**NAME: DURU MIRACLE**

**DEPARTMENT: I.R.D**

**COLLEGE: SMS**

**LEVEL: 200**

**MATRIC NO.:18/SMS09/030**

 **COURSE: ird 218**

 **ASSIGNMENT**

**IMPACTS OF THE COVID-19 PANDEMIC TO THE WORLD ECONOMY BETWEEN DECEMBER 2019 AND APRIL 2020**

**ABSTRACT**

The global pandemic is arguably the earth greatest threat since the flu and well Ebola that affected most of Sub-Saharan Africa and West Africa. World leaders have underestimated the devastating nature of the novel covid-19.

Donald Trump the 45th president of the United States of America has compared the covid-19 to the flu and unfortunately to the detriment of American citizens and Trumps administration with the vast increase in the numbers of recorded cases, illuminates the severity of the covid-19 pandemic. The global pandemic has kept the world on halt, the economies of the world are currently on a stand still. In a bid to avoid the economic impacts of the covid-19, Brazil has antagonized the policy on social distancing.

Thus social distancing as a policy and the evident lockdown remains a recommended tool by the W.H.O to combat the pandemic. And although this arguably save lives, as it has a positive impact in terms of health, But paradoxically it remains a thorn in the economic reality of the world. This in my opinion is “medicine after death “.

This essay aims to elucidate on the impacts of the corona virus pandemic to economies the world.

**INTRODUCTION**

Coronavirus disease 2019(covid-19) is defined as an illness caused by a novel coronavirus now called severe acute respiratory syndrome coronavirus 2 (SARS-COV-2;formerly called 2019-ncov0 which was first identified amid an outbreak of respiratory illness cases in Wuhan city , Hubei Province , China , it was initially reported to the who on December 31 2019, on January 30,2020 , the Who declared the Covid-19 a global pandemic , its first such designation since declaring H1N1 influenza a pandemic in 2009

Illness caused by SARS COV-2 was recently termed COVID-19 by the WHO , the new acronym derived from “coronavirus disease 2019” Thee name was chosen to avoid stigmatizing the virus’s origins in terms of populations , geography , or animal associations

It is paramount to state that due to the policies that were selected to combat the corona-virus, specifically “the policy on social distancing”. This has led to a vast increase in the use of social media .Globalization has indeed aided that cause. As important meetings are held online, classes are held online etc.

Unfortunately for the populace the proliferation of fake use and propaganda has become the agenda of the day.

The globalization of COVID-19 pandemic and its economic impacts is set to run havoc across all economies in the world, throwing many into recession and possibly economic depression. As the numbers of infected and death cases rise sharply and recovery from the pandemic remains uncertain even in developed countries, evidence of shocks across economies including China, the Europe, and the US are already emerging.

Although it might seem too early to talk about the economics of the COVID-19 outbreak, it remains pertinent due to the ravage it is causing through direct and indirect economic impacts across countries. The economic implications of the outbreak is broadly termed as ‘Coronanomics’ (Eichengreen, 2020, 12 March), while some call it as the ‘Black Swan’ (Petro, 2020, March 20). Apparently, the outbreak has produced a ‘de-globalization’ process by forcing countries to lock-down borders, preventing normal flows of goods, capital, and humans, and business and production shut downs at least temporarily. That said, countries have already begun to feel the macroeconomic hit due to the outbreak and economists are increasing looking into them. In addition to dire health consequences, the COVID-19 outbreak is producing massive and far-reaching economic cost burdens for all nations including China, the US, Japan, Germany, Britain, France, and Italy - the G7 countries. Baldwin and di Munro (eds.) (2020) rightly say, as the G7 countries share 60% of world supply and demand (GDP), 65% of world manufacturing, and 41% of world manufacturing exports, when they sneeze, the rest of the world will catch a cold. However, since the first COVID-19 case was reported in December 2019, only few scholarly research can be found on the economics of the outbreak, while analytical briefs are increasingly being 3 covered by news media outlets and research and policy think tanks. The limited number of available organized research efforts portray an early indication and estimates of the likely impacts, mostly addressing isolated economic dimensions; for example, Baldwin and di Mauro (eds.) (2020) present a brief eBook containing initial assessments of 14 different authors about different dimensions of impacts covering general macro economy and policy, trade, supply chain, finance, banking, travel, and regional sensitivities. The outputs however are partial, due to the fact that the direction and the span of the outbreak’s impacts in the coming days are uncertain. The uncertainty also makes it difficult to produce any useful quantitative estimates of the outbreak’s future impacts.

***Economic Loss***

In regard to the current COVID-19 Pandemic, though it is too early to quantify or project its impacts on the global economy, it may take the precedent of other outbreaks where billions of dollars will be lost. The foundations for this escalating loss can be witnessed in the rapid growth of travel bans being enacted by some countries and their international airports, especially specifically restricting people from visiting the affected regions. Large-scale quarantines, travel restrictions, and social-distancing measures drive a sharp fall in consumer and business spending. There has been a significant economic impact of COVID-19 on the world economy in recent weeks, especially the vulnerable industries like manufacturing, transportation, tourism and hospitality. The travel and tourism industry which account for 10% of the world’s GDP and about 50million jobs is currently at risk due to closing down, which also affects small and medium enterprises. The outbreak came almost on the eve of the Lunar New Year celebrations, and that it had been estimated that over 400 million people were expected to travel in different parts of the world and China to observe this festivity, the majority had to reconsider their options as to flights, hotels and entertainment events due to service provider cancellations. This move has already affected the share value of airline companies. The economic effect of the pandemic is to a large extent more on the low or no income city dwellers, especially the informal sector. Various Governments announced intention to support these categories in this time of crises, however, the is a lack of clarity on how the measures of support will be implemented and how cities will manage the huge loss of income within this period. Analysts are already referring to COVID-19 as the 2020 global recession.

***Socio-economic impacts***

Health is fundamental to a prosperous productive society, whereas panic and illness can stifle production, consumption, recreation, travel, and overall well-being (Marin, 2017; Adeola & Evans, 2018; Lawanson & Evans, 2019; Nwaogwugwu & Evans, 2019; Fourie, 2020). Health disasters such as the Ebola virus in West Africa, the Middle East Respiratory Syndrome (MERS) outbreak in the Republic of Korea, and the rise of COVID-19 not only have global health impacts but also wide-ranging socioeconomic disruptions. For example, during the Ebola virus in West Africa from 2013 to 2014, “government revenues declined across the board, including direct taxes on companies, VAT receipts, and indirect taxes; additionally, decline in private and foreign investors' confidence led to financing gaps of more than US $600 million over the two years. These impacts cut across many sectors and undoubtedly have long-term consequences” in Guinea, Liberia and Sierra Leone (Smith et al, 2019). In addition, after killing at least 800 people and infecting more than 8000, the total global economic loss due to SARS was estimated to $40 billion. Much of this impact was due to consumer fears given the ease of transmissibility of the virus in public settings. Also, the wider economic impact of the 1998 Nipah outbreak in Malaysia was estimated at US $582 million (Dimmock, Easton & Leppard, 2016). In the same fashion, the incidence of the COVID-19 is growing at a disturbing rate with significant impacts on global economies and public health. According to Bloomberg, China's first‐quarter GDP growth may drop to 4.5%; the global GDP is also expected to decline by roughly 0.42% in the first quarter of 2020. Economists have estimated that, without urgent global actions to curtail the virus in time, China is expected to lose up to $62 billion in the first quarter of 2020, while the world will lose over $280 billion. Ayittey et al (2020) compared these values to the World Banks estimate that even a weaker flu pandemic, such as the 2009 H1N1 viruses, would still wipe 0.5% off global GDP, which is approximately $300 billion. During the 2003 SARS outbreak, tourist arrivals in Hong Kong dropped 68% just two months. In South Korea, where an introduction of MERS caused a brief 2015 outbreak, the number of international visitors dropped by 41% in mid-summer. The public's contagion fear and governmental overreaction closed down many public events and stifled daily activities (Lee & Ki, 2015). The H1N1 influenza resulted in a US $2.8 billion hit to Mexico's tourism industry, with a loss of one million tourists over a five month period due to contagion fears. In a similar fashion, in a report on the COVID-19 outbreak, the United Nations World Tourism Organization [UNWTO] (2020) has emphasized a decline in international arrivals and receipts in 2020, revising its 2020 prospects for international tourist arrivals Socio-economic impacts of novel coronavirus: The policy solutions to a negative growth of 1% to 3%, meaning an estimated loss of US$ 30 to 50 billion in international tourism receipts. In fact, the impacts are estimated to be felt across the whole tourism value chain. For example, according to Global News (2020), bookings are down from China to Canada by about 70 per cent between October 2019 and March 2020 as many airlines have restricted the number of flights to the country, and several Canadian tourism marketing agencies have pulled out all their ad money from China. Morbidity and mortality values may indicate severity of COVID-19 impact, but may not allow appreciation of the full consequence of impaired productivity from illness for a person, their household or their community. Impacts may involve psychological, educational, or professional losses on the individual and household. The high death toll during the West Africa Ebola outbreak trigger expanded social and household economic impacts, stifled growth rates, and lost wages due to inability to work or contagion fear, increased poverty and food insecurity, lost education and lost jobs. In a similar fashion, if the age group of 15–44 years, those engaged in the labor force and parents of young children, account for majority of COVID19 infections, the impact on economic activity, poverty and food security could be substantial. Incomes could drop significantly during the outbreak; consumption by households could decrease and the prevalence of under nutrition rise. Closure of schools, resulting in weeks of lost education, could expose children to several types of child abuse (including sexual exploitation and violence against girls) with long-term effects such as emotional trauma and unwanted pregnancies. Economic implications of the COVID-19 can be detrimental not only to public health systems but to trade and travel, food and agriculture industries, various market types and retail chains, among others. These sectors are not traditionally linked to disease impact assessments, yet they are confronted with the threat of the virus wherein consumers are too fearful to access their services because of supply chain or their workforce is compromised. There are many ramifications of the direct and indirect economic effects of the COVID-19: preparedness and prevention (practices that mitigate risk), the event itself (e.g., business continuity, supply chain disruption, public contagion avoidance behavior, trade and travel bans), and the event aftermath (e.g., permanently closed markets, long-term employment loss, impacts of lost education or being orphaned, etc.). There are increasing numbers of confirmed deaths. These numbers are expected to surge when indirect costs due to lost productivity and comorbidities are taken into consideration. The escalating pandemic has the potential to overwhelm healthcare systems and threatens to reverse the gains of economic development in many emerging markets. Considering the grave human, there is a critical need for health professionals and policy makers to recognize the magnitude of the COVID19 epidemic and the potential devastation it may inflict, particularly in the developing world.

**Conclusion**

COVID-19 is jeopardizing economies - no matter large or small, developed or developing. As of today, end to this pandemic remains uncertain. The uncertainty is causing loss of public confidence worldwide. The macroeconomic impacts in any economy are likely to worsen across economies, if consumer and producer confidence is lost and a powerful demand shock coupled with massive supply-side supports cannot be implemented in a timely manner. In the current context, recovery from the disease is primary and economics is secondary. However, as evidence of economic adversities emerge, it would be wise to begin from now designing and implementing aggressive and innovative policy actions with a longterm perspective to prevent the looming. Or, if someone waits for the pandemic to end before taking effective measures, it might too late and an economic depression might become inevitable and unavoidable.