

## PROBLEMS OF SUSTAINABLE ECONOMIES DURING THE PANDEMIC

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**Purpose:** The purpose of this paper is to answer the question: does the pandemic affect the ability to achieve the sustainable development goals?

**Design/methodology/approach:** The article analyzes selected, available literature on sustainable development, from the genesis of the phenomenon to the current situation. It invoked, among other things, the idea of the European Green Deal. The most current issues related to the pandemic reality were addressed. The themes and changes highlighted are based on data from available reports and statistical analyses.

**Findings:** By the time the pandemic broke out, the sustainability goals had been achieved gradually. But the pandemic has forced policymakers to think long-term. The conditions for transition to the green economy, i.e. the green transition, have also become crucial. In many countries, including Poland, the need for better achievement of social goals in addition to economic or environmental ones has become apparent. Further work is needed to achieve the sustainable development goals.

**Research limitations/implications:** The text refers to a limited number of studies. The problems presented in the paper still need to be empirically confirmed in relation to a greater number of examples, which should result in the publication of subsequent studies. It will also be necessary to fully diagnose the post-pandemic situation and retrace the threads taken up.

**Originality/value:** The article points to already visible changes, being the result of the continuing pandemic, from the perspective of sustainable development goals.

**Keywords:** Sustainable Development, the COVID-19 pandemic, the COVID-19 crisis, Sustainable Economy.

**Category of the paper:** Conceptual paper.

## 1. Introduction

Sustainable development has been one of the topics of scientific discussions for many years. The author treats it as a compatible element with integrated order, which is most often defined in the literature as a *positive terminal state* for developmental change (Borys, 2011, p. 77; Kołodziejcki, 1994, p. 37). It combines the constituent orders in a coherent and non-contradictory manner and implies the simultaneous creation of social, economic and environmental orders. The titular sustainable economy will therefore be one in which all three dimensions find their place. It should be built on ethical principles, with innovation, investment, and a sound financial foundation, and use available resources for maximum benefit. The idea is therefore to promote effective and responsible management of natural resources that can provide long-term benefits, i.e. to set a course for sustainable management so that the economy achieves the desired state.

As emphasized by T. Borys (2011, p. 77), in the field of economics (especially in macroeconomics), sustainable development is treated as a paradigm imposed on economics from the outside, by international organizations, environmental organizations or legal provisions, and not as a paradigm created by economics itself<sup>1</sup>. Thus, it can be concluded that the foundation of sustainable development economics is based on the assumptions of ecological economics<sup>2</sup>. The example of the so-called energy revolution fits here perfectly. Limiting global warming to acceptable levels within the next thirty years (by 2050), is dependent on changes in the energy industry and a shift of the entire economy to other energy sources (renewable energy). It will therefore be not without significance to refer later in this article to the idea of the European Green Deal (*What is...p. 1-2*).

The argument so far can be summed up by saying that the very idea of sustainable development came about as a result of opposing the ideology of consumerism, developed especially at the end of the twentieth century, which can generate serious ecological threats (Sztumski, 2008, pp. 133-139). Balanced and controlled development was to replace unrestrained and spontaneous development. According to the assumptions of integrated development, the pursuit of profit was to be balanced with concern for the environment. Therefore, sustainable development only makes full sense when it happens everywhere, not just in certain local areas (it has to apply to entire economies).

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<sup>1</sup> At the microeconomic level, the most promising trend seems to be the introduction of the concept of sustainable development to the organizational level, through the idea of corporate social responsibility. According to it, it would consist of more than just focusing on activities that directly bring profit to the owners (Borys, 2011, p. 77).

<sup>2</sup> Ecological economics was founded in the 1980s as a modern discipline on the works of and interactions between various European and American academics (see i.e. Warszawski Ośrodek Ekonomii Ekologicznej (WOEE) or read Scott Cato, M. (2009). *Green Economics*. Earthscan, London: Ecological Economics. ISBN 978-1-84407-571-3).

Opinions on the idea of sustainability have not always been or not always are positive. W. Sztumski himself emphasized (2008, p. 139) that it is indisputable that the emergence of the idea was a spontaneous, positive reaction to negative economic and social phenomena. However, his observations indicated that the idea had begun to transform into “an instrument of deliberate social manipulation in the hands of the international elites in power”. The lack of “objective criteria for happiness” supported this view. So it remains to think of what the situation looks like now, in the face of an ongoing pandemic.

## **2. Sustainable development goals – an outline of the issue in the historical, economic and legal aspect**

In 1950, Wilhelm K. Kappa published the first important work on the subject: *The Social Cost of Private Enterprise*. Eighteen years later, the Club of Rome was founded – an organization of politicians, scientists and businessmen who were not indifferent to global problems of the world. In the same year, a UNESCO conference was also held to analyze the rational use and conservation of the biosphere (Czaja, Bedla, Włodarczyk, 2012, p. 83). The concept of the idea of sustainable development was finally formulated at the Second Session of the Governing Body of the United Nations Environment Programme in 1975. It assumed such a course of inevitable and desirable economic development, which would not irreversibly damage the human living environment and would not lead to degradation of the biosphere, which would not violate the laws of nature, economics and culture (Fiut, 2006, p. 36). Almost half a century has passed since then. The concept of sustainable development, based on the above assumptions, has become the basic direction of development of European Union societies. Following the provisions of the Treaty on European Union, we can conclude that the Union and its institutions have taken action over the years to ensure the sustainable development of Europe. They were based on sustainable economic growth, price stability, and a highly competitive social market economy (striving for full employment and social progress, as well as environmental protection).

The UN General Assembly Millennium Summit, held on the threshold of the 21st century<sup>3</sup>, listed the world's biggest problems. Already at that time it was emphasized that in the following years decisions should be made to:

- eliminate extreme poverty and hunger,
- ensure universal primary education,
- promote gender equality and social advancement of women,
- reduce child mortality,

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<sup>3</sup> It took place on September 6-8, 2000.

- improve health care for mothers giving birth,
- use sustainable methods of managing natural resources,
- reduce the spread of HIV/AIDS, malaria, and other infectious diseases,
- create a global partnership for development (Czaja, 2007, pp. 125-146).

When writing about sustainable development and sustainable economies, it is also important to recall *The 2030 Agenda for Sustainable Development*, which covers 17 goals (including 11 social and economic goals, which are presented in Table 1).

Substantive support and capacity building for the sustainable development goals and related issues (water, energy, climate, oceans, urbanization, transport, science and technology, the Global Sustainable Development Report (GSDR), partnerships and small island developing states) is currently provided by the Division for Sustainable Development Goals (DSDG) in the United Nations Department of Economic and Social Affairs (UNDESA). The DSDG also plays a key role in assessing the UN's system-wide implementation of the 2030 Agenda and in activities related to the sustainable development goals.

**Table 1.**  
*Sustainable development goals*

| Goal No. | Goal description   |
|----------|--|
| 1.       | Eliminate poverty in all its forms throughout the world  |
| 2.       | Eradicate hunger, achieve food security and improved nutrition, and promote sustainable agriculture  |
| 3.       | Ensure all people of all ages live healthy lives and promote prosperity  |
| 4.       | Provide quality education for all and promote lifelong learning  |
| 5.       | Achieve gender equality and empower women and girls  |
| 6.       | Ensure access to water and sanitation for all through sustainable management of water resources  |
| 7.       | Ensure affordable access to stable, sustainable and modern energy for all  |
| 8.       | Promote stable, sustainable and inclusive economic growth, full and productive employment and decent work for all people   |
| 9.       | Build stable infrastructure, promote sustainable industrialization and support innovation  |
| 10.      | Reduce inequality within and between countries   |
| 11.      | Make cities and human settlements safe, stable, sustainable and inclusive  |
| 12.      | Ensure sustainable consumption and production patterns   |
| 13.      | Take urgent action to combat climate change and its impacts  |
| 14.      | Protect the oceans, seas and marine resources and use them sustainably   |
| 15.      | Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss |
| 16.      | Promote peaceful and inclusive societies, ensure access to justice for all, and build effective and accountable, inclusive institutions at all levels                                    |
| 17.      | Strengthen means of implementation and revitalize the global partnership for sustainable development   |

Source: own study based on: *Przekształcamy nasz świat: Agenda na rzecz zrównoważonego rozwoju 2030*. Available online [http://unic.un.org.pl/files/164/Agenda\\_2030\\_pl\\_2016\\_ostateczna.pdf](http://unic.un.org.pl/files/164/Agenda_2030_pl_2016_ostateczna.pdf), pp.16-17.

For the 2030 Agenda goals to become a reality, broad responsibility for the sustainable development goals must translate into a strong commitment by all stakeholders to the implementation of global goals. The analysis of the text by E. Bendyk (2018, p. 68 et seq.) and the report of the Club of Rome shows that the set goals cannot be achieved if the actions are based on conventional growth policies. In this context, P. Romer's statement acquires a special

meaning, as E. Mączyńska points out (2020, pp. 17-18). It shows that the rationalization of rules and regulations in the socio-economic system can do more for socio-economic development, increasing productivity and efficiency in the use of natural resources and limiting undesirable side effects, than the pursuit of ever greater economic growth. He adds that the “New Normal” as it is known today, in the face of the COVID-19 pandemic, requires “profound socio-economic system reforms aimed at shaping crisis resilience, eliminating the degeneration of economic measurement and the falsification of price and cost accounting” (quoted from: Mączyńska, 2020, pp. 17-18).

### 3. The European Green Deal and beyond in the light of research – an outline of the issues

In December 2019, the European Commission unveiled the strategy for “The European Green Deal”. It aimed to transform the Union into an economy that is modern, resource-efficient and competitive, and one which takes into account environmental challenges. Thus, the sustainable development of the European Union was to concern all institutions and member states, and the adopted strategy – to include activities aimed at halting negative climate change (thus restoring order and reducing pollution). However, the outbreak of the pandemic brought other goals, not just environmental ones, to the forefront. This raises the question of what major trends have become apparent since the onset of the pandemic and what selected problems are associated with its emergence? A preliminary range of considerations is presented in Table 2.

**Table 2.**

*Impact of the COVID-19 pandemic on sustainable development – key areas of change*

| Area of change                 | Brief description   |
|--------------------------------|---|
| A resilient health care system | Building a resilient health care system based on universal health insurance that will focus on equal access, quality and financial protection.  |
| Climate and environment        | Creating an environmentally sustainable, inclusive and dynamic economy, driven by clean, resource-efficient and resistant to climate change growth that reduces emissions, protects biodiversity and natural capital, and promotes sustainable consumption and production patterns. |
| Digitization                   | Exploring new technology solutions with a focus on open, integrated, affordable and secure digital access and developing digital skills for all to better meet today's social challenges.   |
| Inclusions                     | Just, more sustainable societies, especially for women and girls, people with disabilities, the marginalized and those in crisis; building inclusive institutions   |

Source: own study based on: *Financing for Development in the Era of COVID-19 and Beyond Menu of Options for the Consideration of Heads of State and Government Part I OCTOBER 2020*, Retrieved from [https://www.un.org/sites/un2.un.org/files/financing\\_for\\_development\\_covid19\\_part\\_i\\_hosg.pdf](https://www.un.org/sites/un2.un.org/files/financing_for_development_covid19_part_i_hosg.pdf), 10.07.2021, pp. 23.

In the initial phase of the pandemic, all forces targeted the health crisis. The search for and distribution of a vaccine seemed to be the most effective action to end the pandemic quickly. However, right after that, the “vision of a better future” began to come into play. The COVID-19 pandemic provided an opportunity to build a cleaner, greener, healthier, more resilient, and more inclusive economy (Financing... part I, p. 6).

Thus, it can be concluded that a political shift emerged during the pandemic period and global interest in zero carbon by mid-century began to grow. The *net-zero emissions global economy*, from a sustainability perspective, sounds promising. However, the scale of the phenomenon should not be overlooked. With 81 countries accounting for ¼ of the world's GDP, and half of the world's population, mineral extraction remains critical<sup>4</sup>. It is therefore highly likely that this trend will continue. Indeed, extractive industries have enormous potential in developing countries: they drive growth there, support sustainable development and reduce poverty. Thus, for the transformation of the extractive system to be viable, it falls on the rich countries to provide raw materials. Only in this way can “green change” begin to benefit everyone. This requires simultaneous re-qualification of low-income economies and change of mindsets. If one assumes that the pandemic is meant to initiate a transition to an inclusive, global, zero-emissions economy, then it makes sense to begin conversations now about the role of extractive industries and to set specific recommendations not only on a global scale but also on a national and regional scale (Transforming Extractive..., pp. 3-5).

It should not be forgotten that historically the extractive industry generates many jobs. However, it can have negative social impacts of a different nature unless its direct and indirect effects are controlled (as it contributes to population displacement, economic, social and gender inequalities, and even armed conflict). There is also the trouble of inadequate legislation. With insufficient compliance with legal provisions, ecosystem degradation is exacerbated. Thus, it can be summarized that a pandemic is a kind of “check” for estimating the capacity of economies to recover in the long run. The beginning of the pandemic showed that commodity prices began to fall. In countries with lower tax revenues based on extractive industries, debt began to rise. The fossil fuel sector needed financial support (Transforming Extractive..., p. 8).

Estimates of the impact of the pandemic and its effect on jobs are not optimistic. Data released in September 2020 suggested that up to 400 million full-time workers could be affected by job losses during the pandemic in Europe. So financial support of the social sphere is still essential. The national and global mobilization of resources to extend social protection programs to all workers, but specifically targeting the vulnerable, has also proven important.

Technology and innovation are important driving forces for improving sustainability. However, they require investment in research, as well as cross-sectoral collaboration or changes in existing practices. Digital solutions that provide access to a global population and global

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<sup>4</sup> This is especially true in low- and middle-income countries. Moreover, the COVID-19 pandemic has left many countries facing fiscal deficits.

solutions can help. However, a lack of research funding prevents recommended new forms of partnership from emerging. For this reason, public finance began to play first fiddle in the first months of the COVID-19 crisis. Banks, too, sought to provide liquidity as a way to save businesses and households (Financing... Part II, p. 4).

Generalizing, there is no doubt that the pandemic has affected all three dimensions of sustainability: the economic, the social, and the environmental one (but with varying degrees of intensity). According to the researchers, every government has had to, and still has to, take action to suppress the pandemic first, through non-pharmaceutical interventions and global access to vaccines. During the pandemic, sustainability and economic recovery are difficult (Sachs et al., 2021). However, it can be projected that international production will be transformed between 2020 and 2030. It is during this time that it is expected to: reverse the pandemic-observed decline in FDI, revitalize the global supply chain, overcome disruptions and build resilience during and after the crisis. However, such actions require immediate and medium- to long-term policies that promote trade and investment, support SMEs and social economy providers, and increase capacity for essential goods and services (particularly in the areas of food and health and other sectors), especially in small and vulnerable economies (Financing... Part II, p. 8).

#### **4. Summary and conclusions**

In recent years, a number of publications have featured analyses arising from the existence of the need to pursue sustainable development, i.e. development based on the harmonization or even reconciliation of economic, social and environmental interests. It has been repeatedly emphasized that the weakening of harmony may result in the erosion of the system of values, especially ethical ones (cf. Mączyńska, 2018, p. 34). They also discussed the negative consequences and existing dysfunctions of the modern world and the growing inequalities, including those in the labor market. It is also no revelation that high unemployment in many countries has had and will continue to have economically and socially damaging effects (the pandemic is not over yet). As pointed out by G.W. Kolodko (2013, p. 44), the dichotomous labor market situation translates directly into living standards. However, this is not always reflected in GDP. As early as 2013, this economist pointed out the need for a paradigm shift in economics. He emphasized the need for “just economics” and “just management”. He suggested the need to prevent waste of resources and destruction of the environment. In doing so, he saw a specific role for the state, which could not just be a “night watchman”. He stressed that its role should be optimized, that is, adapted to the socio-economic requirements and challenges. In doing so, he pointed out that it was the treatment of the state as a night watchman that became the cause of chaos in the economies of many countries (Kołodko, 2017, pp. 59-68).

Observing the situation since the beginning of the pandemic, it is hard not to notice that its impact can be seen in many areas of socio-economic life. At the same time, there was a need to coordinate activities, both in the area of social security and protection of people's health or financial support for particularly needy groups. The pandemic clearly shows the scale of needs in the economic (but also environmental and social) sphere. It also highlights the need for multiple institutions to work together on the aforementioned fronts. Thus, it can be concluded that the pandemic not only triggered a global crisis, but also reignited the discussion on the implementation of the Sustainable Development Goals. It seems that integrated principles for all economies, including the promotion of resource efficiency, integrated waste management, and other measures of “sustainable production and consumption” should now become vital. The actions underlying the aforementioned Agenda 2030 are still a signpost for the sustainable reconstruction of not only Poland, but also Europe and even the world. Nonetheless, there can be no talk of fully achieving the goals unless the pandemic starts to decline.

## Acknowledgements

The text presented for publication is the result of preliminary research conducted as part of a two-year Research Project (2021-2022), numbered: SUPB.RN.21.109, Id: 538, realized by the author at the Jan Kochanowski University in Kielce.

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