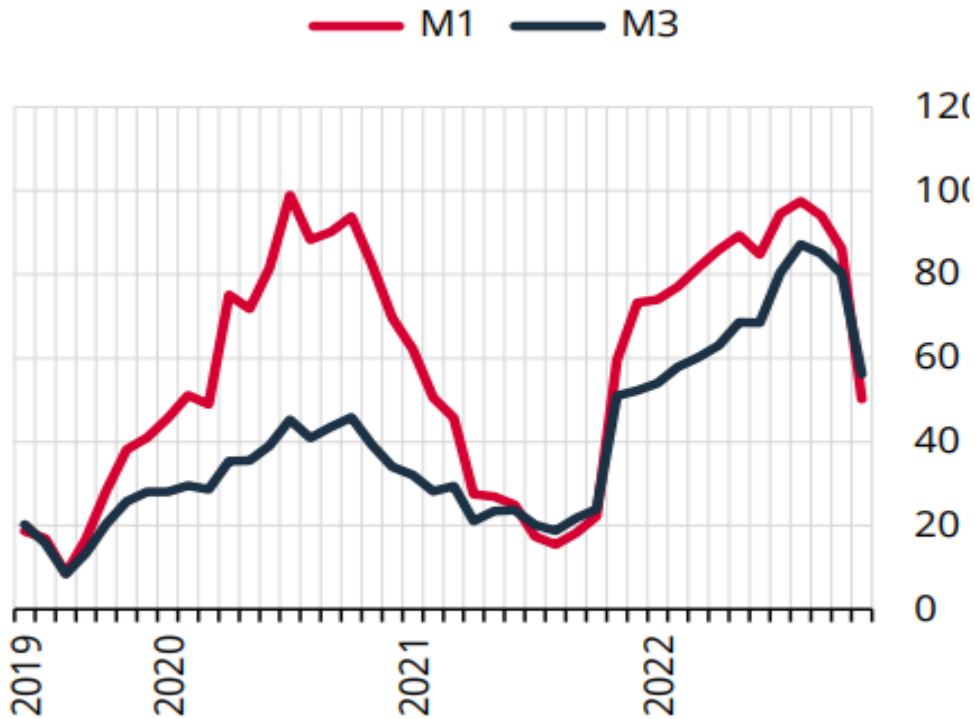
In an atmosphere of a pandemic where many people lose their jobs, production falls and economy shrinks, there is no way to increase taxes. Borrowing also has its own limits: again, in an atmosphere of a pandemic, there are not many who would be willing to lend because they themselves are in need of money. Therefore, in Covid-19 process many governments were left with nothing other than printing money, i.e. monetary expansion, and that's what they did. Figure 4 and 5 show the monetary expansion in selected countries (United States, India, Brazil, United Kingdom, and Türkiye) during the pandemic.



**Figure 4: Monetary Expansions in Selected Countries During Covid-19 Pandemic (Narrow money / M1, 2018–2021, 2015=100)**

**Source:** OECD (2022).<sup>17</sup>

Narrow money (M1): Currency i.e. banknotes and coins, plus overnight deposits. M1 is expressed as a seasonally adjusted index based on 2015=100.



**Figure 5: Monetary Expansion in Türkiye (M1/narrow money and M3/broad money, November 2022, annual % growth)**

Source: TCMB (Central Bank of Türkiye), 2022.<sup>18</sup>

As one can see from Figure 4 and 5, countries all around the world and from various income groups have resorted to monetary expansions during the pandemic. Taking 2015 levels as a baseline, UK increased money supply by more than 150%, Brazil and India by nearly 200%, and the US by more than 650% (Figure 4). Türkiye, as a country trying to introduce somehow different, unexpected, atypical things and flirting with unorthodox economic policies in recent years, also increased money supply since 2019 both in narrow (M1) and broad terms (M3) tremendously, ranging between 80 to 100% (Figure 5).

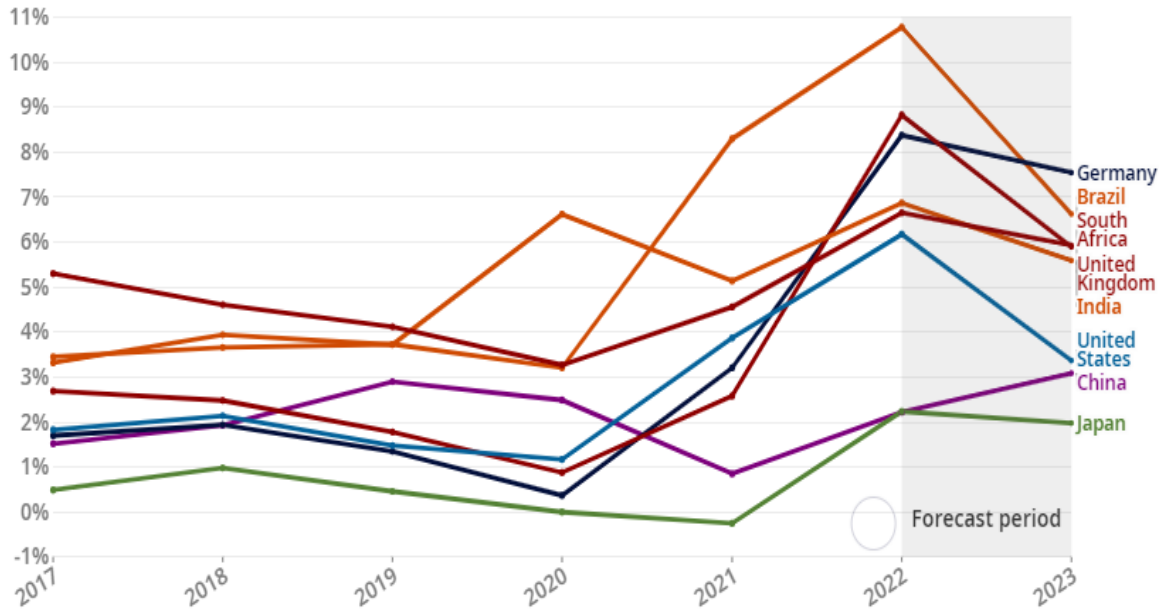
However, even though the politicians and the bureaucrats do not like it and a vast majority of them tend to think otherwise, there are universal laws of economics, just like the physical or natural laws, regardless of geography, culture, religion, ethnic identity or political orientation Acar<sup>16</sup> and

Reed<sup>19</sup> enumerate several of those universal laws that influence our lives directly or indirectly. As Friedman & Friedman<sup>20</sup> put it very clearly, one of them has to do with the relationship between monetary expansion (i.e. printing money) and inflation, which says “inflation is always and everywhere a monetary phenomenon.” In other words, if you print too much money, or if the rate of monetary expansion exceeds the rate of real output growth, you will necessarily face with higher inflation, which means that sooner or later, but eventually the prices will inflate. This is what exactly has happened as a result of the tremendous monetary expansions all over the world during the pandemic.

Figure 6 shows inflation rates for selected countries in recent years.



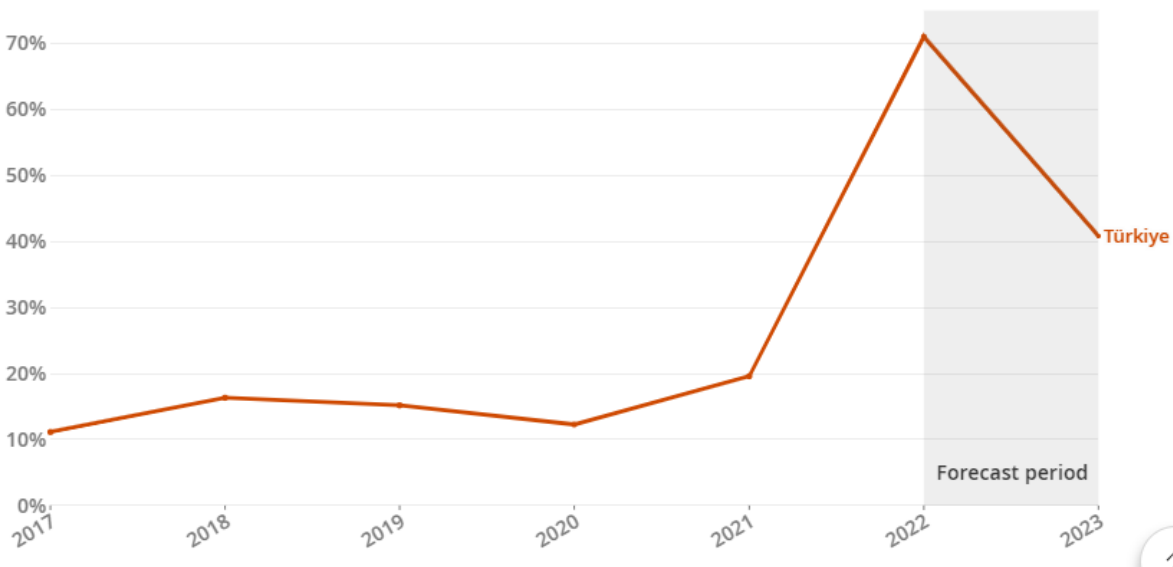
**Figure 6. Inflation Rates for Selected Countries (year-over-year, %)**



Source: OECD, 2022.<sup>17</sup>

As we can see from Figure 6, until 2020 (i.e. beginning of Covid-19 pandemic) inflation rates in all countries ranged between 0-4%. Record-high level monetary expansions since then led to record-high levels of inflation, ranging between 2 to 8-fold. Türkiye was not exception with regard to the universal law of economics indicating the monetary nature of inflation. Figure 7 shows inflation rate in

Türkiye where 80-100% monetary expansions led to record-high level of inflation in the world. The reason we could not include Turkey in Figure 6 is because it is “out of charts,” inflation jumping from nearly 10% in 2020 to over 70% in 2022. The officially declared inflation rate (CPI) in Türkiye as of November 2022 is 84.4%.<sup>21</sup>

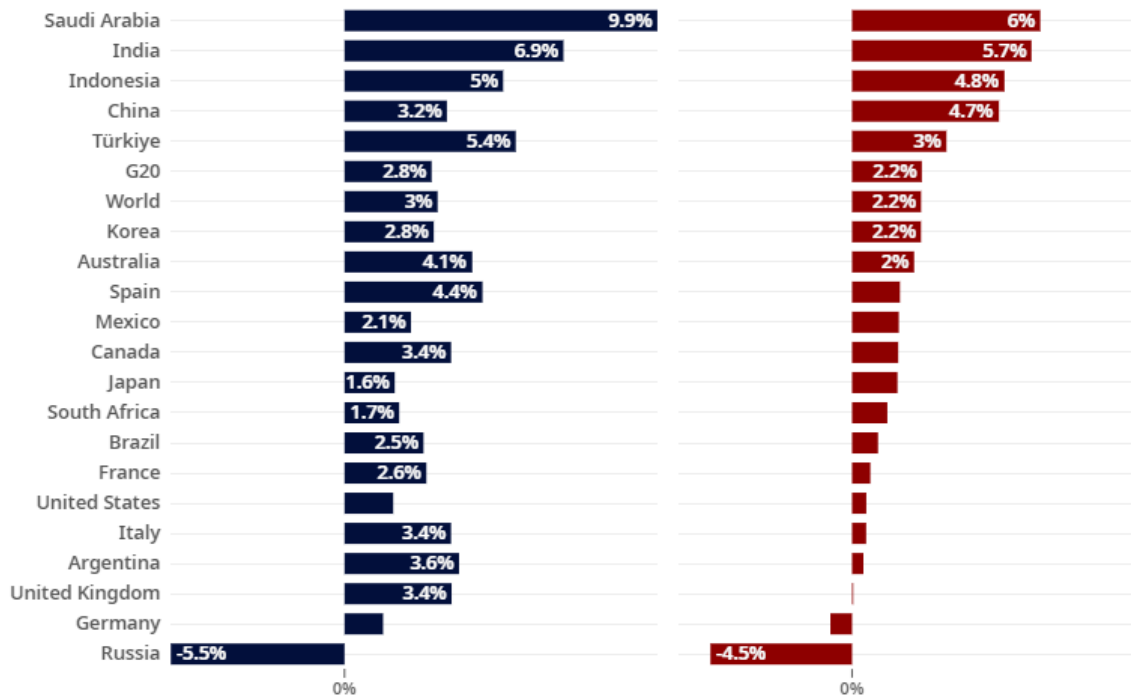


**Figure 7. Inflation Rate in Türkiye (year-over-year, %).** Source: OECD, 2022.<sup>17</sup>

Due to the pandemic, the world economy shrank in 2020 for the 2<sup>nd</sup> time since the World War II, where the 1<sup>st</sup> one had happened during 2008

global economic crisis. In 2021 economic growth was positive globally just like 2022. According to OECD, however, the world economy is projected to

be slowing down in 2023 (Figure 8), which implies that the problem is not over.



**Figure 8. Real GDP Projections for 2022 (blue) and 2023 (red) (year-over-year, %)**  
Source: OECD, 2022.<sup>17</sup>

To wrap up, we can say that even though the most visible effects of Covid-19 are economic effects, they are by no means limited to the economic realm. The destructive effects of the pandemic have been observed in many areas including health, politics, academia, education, and social life. There are numerous studies investigating these effects from different angles. For example, Maral<sup>22</sup> examined its psychological effects and the sequential mediating role of parental stress, relational resilience, and the attitude towards gender equality in the relationship between married parents and family cohesion during the pandemic and found that the effect of individuals' psychological resilience on parent stress was statistically significant. Varisli and Gultekin<sup>23</sup> stated that the pandemic interrupted the mobility at a global level, hence causing recession and uncertainty about the future. UNDP<sup>24</sup> argued that the pandemic was much more than a health crisis and would lead to a series of potential social, economic and political crises, inflicting certain permanent damages. ILO<sup>25</sup> announced that Covid-19 has been the most effective global crisis since WWII, predicting that it would affect more than 2.7 billion workers worldwide. In the area of education, UNESCO<sup>26</sup> predicted that more than 1.5 billion students around the world would be affected by the pandemic due to school shut downs. Akbas-

Zeybekoglu and Dursun,<sup>27</sup> Campbell,<sup>28</sup> and WTO<sup>29</sup> stressed that pandemic related measures such as "social distance" rule, social isolation, quarantine, curfew, travel limitations, business lockdowns, etc. turned into a universal social problem by forcing individuals, families and societies to change their attitudes and life styles radically. Abukan *et al.*,<sup>30</sup> Isik,<sup>31</sup> and Usher *et al.*<sup>32</sup> stated that the risk of getting infected by the virus despite all measures and the anxiety created by this risk triggered a process in which the physical, mental, social and psychological health are put in danger. Turkish Academy of Sciences (TUBA) published a comprehensive book (edited by Seker *et al.*)<sup>12</sup> called *Reflections on the Pandemic in the Future of the World* where many scholars investigated the impact of the pandemic on many dimensions of economic and social life including health, education, law, R&D and innovation, academic research and publications, international relations, comparative politics, global security and cooperation, global governance, economics, and finance.

As a last remark regarding the disturbed balance between state and the market, as elaborated skillfully by Skousen,<sup>33</sup> there has been a conflict between market forces and governments throughout history; sometimes pro-market policies were adopted and sometimes command economy and government control dominated. Covid-19

pandemic clearly led to a period of big governments, state control and regulations, hence seriously damaging free-market economy all over the world. But for a healthy, efficient, productive, creative, innovative and a free society we have to keep a balance between market and state where the latter should be involved more in ensuring national security, basic rights and freedoms, and securing justice rather than deciding basic economic questions on what, how, how much, where, when and for whom to produce. Based on our recent experience since the beginning of the pandemic, we hope that governments, politicians and bureaucrats once again see the importance of having a balance between market and the size of the government. As a typical consequence of losing this balance and leaving aside the principle of sound money, almost all countries around the world today suffer from record high inflation. As mentioned earlier, one of the universal laws of economics tells us that, inflation is always and everywhere is a monetary phenomenon, as the great economist with Nobel Prize Milton Friedman once put it once. This means that, if you print too much money, inflation is unavoidable as we observe now everywhere. We predict that, sooner or later, the negative effects of increasing the size of government and too much interventions and leaving less space to the private enterprises will become more visible and this will trigger new endeavors to balance the size of government and market economy in the near future. The fact that the central banks have already started to implement tighter monetary policies in many countries including the US and the EU can be seen as an indication of this phenomenon.

#### 4. Conclusion

The world has been going through difficult times since the early 2020 due to the tremendous effects of a new type of coronavirus called Covid-19. Starting first in Wuhan, China, the virus spread out rapidly all over the world within a few months and turned into a global pandemic. After almost three years from its eruption, we now have some experience to talk about the scope and its impact on economic and social life. Contrary to the popular view focusing only on the negative effects of coronavirus, this paper argues that there are some positive as well as negative effects.

Among the negative effects, we should mention first of all the fact that almost a year and a half people all over the world were forced to stay at home, businesses were forced to close in a process called lockdown, economies all over the world had negative growth or slowed down with certain problems both on demand as well as supply side characterized by falling aggregate demand, loss

of labor force, negative economic growth, broken supply chains in many sectors, increasing input costs combined with rising oil and energy prices, etc. This process eventually led to growing size of governments and higher degree of state interventions all over the world with increasing public expenditures, printing money, expansionary monetary and fiscal policies, resulting in increasing money supply and budget deficits, hence inflation rates climbing to record-high levels. From our experience in the 1970s and 1980s, we already know the unavoidable problems with Keynesian type of big governments: inefficiencies, huge public finance and budget deficits, and higher inflation. Due to the pandemic, the balance between state and the market established in the 1980s and 1990s through reforms on downsizing governments, privatizations and deregulations is obviously broken now in favor of state and against the market forces and private enterprise. It seems that it will take some time to return to the conditions of a free market economy, small and limited governments and liberal economic policies again.

However, there are certain positive developments we should mention as well in this process. First of all, all countries had to review and improve their health systems, which made life easier for the patients and potential patients. Secondly, countries improved their Internet and digital infrastructures so that many educational, banking, and public services can now be offered online through the Internet and digital platforms. Thirdly, sensitivity to hygiene and cleanliness has increased which is critical in the context of a preventive action against potential diseases. Fourthly, dissemination of information and accumulation of knowledge among academics, intellectuals, NGOs and other institutions became ever faster, easier and wider through digital platforms and online meetings.

As a conclusion, there are good news, as well as bad news regarding Covid-19. The good news is that we were able to survive with relatively smaller rates of deaths; life turned to normal to a great extent today; we learned how to survive under such abnormal conditions, we improved our health systems and technological infrastructure to offer many services online, and we are now more sensitive on hygiene and cleanliness. Bad news includes, on the other hand, the pandemic is not totally over; the world economy suffers from high inflation and slower growth due to monetary expansions and supply side factors; we have big governments everywhere controlling and dictating almost everything on what to do and what not, partly and ironically reminding of the Big Brother character in George Orwell's famous novel 1984. Based on our experience and the problems of big

government and regulations before 1980s, we should focus now more on limited government, leaving more space to private enterprise, and rebalance state vs. market while working on improvements of health and education systems to fight possible similar crises in the future.

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Prof. Acar has graduated from Middle East Technical University (METU, Ankara, Türkiye), Department of Economics (1986). He worked at Turkstat and Isbank, Türkiye's biggest commercial bank, (1986-1993) before he decided to pursue academic career. He received master's (1996) and PhD degrees (2000) from Purdue University (USA). He became associate professor (2004) and full professor (2009) in the area of economic development and international economics. He worked at Kirikkale (2000-2011) and Aksaray Universities (2011-2015) where he also assumed administrative responsibilities as the department chair, the dean and the rector. He has been working at Konya Necmettin Erbakan University, Department of Economics since 2015. Being a TUBA (Turkish Academy of Sciences) member, he has contributed at various levels to such institutions as TUBA, Tubitak, Ulakbim, and GTAP Center, Purdue University. His areas of interest include general equilibrium analysis, regional economic integrations, globalization, agriculture and

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