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Question

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, the IMF.

Coronavirus disease 2019 (COVID-19) is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The disease was first identified in December 2019 in Wuhan, the capital of China's Hubei province, and has since spread globally, resulting in the ongoing 2019–20 coronavirus pandemic.

**Impact of the covid19 in the world:**

**Climate lessons**

The Covid-19 pandemic has had an immediate impact on our home and work environments, but when it comes to THE environment, the picture is far less clear. Vincent-Henri Peuch believes the current situation may have a big influence on our approach to pollution, moving forward:

"The lessons learned once we will have this crisis behind us will be very important to (rethink) the problem of air pollution," he says. "Unfortunately climate change will still be around and will not really be changed by this crisis."

Currently, an estimated 2.6 billion people one-third of the world’s population is living under some kind of lockdown or quarantine.

**Economic Impact:**

The 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 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.

Early estimates predicated that, should the virus become a global pandemic, most major economies will lose at least 2.4 percent of the value their gross domestic product (GDP) over 2020, leading economists to already reduce their 2020 forecasts of global economic growth down from around 3.0 percent to 2.4 percent. To put this number in perspective, global GDP was estimated at around 86.6 trillion U.S. dollars in 2019 meaning that just a 0.4 percent drop in economic growth amounts to almost 3.5 trillion U.S. dollars in lost economic output. However, these predictions were made prior to COVID-19 becoming a global pandemic, and before the implementation of widespread restrictions on social contact to stop the spread of the virus. Since then, global stock markets have suffered dramatic falls due to the outbreak, and the Dow Jones reported its largest-ever single day fall of almost 3,000 points on March 16, 2020 beating its previous record of 2,300 points that was set only four days earlier.

**The Unintended Consequences of Economic Shutdown.**

The bipartisan answer to the coronavirus pandemic seems to be: shutter the economy, then bail out everyone who is suffering economic pain. Of course, as RealClearMarkets editor John Tamny has observed, if we bail out everyone, we bail out no one. Instead of directly confronting the cause of the pandemic spread of COVID-19, we are inflicting vast damage on great swaths of the economy, likely bankrupting millions of small businesses, which we then seek to fix with massive fiscal and monetary stimulus. Stimulus can only bolster economic activity when slack resources including the newly unemployed can be put back to work in a timely way, to produce goods and services. The unintended consequences of current policies are vast, in both human and economic terms. The governments of Taiwan, Japan, and South Korea seem to have shown that even a democracy can manage a health crisis directly, by seeking to minimize spread of the disease, in ways that won’t cripple the economy. Rules vary by country and jurisdiction, but especially in urban centers the following generally apply. On leaving home, you must wear a mask. On entering an office building or store, your temperature is taken. If it’s elevated, you will be tested. Apart from that, if you are not feeling well, you can get tested at a convenient location. If you test positive, they will ask about whomever you’ve seen in the past week, and will test them, too. You are then placed on mandatory home quarantine, as are those who live with you. Hospitalization is reserved for serious cases. Direct and unambiguous. The health of the economy is not as important as the health of the citizenry. However, the two are interconnected. You can’t crush the economy without exacting a human toll.

In a 2018 academic article, Taiwanese researchers Yu-Hui Lin and Wen-Yi Chen showed a link between unemployment and suicide, one that may linger for two to three years after the job market has improved. These findings suggest that even a short, sharp recession has lasting consequences. In rough terms, they postulate that each 1% rise in unemployment leads to one additional suicide per 100,000 people, and a rise in divorces of up to 1%. If unemployment jumps by 5% in the current shutdown of the U.S. economy, that would translate into some 16,500 additional suicides and up to 3 million divorces. The human toll is very real. Robert Zoellick and others have noted that supply chain disruptions are jeopardizing the health and lives of patients facing much more serious health risks than coronavirus. There are 23 million Americans with cancer or who have had cancer, another 30 million with heart disease, 34 million with diabetes, and 35 million with chronic lung disease. Given the overlap between these groups, around 70-80 million Americans are being treated for one or more of these ailments. If one in a hundred of them die because they can’t get their medicine, or the hospitals can’t take them, there’s another 750,000 deaths. RealClearPolitics - Opinion, News, Analysis, Video and Polls logo.

**The IMF during this pandemic**

**IMF (International monetary funds)**

The IMF has secured $1 trillion in lending capacity, serving our members and responding fast to an unprecedented number of emergency financing requests from over 90 countries so far. The Executive Board approved immediate debt service relief to 25 of the IMF’s member countries under the IMF’s revamped Catastrophe Containment and Relief Trust (CCRT) as part of the Fund’s response to help address the impact of the COVID-19 pandemic. This provides grants to our poorest and most vulnerable members to cover their IMF debt obligations for an initial phase over the next six months and will help them channel more of their scarce financial resources towards vital emergency medical and other relief efforts.

The CCRT can currently provide about US$500 million in grant-based debt service relief, including the recent US$185 million pledge by the U.K. and US$100 million provided by Japan as immediately available resources. Others, including China and the Netherlands, are also stepping forward with important contributions. I urge other donors to help us replenish the Trust’s resources and boost further our ability to provide additional debt service relief for a full two years to our poorest member countries.

The countries that will receive debt service relief today are: Afghanistan, Benin, Burkina Faso, Central African Republic, Chad, Comoros, Congo, D.R., The Gambia, Guinea, Guinea-Bissau, Haiti, Liberia, Madagascar, Malawi, Mali, Mozambique, Nepal, Niger, Rwanda, São Tomé and Príncipe, Sierra Leone, Solomon Islands, Tajikistan, Togo, and Yemen.

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