

Analysis The Role of Public Policy & Its Impact in The Socio-Economic Transformation During Covid19 Pandemic

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Abstract—Covid-19 pandemic was one of the unprecedented in its nature and truly a global crisis which engulfed the whole world irrespective of its division and diversities. Developing and developed worlds are facing similar types of problems at their own sphere, because this was happened so quick, inexperienced government and its well-established mechanism, policy and institutions were standstill, hopeless and helpless for time. They were quite confused how, from where they would start their mitigation strategy to save the life of millions, to maintain the availability of essential goods in the market even in extreme situation, how public institutions should be activated and mobilized for right steps for the welfare, support and survival of its people who looked with hope & helplessly towards government's action and activities. Survival was the big question for everyone who lived developed or under developed country, living in urban or rural areas, rich or poor, and we forget everything what once we proud of and our sign of prestige and social strata as well as status because the problem was uniform and identical and our outlook and approaches somehow became homogeneous in many senses. This paper highlights on those areas, how world gone through a socio-economic transformation in pre & post Covid period.

Index Terms—Pandemic, governance, public policy, mitigation, strategy, dichotomy, inclusive, adaptation, crisis.

I. INTRODUCTION

Institutions are the backbone of socio-economic development, serving as the rules and norms that govern economic transactions and societal behaviour, Emerging India is one of the best examples of it. The

concept of institutions encompasses a broad range of formal rules, such as laws and constitutions, as well as informal norms, like traditions and social conventions. Acemoglu's influential work in political economy has been central to understanding how differences in economic institutions key determinants of why some nations are rich and others poor (Acemoglu,). During the recent COVID-19 pandemic, the world witnessed how the strength and adaptability of institutions significantly affected national responses and economic resilience, further highlighting the critical role that institutions play in economic development. It was unexpected for world health organisation, world bank and others international organisations how India survive, stable, managed, control and efficiently mitigate the Covid -19 pandemics with its limited resources and infrastructures, is now became the case study for many world universities and institutions. This is happened only because of a sensitive government, good governance, and state - centre team work with fine bonding with the people of India who always positively respond on the call of its government through regular dialogue & exchange of information, any information gap or asymmetric information could be catastrophic for the nation, government knew it well.

The dichotomy between inclusive and extractive institutions is at the heart of the debate on socio-economic development of a country. Inclusive institutions foster economic growth by enabling and encouraging participation in the economic process, ensuring equal opportunities for innovation and rewarding entrepreneurial endeavours. They promote investments in human capital, physical capital, and

technology, which are crucial drivers of economic growth. Extractive institutions, on the other hand, are structured to extract wealth from a large subset of the population to benefit a small elite, leading to the concentration of wealth and power that hinders socio-economic progress (Acemoglu & Robinson, 2012).

The empirical work by Acemoglu, Johnson, and Robinson (2001) provides a rigorous analysis of the impact of institutions on economic performance. They use historical instruments for current institutions to demonstrate the link between mortality rates among European colonists and the establishment of colonial institutions. Their findings suggest that in places where colonists faced high mortality rates, they set up extractive states, which have persisted to this day, leading to poor economic performance. In contrast, regions where colonists could settle and live relatively healthy lives, they established inclusive institutions that have led to better economic outcomes.

A deeper dive into the Korean Peninsula illustrates how divergent institutional paths result in starkly different economic outcomes. Post-1953, South Korea embarked on a path of reform, gradually adopting more inclusive economic and political institutions, which led to significant improvements in education, property rights, and industrial policy. This, in turn, fuelled rapid industrialization and economic growth. North Korea, however, remained deeply extractive, with strict state control over the economy and limited individual freedoms, leading to economic stagnation (Acemoglu & Robinson, 2012).

Institutions affect economic growth through several channels. They determine the level of protection for property rights, which influences investment decisions by individuals and firms. When property rights are secure, individuals are more likely to invest in physical and human capital. Institutions also determine the level of trust and the cost of transactions in an economy. When institutions are predictable and fair, transaction costs are reduced, and economic efficiency is enhanced. Additionally, institutions shape the distribution of resources in society, influencing the allocation of talents and the inclusiveness of economic opportunities (Acemoglu, Year).

The COVID-19 pandemic has acted as a stress test for institutions worldwide. Countries with well-established healthcare institutions and crisis

management protocols were able to act swiftly and decisively to contain the virus and mitigate its economic impact. For instance, Taiwan's robust epidemic response framework, developed after the SARS outbreak in 2003, proved effective in managing the pandemic with minimal disruptions to economic activity (Wang et al., 2020). On the other hand, countries with weaker institutions struggled to respond effectively, resulting in severe health crises and economic downturns.

Understanding the importance of institutions for socio-economic development has profound implications for policy formulation. It suggests that efforts to spur economic growth should focus on building and strengthening institutions that are inclusive and responsive to the needs of the population. This requires not only the establishment of formal rules and laws that protect property rights and ensure the rule of law but also the cultivation of informal norms and behaviours that promote trust, cooperation, and innovation.

In summary, the influence of institutions on economic development is both profound and multifaceted. Institutions are not only about the laws on the books but also about the norms and networks of civic engagement that characterize a society. They shape the incentives and constraints under which economic agents operate and thus have a direct impact on the economic performance of nations. The COVID-19 pandemic has only served to highlight the centrality of robust institutions in managing crises and supporting economic resilience. Going forward, the challenge for policymakers and societies at large will be to ensure the continual evolution and strengthening of institutions.

II. PROBLEM STATEMENT

Covid- 19 pandemic was one of the unprecedented global disasters that not only shocked and shattered the world momentum of Growth in all spheres of life and living of the people but it had a great and deep-rooted impact in socio-economic transformation of human society irrespective the limit of its physical boundaries and others artificial barriers that exit in our society since long, each and every pros and cons of the world highly affected by this unpredicted and inexperienced turmoil. The present study is required to see how this pandemic is rooted out many myths and mal practices

that are prevailing in human society from generation to generation and how social Hierarchy and structures has been collapsed silently and steadily? What happens in the mind and psychological level of person, instead of materialistic individual propaganda, now people understood and believed in community living, spread of peace, brotherhood and fraternity and they now start thinking of Peaceful and secured living in association and isolation. Our present study is trying to discover all those factors, facts and figure are responsible for this random changed in human society and also individual priorities.

III. NEED THE STUDY

The current study is very important to understand, assess & analysis the impact of Covid-19 pandemic in the socio-economic structures, bandings and believe systems of our society without any bloodshed revolution and public protest and a organized movement. It came silently and steadily in personal and social life of general masses through mental revolution. The thought process of individual has been changed drastically from self-centric to community centric and from 'I' to 'WE' connotation. It's a very rare incident in human history that such a pan – continental transformation had happened in the recent past or in pre-historic age. So, Covid -19 was not only a Global disaster but a crusader of change in global hierarchy and ranking format & numerical. Covid pandemic had a multi faced aspects and research dimensions and several scholarly worked had already be done on its various aspects, our present study is only confined to see the causal agent of change and its impacts in socio-economic transformation of human society.

IV. OBJECTIVES

The present research work is based on several objectives and the prime objectives of the research are-

1. To analysis and assessment, the change in human social behaviour.
2. To see the change in population dynamics of world population.
3. To comprehend the changed happened in community living and human relationship.
4. To understand the change observed in principle-agent relationship

5. To analysis the deep impact in government policy formulation and implementation pre, during and post COVID pandemic.

V. HYPOTHESIS

Never has topic been so deeply impactful as COVID pandemic. It has changed the lives and the way of thinking of nearly all of humanity in such a short period of time. Every day we are seeing how tightly individual health, personal development, social solidarity and businesses are all intertwined. At the same time, a new type of reflection has set in about how our collective experience during this pandemic will and should change our world in future.

Here is some hypothesis about what we learn from the crisis:

1. Change in socio-economic structures, hierarchy and behaviours
2. Change in Principle –agent relationship
3. Faster innovation cycles and fairer payment and transfer of benefits to the marginalized sections.
4. Health will become a community task and responsibility.
5. A good Lesson of healthy and long living mantras.
6. Digital revolution and platform for personal and social communication and entertainments.
7. Expansion of precision medicines, health and wellness programmes.
8. More technological application for greater efficiency in human welfare activities.
9. People now preferred facts than opinion through logical & scientific renaissance.

VI. RESEARCH METHODOLOGY

The research mainly included reviewing previous studies and determining COVID-19'S Global socio-economic hit. An exploratory and descriptive research study is carried out to identify the adopted strategies for the sustainable living in their habitats. Descriptive method is used to conduct the research. Both the primary and secondary data are collected from the various reliable source's communities through interviews, Experts opinions, questionnaires and group discussion as primary sources of data. Previous research works, published and unpublished journals, governments reports, survey and census data as a part

of secondary source of research data. With use of ANOVA, Contingency coefficient, P- value, Pearson's coefficient and other SPSS techniques are used to test the research hypothesis for correct and effective evaluation and summarized the statistical data.

As to analysis the collected data various statistical tools and techniques are used like simple average like mean and median, correlation coefficient, standard deviation determining the predictive validity and reliability of research outcomes from this study.

Principal-Agent issue and dilemma decision making in Crisis management

Prof. Adam smith's "Invisible hand" directs self-interested personal market decisions towards the social benefit of efficiency. Self-interested decisions by people in the government need not, however, be beneficial to the society at large. Rather control over decision of public finance and public policy might be used for the personal benefits or sectional benefits of policy makers, the principals (Tax payers & voters) expect from the agents (Public policy makers and decision makers) but cannot ensure that the agents will act in interest of them. In recent times what we have seen that the relationship between principal and agents' inverts, principals become agents and agents becomes principal, which is against of democratic philosophy and ideals and if it is sustained long in any nation, it could be dangerous for efficiency & effectiveness, welfare and ensuring equality and justice.

The principal-agent problem in political economics delineates the challenges that arise when a principal (such as the citizens of a country) hires an agent (such as a government or its officials) to make decisions on their behalf. Central to this dilemma is the issue of asymmetric information a situation where the agent has more information than the principal, potentially leading to decisions that do not align with the best interests of the principal (Acemoglu, D.) During the COVID-19 pandemic, this discrepancy became pronounced as governments worldwide, armed with more comprehensive information, had to make rapid and critical decisions impacting public health and civil liberties.

Principal-Agent Problem in Politics

The principal-agent problem manifests in the political sphere when elected or appointed officials prioritize

personal, bureaucratic, or political objectives over the welfare of the constituents they represent. Asymmetric information exacerbates this problem, as it may empower agents to pursue actions that principals cannot adequately monitor or evaluate (Acemoglu, D.) This misalignment can result in policy decisions that serve the interests of the agent, such as retaining power or favouring certain interest groups, rather than addressing the needs of the broader population.

Asymmetric Information and COVID-19 Decision-Making

The COVID-19 pandemic thrust the principal-agent problem into the spotlight, revealing the complexities of policy-making under conditions of asymmetric information. Governments, privy to intricate details about the virus's spread, the efficacy of health measures, and the impact on the economy, were in a position that demanded swift decision-making. However, the urgency of the situation meant that the public, the principal in this scenario, was not always fully informed about the rationale behind certain restrictive measures, leading to potential misalignments in expectations and outcomes.

Global Decisions on COVID-19 Restrictions

Across the globe, the enforcement of COVID-19 restrictions illustrated varying degrees of the principal-agent problem. For instance, some governments were criticized for not disclosing key information, which fostered a climate of distrust and resistance among the populace. This was in stark contrast to governments that adopted a more transparent approach, such as New Zealand, where the clear and consistent communication of data and decision-making processes garnered public trust and compliance (Cousins, 2020).

Empirical Evidence and Case Studies

The empirical evidence underscores the significance of managing asymmetric information in political decision-making. The Oxford COVID-19 Government Response Tracker (Hale et al., 2021) highlighted that nations with transparent communication strategies tended to experience more effective pandemic control and public compliance. In South Korea, for example, the government's open data initiative regarding COVID-19 case tracking was instrumental in its successful containment efforts (Kim et al., 2020).

Strategies to Mitigate Asymmetric Information

Addressing the principal-agent problem in politics, particularly in the context of a crisis, requires deliberate strategies to reduce information asymmetry:

Transparency:

Clear and open communication from government bodies can minimize information gaps. New Zealand's strategy of transparent reporting is an exemplary case where the government's forthright approach led to successful pandemic management (Cousins, 2020).

Accountability:

The establishment of oversight mechanisms ensures that decisions made by agents are in the best interest of the principals. Germany's parliamentary committee provided a platform for scrutinizing the government's pandemic response, facilitating adjustments in policy when necessary (Bieber, 2020).

Public Engagement:

Involving citizens in the policymaking process can align government actions with the public's preferences. Sweden's policy of regular press conferences and community engagement is reflective of this strategy (Aro, 2020).

VII. CONCLUSION AND IMPLICATIONS

The political principal-agent problem, particularly in the context of asymmetric information, poses significant challenges to the efficacy of governmental policies. The COVID-19 pandemic has starkly illustrated the repercussions of this dynamic, where information asymmetry can lead to a misalignment between government actions and public expectations. The experiences of various countries during the pandemic have demonstrated that transparency, accountability, and public engagement are not just normative ideals but practical necessities for effective governance.

Governments must strive to reduce information asymmetries to ensure that the decisions made in times of crisis are both effective and aligned with the welfare of their citizens. The strategies outlined herein provide a framework for addressing the principal-agent problem, facilitating a governance model that is resilient, responsive, and reflective of the public's needs.

This pandemic has led to a dramatic loss of human life worldwide and presents an unprecedented challenge to public health infrastructures, food supply chain and world of work. The economic and social disruption caused by the pandemic is devastating. About ten million of people are at risk of falling extreme poverty, while millions of under nourished people, currently estimated about 690 million.

Millions of enterprises face an existential threat. Nearly half of the global workforce i.e around 3.3 billion are at risk of losing their livelihoods. We can see the spread of in formalization of world economy and employment opportunity.

Millions of agricultural workers-waged and self-employed-while feeding the world, regularly face high levels of working poverty, job security, malnutrition and poor health. It's a really a very difficult task to summarised the socio-economic impact of COVID-pandemic on a piece of paper as it is so deep rooted, extensive and multi-dimensional and multi facets. But we tried to illustrated short and a vivid picture of its impact in our life.

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