

The relationship between COVID-19 pandemic and people in poverty

Exploring the impact scale and potential policy responses

EXECUTIVE SUMMARY

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Introduction

As COVID-19 sweeps the globe and communities through-out Canada, Canada's poverty reduction goal in 2020 could be delayed due to this pandemic, although Canada's official poverty rate declines to 8.7% in 2018 (Depner, 2020). People living close to or at the poverty line prior to the COVID-19 are suffering the hardest during this crisis, numerous additional low-income people will live in poverty due to the unprecedented economic downturn in the long-term. New state of poverty in Vancouver needs to be updated and refined for drafting the first phase Poverty Reduction Plan and shaping the COVID Recovery Strategy for City of Vancouver. Therefore, this research project aims to identify the relationship between COVID-19 pandemic and poverty in Vancouver, by analyzing how could COVID-19 push people into poverty and the impact of COVID-19 on people already living in poverty. Then several examples of COVID-19 recovery policies and projects being implemented elsewhere that could support people experiencing poverty in Vancouver are provided at last.

Background

Outbreak of coronavirus named COVID-19 is causing deaths, illnesses and economic despair around the globe. Over 20 million cases have been confirmed worldwide by August 14, 2020, including 0.75 million deaths cases. Growing demand for urgent healthcare and rising death tolls are straining national healthcare systems. The pandemic is disrupting global supply chains and international trade. With nearly 100 countries closing national borders during the month of March, the movement of people and tourism flows have come to a screeching halt. Millions of workers around world are facing job losses. In Canada, almost two million Canadians lost their jobs in April (Willms, 2020), and the unemployment rate jumped to 13% from 7.8% in March. Moreover, the country's unemployment rate climbed to 13.7% in May. In British Columbia, the province has lost 420,900 jobs from April 2019 to April 2020, including 264,100 jobs lost in April. Up to April, more than 400,000 people applied for B.C. one-time emergency benefit of \$1,000 (Fletcher, 2020). Figure 1 summarizes the monthly unemployment rate across the country, the province, and the city.

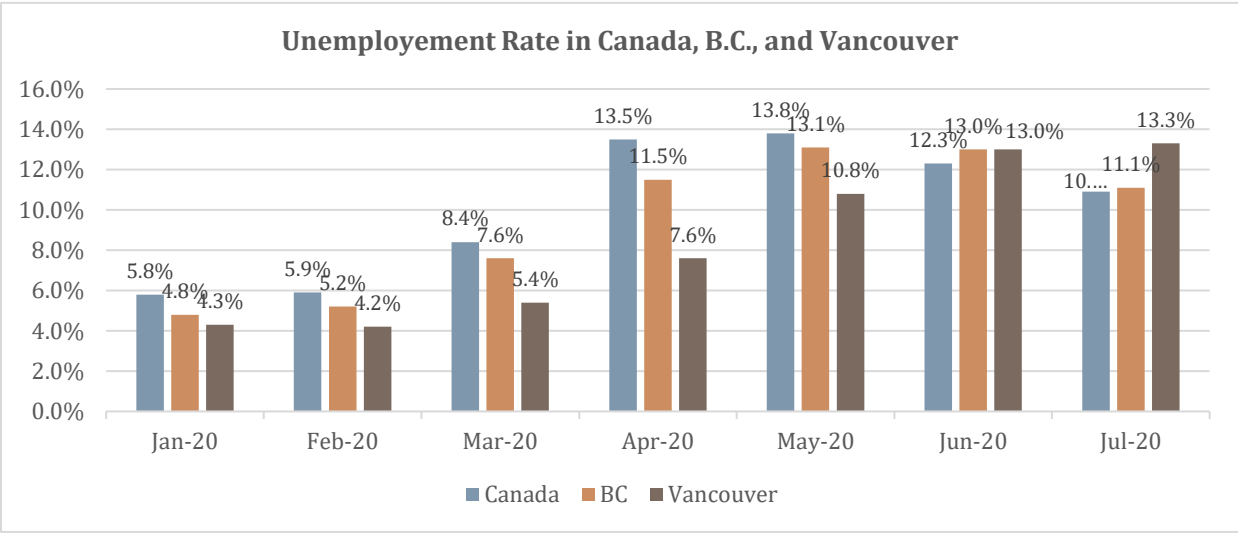


Figure 1: Monthly unemployment rate in Canada, B.C. and Vancouver in 2020

(Source: Statistics Canada. [Table 14-10-0095-01 Labour force characteristics by census metropolitan area, three-month moving average, unadjusted for seasonality](#))

The COVID-19 pandemic is deepening the societal inequalities which have already been extremely uneven. When inequality is high, the cost of living tends to rise, forcing more lower-income families to live paycheck to paycheck. More burdens are pushing onto the people who are in lower economic strata in today’s polarized economies and labour markets. People in poverty are more likely to work in front-line and service industry, live in inadequate housing, access limited healthcare resources, struggle in food insecure and chronic disease, all of these will further depress their productivity and raise living costs, leading to deeper poverty. As a result, the coronavirus crisis deepens the gap between the haves and have-nots. In City of Vancouver, the income statistics also highlight the poverty risk for low-income people. In 2016, 20% of labour in Vancouver are in low income (Figure 7), which means 1 in 5 people in Vancouver are experiencing poverty. Figure 3 explains the typically vulnerable groups that composed the low-income population. Particular attention should be paid to groups such as youth, lone-parent family, racialized communities, new immigrants, seniors, and people with disabilities, those who have a higher probability of living in poverty due to systemic barrier and lack of opportunity. Overall, numerous vulnerable people are falling into poverty line or deeper poverty through the cracks in COVID-19 response to date.

City of Vancouver: Low Income Rates, 1996-2016

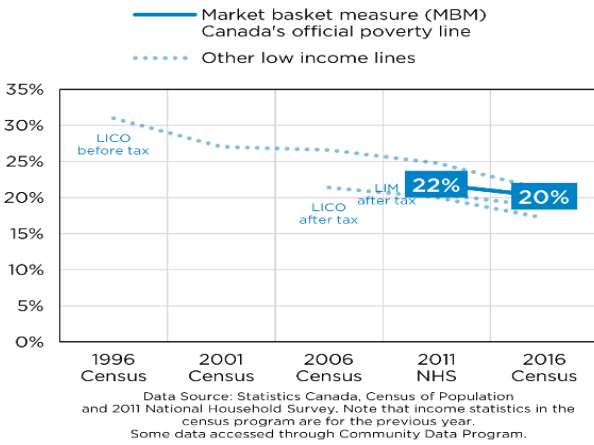


Figure 2: City of Vancouver low-income rates, 1996-2016

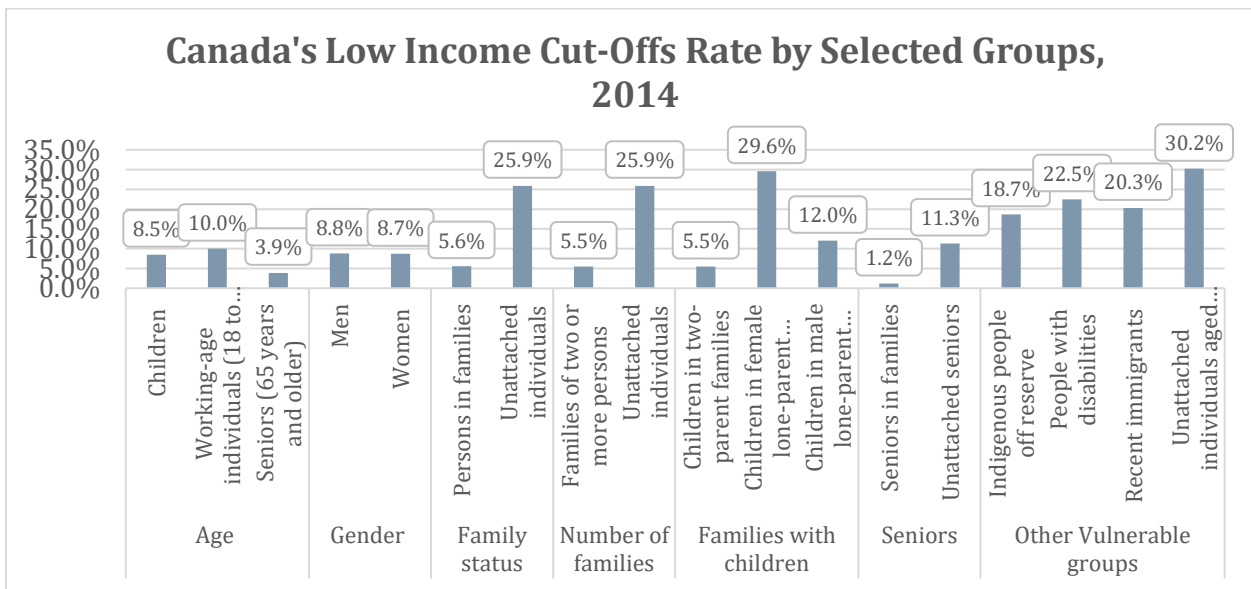


Figure 3: Canadian below the Low-Income Cut-offs, after tax, selected groups, 2014

(Source: Statistic Canada [Annex 1: Number and incidence of people below the Low Income Cut-offs, selected groups, 2014](#))

Objectives

- Analyze the root cause of COVID-19 induced poverty, the vulnerability of low-income people who are at high risk of poverty and being pushed into poverty during the pandemic.
- Discuss the disproportionate impacts of COVID-19 among different groups of people who are already living in poverty prior to COVID-19 crisis. Estimate the impact of COVID-19 on poverty rates and incomes in Vancouver.
- Conduct a comparative analysis of past related epidemics (SARS in 2003) and economic shocks (Financial Crisis in 2008) with COVID-19, to further evaluate the short- and long-term impact of COVID-19 on depth of poverty and learn experience from previous healthcare system recovery and economic stimulus plans.
- Summarize recovery plans and implemented programs from city levels, by learning experience from other cities in Canada who have a similar social safety nets as Vancouver and have been progressively recovered from COVID-19, to further reduce the impact of COVID-19 induced poverty and reshape the sustainable and healthy city.

Research Approach

This research is co-designed alongside mentors from the City of Vancouver's Social Policy & Project division, Colleen Hamilton, Community Development & Economic Planner, and Shabna Ali, Community Economic Development Planner. This project would give new insights into how COVID-19 is impacting poverty in Vancouver, and further shape the Poverty Reduction Plan (in progress) and COVID recovery plans (in progress) for the City of Vancouver.

The primary research methods are literature and document review. Due to remote working restrictions, this research is limited to desk research and no interview is designed. Quantitative research is conducted based on online journals, periodicals, and newspapers, to present the current state of epidemic situation, the negative effects on people living in poverty, government's immediate response, and practical recommendations for long-term recovery.

Statistical data comes from open government released data, and Labour Force Survey of Statistics Canada, data was shared by City of Vancouver's Social Policy data team who have access to custom data tables. All real time data involved in this research will be monitored and updated according to recent developments.

Summary

Around half a billion people could be pushed into poverty globally as a result of the economic fallout from the pandemics, while COVID-19 is hitting marginalized communities harder than others. People living in low-income or already living in poverty are the major vulnerable groups during the crisis, as the result of their financial vulnerability, social vulnerability and health vulnerability. Impoverished people are more likely to work low-wage jobs without benefits, they are also more likely to work in retail or service, which means either risking exposure to a potentially deadly virus or being laid off. Also, inadequate financial protection reduces the assurances of relief policy compliance for low-income groups people since they have experience of long-standing difficulties navigating complex benefits system. Weakened welfare safety nets further threaten health and social insecurity. The vicious cycle between low socioeconomic status and high health risk could exacerbate the inequality of negative impacts, further resulting in COVID-induced poverty for those vulnerable people in low-income.

Particular attention should be paid to groups including women, seniors, people with disabilities, recent immigration, poor children, youth, and BIPOC (Black, Indigenous, People of Color) communities, those who are more susceptible and have a higher probability of living in poverty. First and foremost, women make up almost 70% of health and social care workforce, thus higher weightage of job loss have been suffered by women (OECD, 2020). Poor seniors with pre-existing chronic health conditions are particularly susceptible to the risk of infection from the virus, they are facing barriers to access digital tools and obtain effective information, further blocking the availability of social protection. People with disabilities are more likely to lose their job due to their poor labour force, increased financial burden push them into deeper poverty. Recent immigrants have filled low-paid jobs in the Canadian labour market as a lack of local work experience, where are facing great employment challenges. Furthermore, this crisis also exacerbates educational inequality for children and youth due to school closure. Children who are living in poverty are facing the risk of drop out of school and food insecurity, and marginalized youth are more likely to work in low-paid and low-skilled sectors with a higher unemployment rate. Lastly, the pandemic also increases the system inequities under BIPOC communities, such as barriers to healthcare resources and house affordability. Lack of access to clean water and safe shelter have also made BIPOC communities vulnerable to outbreaks with limited ability to respond.

To learn experience from previous healthcare system recovery and economic stimulus plans, a comparative analysis of past 2008-2009 Global Financial Crisis (GFC) and the similar pandemic outbreak of SARS in 2002 have been conducted. In general, the learned experience from fighting with SARS to COVID-19 could be divided include:

- The early detection of outbreaks
- Effective communication and reporting
- Public health improvement
- Establishing emergency management mechanism
- Supporting future research development

After analyzing how did governments recover from the global financial crisis, it is found that the Australia economy performed relatively well compared to other countries, which is closely related to the government’s policies. Economic security strategy released by the Australian government played an important role in economy recovery in Australia, which could be learned and referred to today’s COVID-19.

Municipal and provincial governments in Canada have released COVID-19 recovery to help vulnerable population recover from the pandemic in short- and long- term, and further to reshape the resilient city. Reviewed recovery plans from other cities include City of Toronto, Region of Peel, City of Brampton, and Government of Alberta. Recovery framework is learned from Peel Region’s plan for recovery from COVID-19 (2020), which has been adapted to poverty reduction focused in this report. The framework is anchored in 3 key pillars below. Overall, the main recommendation is that there needs to be explicit consideration of vulnerable population in policy and programming responses.



Targeted policy for vulnerable populations

- I. Continuing key community supports;
- II. Ensuring assistance is sensitive to the needs of the poor people;
- III. Removing information barriers for vulnerable people.



Healthcare system recovery

- I. Reducing healthcare services inequalities;
- II. Strengthening health system and increasing access for people in or near poverty;
- III. Investing healthcare infrastructure for people in low income.



Sustain poverty reduction development

- I. Maintaining continuity of and expand pro-poor development;
- II. Managing economic stimulus and debt relief;
- III. Increasing house affordability and infrastructure investment.

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