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200 LEVEL.

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.EVEL

Developing countries were hit hard by the financial and economic crisis, although the impact was somewhat delayed. Every country had different challenges to master. The closer the developing countries are interconnected with the world economy, the crasser the effects. And the incipient recovery that is becoming noticeable is, for the time being, restricted to only a few countries and regions. The crisis was transmitted primarily by trade and financial flows forcing millions back into poverty. Attainment of the Millennium Development Goals is seriously jeopardized in many countries. Many developing countries did not and do not have the resources to stimulate the economy and protect their socially disadvantaged populations to the same extent as the industrialized countries. However, many countries have made considerable efforts to mitigate the effects. Developing countries have also increased their cooperation with one another and are urgently demanding a greater voice in global economic affairs.  
The industrialized countries are for the most part more concerned with their own problems. Their readiness to provide more extensive aid is limited. They are under pressure from the international institutions to relax their previous dominance in favor of the increasingly strong emerging countries. A shift in power and influence that was already noticeable before the financial crisis is deepening.

The COVID-19 pandemic has pushed the world into a recession. For 2020 it will be worse than the global financial crisis. The economic damage is mounting across all countries, tracking the sharp rise in new infections and containment measures put in place by governments.

China was the first country to experience the full force of the disease, with confirmed active cases at over 60,000 by mid-February. European countries such as Italy, Spain, and France are now in acute phases of the epidemic, followed by the United States where the number of active cases is growing rapidly. In many emerging market and developing economies, the epidemic appears to be just beginning. In Italy, the first country in Europe to be severely hit, the government imposed a national lockdown on March 9 to contain the spread of the virus. As a result, attendance in public places and electricity use have declined dramatically, especially in the northern regions where infection rates have been considerably higher. The economic consequences of the pandemic are already impacting the United States with unprecedented speed and severity. In the last two weeks in March almost 10 million people applied for unemployment benefits. Such a sharp and staggering increase has never been seen before, not even at the peak of the global financial crisis in 2009. Disruptions caused by the virus are starting to ripple through emerging markets. After showing little movement early in the year, the latest indices from purchasing manager surveys (PMIs) are pointing to sharp slowdowns in manufacturing output in many countries, reflecting drops in external demand and growing expectations of declining domestic demand. On a positive note, China is seeing a modest improvement in its PMI after sharp declines early in the year, despite weak external demand. The modest improvement in economic activity in China is reflected in daily satellite data on nitrogen dioxide concentrations in the local atmosphere a proxy for industrial and transport activity (but also the density of pollution as a by-product of fossil fuel consumption). After a steep decline from January to February during the acute phase of the pandemic, concentrations have increased as new infections have fallen, allowing China to gradually relax its strict containment measures.

The [recovery](https://blogs.imf.org/2020/03/20/blunting-the-impact-and-hard-choices-early-lessons-from-china/) in China, albeit limited, is encouraging, suggesting that containment measures can succeed in controlling the epidemic and pave the way for a resumption of economic activity. But there is huge uncertainty about the future path of the pandemic and a resurgence of its spread in China and other countries cannot be ruled out.

To overcome this pandemic, we need a global, coordinated health and economic policy effort. The IMF in collaboration with other partners is doing everything it can to ensure rapid support is available to impacted countries through emergency financing, policy advice, and technical assistance.

The IMF and the World Bank as well as other multilateral financing institutions addressed the financial and economic crisis early and on their own initiative. At the same time the G-20 resolutions also added impetus. Vice versa, the heads of these organizations were not loath to call urgently on the G-20 heads of State for speedier and more intensive action. They were able to attend the summits as observers. The principal concerns included on the one hand the policy counselling of the member countries and financial support, which is to be considerably increased. To this end, all the multilateral financing institutions had to significantly expand their own resources. This process had not been completed by autumn 2009. At the same time the financial crisis had entailed increased pressure on the reform of governance. However, the resistance of a few industrialized countries remained high; nevertheless, the reforms should be completed in 2010. Both the IMF and the World Bank use the spring and autumn meetings to present their measures and activities in the best possible light. The annual meeting in Istanbul in early October 2009 even adopted the optimistic slogan: “Road to global recovery”.

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