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MATRIC NUMBER: 18/SMS09/004

COURSE CODE: IRD 218

COURSE TITLE: ELEMENTS OF CONTEMPORARY GLOBAL STUDIES

ASSIGNMENT: The COVID-19 pandemic continues to ravage the world. briefly assess the pandemic’s impacts on the global economy between December 2019 and April 2020. basically explain both the intended and unintended consequences of the shutdowns, looking at the statistics of global financial institutions, for example, IMF.

The world has changed dramatically in the three months since our last update of the World Economic Outlook in January. A rare disaster, a coronavirus pandemic, has resulted in a tragically large number of human lives being lost. As countries implement necessary quarantines and social distancing practices to contain the pandemic, the world has been put in a Great Lockdown. The magnitude and speed of collapse in activity that has followed is unlike anything experienced in our lifetimes.

This is a crisis like no other, and there is substantial uncertainty about its impact on people’s lives and livelihoods. A lot depends on the epidemiology of the virus, the effectiveness of containment measures, and the development of therapeutics and vaccines, all of which are hard to predict. In addition, many countries now face multiple crises—a health crisis, a financial crisis, and a collapse in commodity prices, which interact in complex ways. Policymakers are providing unprecedented support to households, firms, and financial markets, and, while this is crucial for a strong recovery, there is considerable uncertainty about what the economic landscape will look like when we emerge from this lockdown.

Under the assumption that the pandemic and required containment peaks in the second quarter for most countries in the world, and recedes in the second half of this year, in the April World Economic Outlook we project global growth in 2020 to fall to -3 percent. This is a downgrade of 6.3 percentage points from January 2020, a major revision over a very short period. This makes the Great Lockdown the worst recession since the Great Depression, and far worse than the Global Financial Crisis.

The socio-economic impact of the 2019–20 coronavirus pandemic has had far-reaching consequences beyond the spread of the COVID-19 disease itself and efforts to quarantine it. As the SARS-CoV-2 virus has spread around the globe, concerns have shifted from supply-side manufacturing issues to decreased business in the services sector.The coronavirus pandemic caused the largest global recession in history, with more than a third of the global population at the time being placed on lockdown.

Supply shortages are expected to affect a number of sectors due to panic buying, increased usage of goods to fight the pandemic, and disruption to factories and logistics in mainland China, in addition, it also led to price gouging. There have been widespread reports of supply shortages of pharmaceuticals, with many areas seeing panic buying and consequent shortages of food and other essential grocery items. The technology industry, in particular, has been warning about delays to shipments of electronic goods.

Global stock markets fell on 24 February 2020 due to a significant rise in the number of COVID-19 cases outside mainland China. By 28 February 2020, stock markets worldwide saw their largest single-week declines since the 2008 financial crisis. Global stock markets crashed in March 2020, with falls of several percent in the world's major indices. As the pandemic spreads, global conferences and events across technology, fashion, and sports are being cancelled or postponed. While the monetary impact on the travel and trade industry is yet to be estimated, it is likely to be in the billions and increasing. By 16 March, news reports emerged indicating that the effect on the United States economy would be worse than previously thought.

This is a truly global crisis as no country is spared. Countries reliant on tourism, travel, hospitality, and entertainment for their growth are experiencing particularly large disruptions. Emerging market and developing economies face additional challenges with unprecedented reversals in capital flows as global risk appetite wanes, and currency pressures, while coping with weaker health systems, and more limited fiscal space to provide support. Moreover, several economies entered this crisis in a vulnerable state with sluggish growth and high debt levels.

A number of impacts have been sited since the beginning of this pandemic lockdown;

**Political impact**

For the first time since the Great Depression both advanced economies and emerging market and developing economies are in recession. For this year, growth in advanced economies is projected at -6.1 percent. Emerging market and developing economies with normal growth levels well above advanced economies are also projected to have negative growth rates of -1.0 percent in 2020, and -2.2 percent if you exclude China. Income per capita is projected to shrink for over 170 countries. Both advanced economies and emerging market and developing economies are expected to partially recover in 2021.

A number of provincial-level administrators of the Communist Party of China (CPC) were dismissed over their handling of the quarantine efforts in Central China, a sign of discontent with the political establishment's response to the outbreak in those regions. Some experts believe this is likely in a move to protect Communist Party general secretary Xi Jinping from people's anger over the coronavirus pandemic. Some commentators have suggested that outcry over the disease could be a rare protest against the CPC. Additionally, protests in the special administrative region of Hong Kong have strengthened due to fears of immigration from mainland China. Taiwan has also voiced concern over being included in any travel ban involving the People's Republic of China (PRC) due to the "one-China policy" and its disputed political status. Further afield, the treasurer of Australia was unable to keep a pledge to maintain a fiscal surplus due to the effect of the coronavirus on the economy. A number of countries have been using the outbreak to show their support to China, such as when Prime Minister Hun Sen of Cambodia made a special visit to China with an aim to showcase Cambodia's support to China in fighting the outbreak of the epidemic.

The United States president Donald Trump was criticised for his response to the pandemic. He was accused of making several misleading or false claims, of failing to provide adequate information, and of downplaying the pandemic's significance. Trump was also criticised for having closed down the global health security unit of the United States National Security Council, which was founded to prepare the government for potential pandemics.

The Government of the Islamic Republic of Iran has been heavily affected by the virus, with at least two dozen members (approximately 10%) of the Iranian legislature being infected, as well as at least 15 other current or former top government officials, including the vice-president. Advisers to Ali Khamenei and Mohammad Javad Zarif have died from the disease. The spread of the virus has raised questions about the future survival of the regime.

**Impact on sovereignty**

Geoeconomics and country risk experts have insisted on the potential erosion of political and economic sovereignty that may affect some already enfeebled countries like Italy: Edward Luttwak has called it "the virus of truth” (interview with La7 TV aired on 10 March 2020). M. Nicolas Firzli, director of the World Pensions Council (WPC) and advisory board member at the World Bank Global Infrastructure Facility (GIF), refers to it as “the Greater Financial Crisis”, that will “bring to the surface pent-up financial and geopolitical dysfunctions … [many] national economies will suffer as a result, and their political sovereignty itself may be severely eroded.” Iran, Jordan, Morocco, Oman, and Yemen banned the printing and distribution of newspapers. On 30 March, the parliament of Hungary granted Prime Minister Viktor Orban the power to rule by decree for an indefinite period.

**Educational impact**

The pandemic has affected educational systems worldwide, leading to the widespread closures of schools and universities. According to data released by UNESCO on 25 March, school and university closures due to COVID-19 were implemented nationwide in 165 countries. Including localized closures, this affects over 1.5 billion students worldwide, accounting for 87% of enrolled learners.

**Coronavirus and income**

Low income individuals are more likely to contract the coronavirus and to die from it. In both New York City and Barcelona, low income neighborhoods are disproportionately hit by coronavirus cases. Hypotheses for why this is the case include that poorer families are more likely to live in crowded housing and work in the low skill jobs, such as supermarkets and elder care, which are deemed essential during the crisis. In the United States, millions of low-income people may lack access to health care due to being uninsured or underinsured. Many low income workers in service jobs have become unemployed.

**Religious impact**

The pandemic has impacted religion in various ways, including the cancellation of the worship services of various faiths, the closure of Sunday Schools, as well as the cancellation of pilgrimages surrounding observances and festivals. Many churches, synagogues, mosques, and temples have offered worship through livestream amidst the pandemic. Relief wings of religious organisations have dispatched medical supplies and other aid to affected areas. Adherents of many religions have gathered together to pray for an end to the pandemic, for those affected by it, as well as for the God they believe in to give physicians and scientists the wisdom to combat the disease; in the United States, Trump designated 15 March 2020 as a National Day of Prayer for "God’s healing hand to be placed on the people of our Nation".

**Economic impact**

Some economists suggest that China's economy may contract for the first time since the 1970s. Caixin's purchasing managers index for the services sector of China's economy fell to 26.5 in February 2020, the lowest figure recorded since the survey's advent in 2005, and car sales dropped 86% in China in February. As the coronavirus spreads around the world, the stock markets have experienced their worst crash since 1987. Many countries with large economies, such as Italy and Spain, have enacted quarantine policies. This has led to the disruption of business activities in many economic sectors.

# References

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