ADEBAYO EBUNOLUWA GOODNESS

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IRD 218 – Elements of contemporary Global studies

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.

WHAT IS CORONA VIRUS?

It is caused by a member of the coronavirus family that has never been encountered before. Like other coronaviruses, it has come from animals. Many of those initially infected either worked or frequently shopped in the Huanan seafood wholesale market in the centre of the Chinese city. The virus can cause pneumonia. Those who have fallen ill are reported to suffer coughs, fever and breathing difficulties. In severe cases there can be organ failure. As this is viral pneumonia, antibiotics are of no use. The antiviral drugs we have against flu will not work. Recovery depends on the strength of the immune system. Many of those who have died were already in poor health.

A corona virusis a kind of common virus that causes an infection in your nose, [sinuses](https://www.webmd.com/allergies/picture-of-the-sinuses), or upper throat. Most coronaviruses aren't dangerous.

But In early 2020, after a December 2019 outbreak in China, the World Health Organization (WHO) identified a new type, 2019 novel coronavirus (2019-nCoV), which can be fatal. The organization named the disease it causes COVID-19.

The outbreak quickly moved from China around the world. It spreads the same way other coronaviruses do: through person-to-person contact.

Symptoms can show up anywhere from 2 to 14 days after exposure. Early on, they're a lot like the common cold. You might notice:

* Fever
* Cough
* Shortness of breath

Infections range from mild to serious. The virus can turn deadly if it leads to pneumonia, respiratory failure, or septic shock. Those most at risk of death are the elderly and people with weakened immune systems.

Coronaviruses were first identified in the 1960s, but we don't know where they come from. They get their name from their crown-like shape. Sometimes, but not often, a coronavirus can infect both animals and humans.

Most coronaviruses spread the same way other cold-causing viruses do: through infected people [coughing](https://www.webmd.com/first-aid/coughs) and [sneezing](https://www.webmd.com/allergies/features/11-surprising-sneezing-facts), by touching an infected person's hands or face, or by touching things such as doorknobs that infected people have touched.

Almost everyone gets a coronavirus infection at least once in their life, most likely as a young child. In the United States, coronaviruses are more common in the fall and winter, but anyone can come down with a coronavirus infection at any time.

The international system over time has been characterized with various issues ranging from World wars, cold war, terrorism as well as power tussle between superpowers that continually shaped the word from a by the polar system to a current multi-polar system. Pandemics being the key variable in this context is not a new issue in the world as we can reference in history the rise of pandemics like Spanish flu, Tubacholosis, cholera and now the COVID-19. Covid-19 pandemic has been very detrimental as a whole, but for this paper, the global economic impact would the point of discussion.

Intended and Unintended consequences of the lockdown

In order to stop the spread of the virus, several countries have gone on complete lockdown halting economic activities, making it compulsory for people to stay at home, this has had the following effects:

1- There has been a general decline in pollution levels, the European Space Agency has registered an impressive fall in pollution across several European countries

2: Supply shortages are expected to greatly affect a lot of sectors due to panic buying, and this will inturn lead to price hikes as the companies incharge of producing these goods have been locked down.

Not even during the Great Depression and World War II did the bulk of economic activity literally shut down, as it has in China, the United States, and Europe today. The best-case scenario would be a downturn that is more severe than the Global financial crisis (in terms of reduced cumulative global output) but shorter-lived, allowing for a return to positive growth by the fourth quarter of this year. In that case, markets would start to recover when the light at the end of the tunnel appears.

The Data at the IMF as well as other economic experts have overtime shows the implications of the spread of the pandemic on global economies. Giving a county-country analysis of the developed and most hit countries, it is important to look at Italy who was hit the most until the recent USA take over. Looking at Italy, the lockdown has led to a high consumption of energy in terms of domestication.

There has been a general decline in the prices of shares and stocks which has been reflected in the FTSE (Financial Times Stock Exchange) , Dow Jones Industrial Average and Nikkei to mention a few, which has in turn led to slashed interest rates by central banks of various countries to make borrowing cheaper and encourage spending to boost the economy.

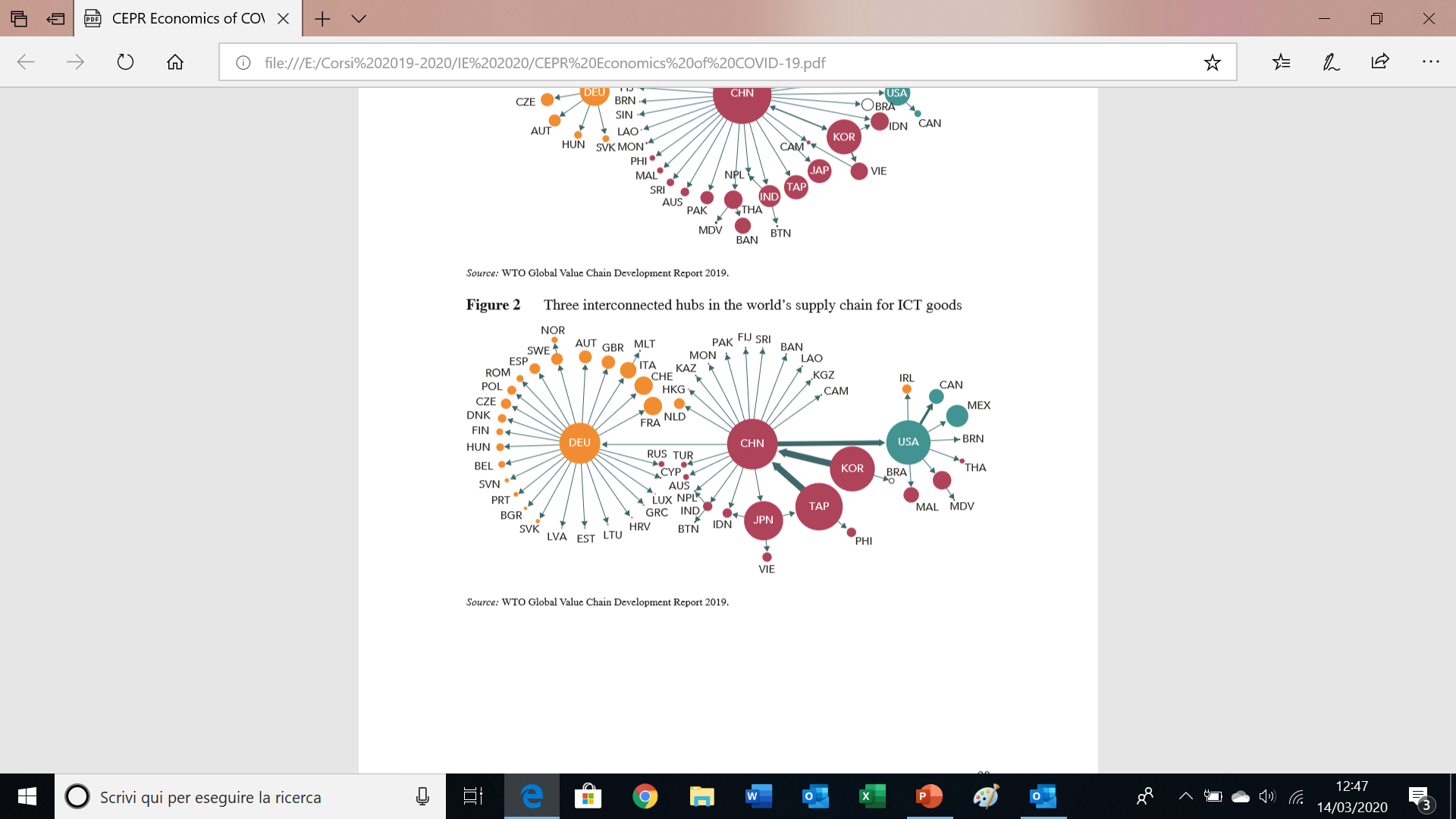
Also there has been an increase in unemployment rates in different countries, for example in the United State, the number of people filing for unemployment hit a record high, signaling an end to a decade of expansion for one of the world’s largest economies

While the travel Industry has experienced a terrible decline with the cancellation of flights and the ban into countries, the consumer industry has reported huge growth in demand as customers stockpile several household consumables as the pandemic escalated

The Intended and Unintended consequences of the lockdown continually surface in the quest to suppress the spread of the Virus. In order to stop the spread of the virus, several countries have gone on complete lockdown halting economic activities, making it compulsory for people to stay at home which has cumulated to both intended and unintended effects. There has been a supply shortage due to the hault on economic activities and production of goods. Supply shortages are expected to greatly affect a lot of sectors due to panic buying, and this will in turn lead to price hikes as the companies in charge of producing these goods have been locked down.

The lockdown has left millions at risk especially in developing countries where a large percentage of its labor force fall under the informal sector. International Labor Organization reported that the worlds 2 billion informal workers are most at risk because they are forced to continue working in high-risk environment with limited sanitation to provide a source of livelihood for themselves and their families. Reports also showed that the worst impacts will be felt in South Asia and sub Saharan Africa as an estimated 80% of people will be forced to live below the poverty line of $1.90 a day.

A very important more global impact of the spread of corona Virus on Global economies is how much it affects the Global Value chain. The pandemic has caused a GVC disruption. Putting into consideration what a global value chain is, A «**value chain**» represents «the full range of activities that firms do to bring a product from its conception to its end-use and beyond» (Gereffi 2011). It includes design, production, marketing, distribution and support to the final consumer. These activities can be performed within the same firm or divided among different firms, and spread over several countries. This chain really matter in competitiveness as companies compete tend to compete not in products alone but also in services. The GVC has been a major source for more interconnectednes, systhematic independence, specializations(in activities, functions, task, beyond sectors and products) which also cummulates to increased productivity, income and economic growth. It is important to know that the Global Value chain of the world is dominated by Economic powers in the world such as USA, China and Europe as a whole. The spread of these Virus hit these countries the most and has affected the economic development of the world knowing fully well that the world is interconnected and the most affected countries are the main source of global economic growth, and have unfortunately stoped all economic activities which is haulting the the Global value chain. The Diagram below shows the role of China and USA in the global value chain of production of goods and services.



Source: WTO Global Value Chain Report 2019.

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