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Topic: THE NEGATIVE ECONOMIC IMPACT OF GLOBAL EMERGENCIES

Amidst any Global Emergency, domestic and international economies always struggle to stay stable. This is because the measures taken to eradicate such emergencies may cause different sectors of the economy to be neglected. In this vein, there is a need to reflect on the role of Law and Policies in cushioning the negative economic impact of Global Emergencies

The objective of this paper is to give an in-depth examination of the negative economic impacts of global emergencies with a view of demonstrating how Law and Policies are a necessity in a bid to amortize these effects. This paper will provide an overview of what a global emergency is and give examples; it will also highlight the negative economic impact of global emergencies and finally, explain the necessity of Law and Policies in cushioning the negative economic impacts as well as give examples of these Laws and Policies. For more clarity, illustrations will be made using the Corona Virus Pandemic (COVID-19) due to its prevalence in the world today.

A Global Emergency is an event that occurs in multiple countries and is accompanied by some consequences that requires strategic response or actions in order to eradicate it. For as long as the existence of mankind, global emergencies have always occurred. Some have been completely eradicated while some others are still being managed. Most global emergencies occur as health emergencies but some others are not health related. In relation to health emergencies, according to the World Health Organization, health emergencies are classified under three grades and the grade of the emergency depends on the severity. Different countries of the world have gone

through many health emergencies like Plagues, Flu, Influenza, Polio, Yellow Fever, Meningitis, Ebola Virus, HIV/AIDS and now, the COVID-19.

Wars, Natural disasters, Man-made disasters, Economic Recessions and many others are not health related, but are also global emergencies. The lists of these emergencies are not exhaustive and one thing that is common among them is that in an effort to eradicate them, they have brought a shock to the economy even in the slightest way.

The Negative Economic Impact of Global Emergencies

Can a Global Emergency translate to an economic crisis? The various global emergencies of the past and the implications they have placed on the global economy will lead this question to be answered in the affirmative. The world has witnessed many global emergencies and these emergencies inevitably affect the economy negatively.

One of the sectors of the global economy that always suffer during global emergencies is the oil sector and the impact is usually felt by oil producing and exporting countries. During global emergencies, there tends to be lower demand for oil products and this leads to a crash in the price of oil. When the oil prices are lower, the revenue of oil dependent countries become lower and their foreign exchange earnings become lower thereby leading to the devaluation of local currencies of such countries. This is similar to what is happened to many oil exporting countries after the outbreak of the Covid-19. In Nigeria, the pandemic led to a drastic crash in crude oil prices and this has forced the Federal

Government to propose for the reduction of the oil price benchmark for the 2020 budget from \$57 to \$30. Also, for the first time in history, USA oil

prices went below zero for the first time in history on April 20 , 2020; Oil companies are halting

When the world is grappling with an emergency situation, the financial sector of the economy encounters some shortcomings. The major source of revenue for banks which is through loans becomes attacked as the macroeconomic slowdown usually leads to nonperforming loans issued to enterprises and businesses. In addition, there is usually a decline in bank transactions and ATM card use thereby leading to lower fees collected by banks and this affects their profits. FinTech businesses also witness fall in profits due to lower patronage during emergencies.

The labor sector also witnesses a slump when emergencies arise. When there is a global emergency, the quantity of jobs (both unemployment and underemployment) and the quality of jobs are the main dimensions of labor that are usually affected. The implication of this is that due to reduction of economic activities, many employees have to be laid off, workloads of people who still have jobs are reduced and salaries are slashed. According to The International Labor Organization, global financial crisis of 2008-2009 increased the rate of unemployment by 22 million

Global Emergencies keep the Aviation industries floating as governments of many countries are forced to impose restrictions on travel and suspend work visas and immigrant visas. The aftermath of this is that Airports will be shutdown and Airlines will struggle to stay sustained. The Hospitality, Sports and Entertainment Industries are also hit really hard during Emergency periods. With respect to the Hospitality Industry, Hotels and Restaurants always suffer losses as people stop patronizing them during emergency periods and this leads them to close and cancel reservations which would cost them a lot of money. In the Sports and Entertainment Industries respectively, they record extreme losses as they may be compelled to cancel or postpone many events due to the outbreak of an emergency. The postponing of the 2020 Tokyo Summer Olympic and Paralympic games due to the outbreak of the Covid-19 pandemic is a typical example of what an emergency can do to the sports industry. The resulting loss in revenue to sponsors and organizers of these cancelled events run into billions of dollars.

In conclusion, When global emergencies occur, they are accompanied with negative impacts on the economy and the enactment of laws and implementation of policies is always a necessity in cushioning those negative effects.