Global Shock in Economic Activities: COVID-19 Pandemonium

Chinenye Ifeoma Nwokolo

University of Lagos

Matthew Ikechukwu Ogbuagu

Federal University Oye-Ekiti

Onyebuchi Iwegbu (✉ oiwegbu@unilag.edu.ng)

University of Lagos <https://orcid.org/0000-0002-2598-8102>

Research

Keywords: Global Shock, Economic Activities, COVID-19 Pandemonium

Posted Date: April 5th, 2020

DOI: <https://doi.org/10.21203/rs.3.rs-20705/v1>

License: © ⓘ This work is licensed under a Creative Commons Attribution 4.0 International License.

[Read Full License](#)

Abstract

The sudden outbreak of corona virus disease (COVID-19) all over the globe has continued to spread like a wild fire. The confirmed number of deaths was about 3, 400 as of March 7, 2020 but an exponential death increase has been recorded with the number of deaths jumping to a height of about 13,550 on March 22, 2020. The alarming level of spread poses challenge to leaders, economist and policy makers in the world and have distrust global workforce. The global economic implication of the pandemic has become detrimental to human, health, social, political and economic activities, among others which has resulted to global economic shock. Hence, countries have become nationalized and politics becoming nationalistic. Among suggested policy measure include: reduction of interest rates as low as the 2009 subprime crisis percentage point just to encourage investment and recovery in global activities, International health organizations should intensifying surveillance, outbreak readiness, biomedical counter-measures as preventive measures, massive education and enlightenment about the virus using all local dilates , its mode of transmission, and its health and socio-economic effects on the household and economy at large. For an effective implementation of these policy solution, maximum support is needed from all the stakeholders such as the governments, non-governmental organizations, health professionals, the media, communities, and the individuals at large.

1. Introduction

The sudden outbreak of corona virus disease (COVID-19) all over the globe has continued to spread like a wild fire. As the confirmed number of deaths strike about 3, 400 as at March 7, 2020 (Olaniyi, 2020). An exponential growth increase in death was experienced, with the number of deaths jumping to a height of about 13,550 on March 22, 2020. The alarming level of spread poses challenge to leaders, economist and policy makers in the world and have distrust global workforce. This novel pneumonia illness first breakout in the province of Hubei in Wuhan, China, at the tail end of December 2019 (Brussow, 2020; Fauci, Lanre & Redfield, 2020; Gentile & Abenavoli, 2020, Shang, Yang, Rao & Rao, 2020), spreading from person to person, attacking the lungs and the bronchial tubes. The ailment has resisted all known treatment, hence ravaging lives of mostly people within the workforce age group of 15–44 years and children been less infected, the speed of the transition is an estimated 5–6 days (World Health Organization [WHO], 2020a).

In the light of the foregoing, the way of living has changed globally as government around the world have begun to take drastic measure to curb the virus from spreading further. Consequently, the spread of the COVID-19 has killed nearly 13,550 people with over 316,544 infected and 95,051 recovered globally as of 22nd March, 2020 (Scooper, 2020). According to statistics from respective countries and regions, the seven most hit countries in the world include: China, Italy. Spain, US, Germany, Iran, France (Scooper, 2020). Hence, several measures have been taken by government of all strips to curb further spread of the virus. For instance, US has declared a national emergency, while countries like China, France, Kenya, Nigeria, Italy among others, have closed down most economic activities including schools and colleges. Also, Spain have declared a nationwide lockdown and placed strict restriction on residents from leaving

their homes (Yeung, Marsh & Kottasova, 2020). More so, nations have resolved to impose travel bans, export and import ban, restriction on border crossing, close down of schools, sporting events cancelled, large gathering prohibition and banning of all international passengers' flights.

Furthermore, the spread of the novel pneumonia illness has prompted governments all over the globe to take measure without anyone remembering the state of the global economy. Hence, the first priority is clear to keep people as safe as possible. However, this has wrecked the global economic activities and brought about economic downturn in all economies of the world as all transactions remain on hold, oil price dropped due to drastic fall in the demand triggered by near-zero economic activities. The main focus and concern of nations globally is to secure the health and lives of the people, as health is key for a prosperous productive society. Therefore, it is pertinent to note that if drastic measures are not taken in time to curtail the spread of the virus most countries are going into recession while other more vulnerable nations would slump into depression.

This becomes expedient giving the fact that, the importance of sorting for concrete measures to contain the spread of COVID virus and the effect on economic impacts has been carefully highlighted by a growing body of literature within the same period (Andayi, Chaves & Widdowson, 2019; Guimbeau, Menon & Musacchio, 2019; Hintzen, 2019, Olaniyi, 2020). Even though these scholars shed more light into the pandemic, they have failed to unveil the global market shock of COVID virus. This avail us the opportunity to fill the most recent gap in the literature and draw policy solutions that will help households and businesses.

2. Stylized Fact

For a better understanding of the issues of context, we employ the use of table for better illustration of the reported cases of COVID-19 globally. Tables 1 and 2, below shows the statistics of the COVID-19 case in Africa and globally as of 22nd March 2020. The statistic below shows that the virus has find its way into 44 countries in Africa with 1269 confirmed case, 72 recovered and 39 deaths. While statistic from the global case shows 315882 confirmed cases, 95039 recovered and 13558 deaths as at the same date. The human cost of the pandemic has continued to rise in an alarming rate and the virus is spreading across more countries.

Table 1
African Cases as of 22nd March, 2020

Country	Added	Confirmed	Recovered	Death
Egypt	0	294	41	10
South Africa	0	240	0	0
Algeria	0	139	12	15
Senegal	0	56	5	0
Tunisia	15	75	0	3
Morocco	0	96	2	3
Cameroon	13	40	0	0
Nigeria	4	26	1	0
Burkina Faso	24	64	5	3
Congo	13	40	0	0
Ghana	0	21	0	1
Mauritius	4	18	0	1
Namibia	0	3	0	0
Seychelles	0	6	0	0
Togo	0	16	1	0
Cote D'Ivoire	0	14	1	0
Gabon	0	5	0	1
Kenya	0	7	0	0
Ethiopia	2	11	14	0
Madagascar	0	3	0	0
Sudan	0	1	0	1
Equatorial Guinea	0	6	0	0
Rwanda	0	17	0	0
Zambia	1	3	0	0
Guinea	0	2	0	0
Mauritania	0	2	0	0

Source: Scooper, 2020: official figures from respective countries and regions

Country	Added	Confirmed	Recovered	Death
Swaziland	0	4	0	0
Central Africa Republic	0	3	0	0
Reunion Island	0	28	0	0
The Republic of Congo	0	4	0	0
Tanzania	6	12	0	0
Mayotte	0	4	0	0
The Republic of Congo	0	1	0	0
Liberia	0	3	0	0
Benin	0	2	0	0
Zimbabwe	0	2	0	0
Angola	0	2	0	0
Sudan	0	2	0	1
Niger	1	2	0	0
Gambia	0	1	0	0
Somalia	0	1	0	0
Djibouti	0	1	0	0
Chad	0	1	0	0
Uganda	0	1	0	0
Cape Verde	0	1	0	0
Eritrea	0	1	0	0
Source: Scooper, 2020: official figures from respective countries and regions				

Table 2
Global Cases as of 22nd March, 2020

Country	Added	Confirmed	Recovered	Death
China	108	81566	72390	3267
Italy	0	53578	6072	4825
Iran	1028	21638	7913	1685
Korea	98	8897	2909	104
Spain	3646	28572	2125	1720
Germany	3146	25247	239	84
France	0	14459	1587	562
United State	1254	26747	176	340
Switzerland	901	7014	3	60
United Kingdom	0	5018	93	233
Norway	0	2150	0	7
Sweden	0	1746	17	20
Netherlands	573	4204	0	179
Denmark	0	1326	1	13
Japan	6	1060	215	37
Belgium	586	3401	290	75
Austria	0	2649	9	7
Qatar	0	481	27	0
Australia	47	1098	27	7
Canada	0	1330	11	20
Malaysia	123	1306	139	10
Greece	0	530	19	30
Finland	0	521	10	1
Singapore	23	455	140	2
Bahrain	0	306	100	1

Source: Scooper, 2020: official figures from respective countries and regions

Country	Added	Confirmed	Recovered	Death
Israel	62	945	37	1
Czech Republic	52	1047	6	0
Slovenia	0	341	0	1
Iceland	0	473	0	1
Brazil	0	1128	0	18
Ireland	0	785	0	3
Indonesia	64	514	9	48
Thailand	126	599	45	1
Portugal	320	1600	3	12
Philippines	73	380	15	25
Iraq	0	214	49	17
Estonia	0	306	0	0
India	26	341	23	6
Poland	138	563	13	7
Saudi Arabia	119	511	16	0
Romania	0	308	31	0
Lebanon	15	245	8	4
United Arab Emirate	0	153	38	2
San Marine	0	151	2	14
Chile	103	537	8	1
Russia	0	306	16	1
Vietnam	5	99	17	0
Luxembourg	128	798	0	8
Serbia	22	171	0	1
Argentina	67	225	1	4
Slovakia	0	178	0	1
Panama	45	245	0	3
Source: Scooper, 2020: official figures from respective countries and regions				

Country	Added	Confirmed	Recovered	Death
Mexico	48	251	1	2
Brunel	5	88	4	0
Albania	6	76	0	2
Croatia	0	133	5	1
Bulgaria	36	163	0	3
Palestine	2	59	17	0
Pakistan	0	730	2	3
Hungary	28	131	7	4
Georgia	0	47	1	0
Peru	0	318	0	5
Latvia	0	134	0	0
Ecuador	0	36	0	5
Costa Rica	4	117	0	2
Colombia	52	210	0	1
Cyprus	9	84	0	1
Bosnia	0	64	0	0
Oman	3	55	17	0
Armenia	0	160	1	0
Azerbaijan	0	44	10	1
North Macedonia	0	70	0	0
Belarus	0	69	15	0
Moldova	0	80	1	1
Sri Lanka	4	81	1	0
Maldives	0	13	0	0
Venezuela	28	70	0	0
Lithuania	0	83	0	1
New Zealand	14	67	0	0
Source: Scooper, 2020: official figures from respective countries and regions				

Country	Added	Confirmed	Recovered	Death
Paraguay	4	22	0	1
Kazakhstan	0	54	0	0
Turkey	0	947	0	21
Uruguay	25	135	0	0
Cambodia	0	51	1	0
French Guiana	0	15	0	0
Cuba	0	21	0	1
Malta	0	64	0	0
Ukraine	0	47	0	3
Bangladesh	3	27	5	2
Greenland	0	2	0	0
Monaco	0	18	0	0
Andorra	26	114	1	1
Bolivia	0	16	0	0
Honduras	0	24	0	0
Faroe Islands	0	80	0	0
Jersey	3	15	0	0
Nepal	0	1	1	0
Jordan	0	99	1	0
Uzbekistan	2	43	0	0
Dominica	0	72	0	2
Liechtenstein	0	34	0	0
Bhutan	0	2	0	0
Curacao	0	3	0	0
Vatican	0	1	0	0
Mongolia	0	10	0	0
Jamaica	0	16	0	1
Source: Scooper, 2020: official figures from respective countries and regions				

Country	Added	Confirmed	Recovered	Death
Trinidad and Tobago	0	9	0	0
Gibraltar	0	1	0	0
Guernsey	0	17	0	0
French Polynesia	0	11	0	0
Guatemala	5	17	0	1
Suriname	0	5	0	0
Saint Vincent and Grenadines	0	1	0	0
Guyana	0	4	0	1
Saint Martin	0	4	0	0
Puerto Rico	0	14	0	0
Antigua and Barbuda	0	1	0	0
Kuwait	0	176	27	0
Afghanistan	10	34	0	0
Martinique	0	32	0	0
Guadeloupe	0	51	0	0
Montenegro	0	14	0	0
Guam	0	14	0	1
Kyrgyzstan	0	12	0	0
Mongolia	0	10	0	0
Gibraltar	0	10	0	0
Barbados	0	5	0	0
Guyana	0	5	0	1
Bahamas	0	4	0	0
Saint Barthelme Island	0	3	0	0
The United State Virgin Island	0	3	0	0
Cayman Islands	0	3	0	1
Saint Lucia	0	2	0	0
Source: Scooper, 2020: official figures from respective countries and regions				

Country	Added	Confirmed	Recovered	Death
New Caledonia	0	2	0	0
Bermuda	0	2	0	0
Haiti	0	2	0	0
Nepal	0	1	1	0
Nicaragua	0	1	0	0
El Salvador	0	1	0	0
Fiji	0	1	0	0
Isle of Man	0	1	0	0
East Timor	0	1	0	0
Papua New Guinea	0	1	0	0
Source: Scooper, 2020: official figures from respective countries and regions				

3.0 Coronavirus And The Global Market Shock

The specter of this global slump was raised by international institutions due to the novel COVID-19 pandemic issue which has resulted to global panic, resentment and close down of economic activities. This is likely going to bring about recession in some countries and depress the global annual growth to below 2.5% this year (United Nations Conference for Trade and Development (UNCTAD), 2020). According to the report by UNCTAD, 2020 the recessionary threshold for the global economy is below 2.5% and the economic “shock” as a result of COVID-19 could likely cost the world to loss income up to \$1trn. In the light of the above, the pandemic has brought about drop in the demand for travelling, ban of importation and exportation of goods and services which has in turn crashed the global oil price. Also, drop in consumer demand and fall in price has further triggered ripple effect that could potentially outlast direct disruption of the global economy.

The drastic measures taken so far to halt the spread of the virus has affected both demand and supply negatively, hence, this has started to ripple through the economy as sales of different good has been on the decline. The shock in supply has an adverse effect on the economy as countries will not be able to stimulate their economy due to drop in share price. Hence, the direct reduction in the supply of labor from unwell workers affect the global supply chain. On another hand, the fear of contagion, heightened uncertainty and loss of income is making people spend less and firms have reduced spending on investment due to low demand. For example, manufacturing and service sector activities in most countries have declined in March, the decline in service sector is getting deeper due to the large impact of social distancing; hence, making the drop in the manufacturing activities worse than the period of the global financial crisis (IMF,2020). Therefore, whether demand or supply shock, they both lead to global

market shock. Consequently, the synchronization of the effect of these shock across countries can be amplified through international trade and financial linkages which will dampen global activity and push prices of commodity down.

This breakout has more implications on the economic system of developing nations, thus, resources meant for development are diverted to fight outbreak. More so, setting back the fight for poverty reduction as a result of economic slump. All of this impact may be temporal but the COVID-19 crisis may likely leave a lasting mark. The global health emergency arrived at the weak point of the world economy when nations are trying to pick up from the lowest rate, after the global financial crisis which struck at the tail end of 2009. This sudden sock in the markets, oil sector and global economy could result to decade of debt, policy drift and delusion. Therefore, concerted policy and steps towards protecting the people by containing the outbreak and also limit harm to the global economy becomes a necessity.

4.0 Conclusion

Statistics from recent published data indicate that the world have recorded a substantive decline in output and trade transactions because of lockdown and drastic cut in investments (UNCTAD, 2020). Amidst continuing rise in the number of infections and deaths across the globe (Brussow, 2020), most production outfits are pessimistic that measures fashioned out to contain the COVID-19 could further militate against the supply of critical raw materials, hence, negating economic progress both at the origin and recipient countries. It is based on this established premise that stakeholders are forecasting economic recession, with the developing and emerging economies being the most vulnerable (Ayithey et al., 2020). Therefore, even if the dreadful COVID-19 outbreak is contained in the coming weeks or months, its ripple effects cannot be estimated. Second, the expected negative spillover effects in countries specialized in exporting manufacturing inputs caused by disruptions in supply will be diverse across countries and geographic locations (Ayithey et al., 2020). Third, sectors such as tourism and travel-related industries, transportation, international film markets, entertainment giants, hotels and sports are the worst-hit. In addition, with the increasing lock-down, the spread of COVID-19 to developing countries in Africa accompanied with the existing price-wars between Russia and Saudi-Arabia; oil-price shocks would continue to deepen. However, with the perceived recovery and reverse in the spread of the COVID-19 in China (especially the relax of movements in Wuhan) as well as the intensified efforts in the development of vaccine to prevent the infection of the virus, global financial market recovery is about ded. Considering this highpoints, the study focuses mainly at providing an exposition on the number of infections, recoveries and deaths arising from the novel COVID-19 pandemic across the globe; review of social costs and consented efforts at pinpointing workable solutions and policy-formulations to curb the spread as well as draw expositions on the economic impacts of the COVID-19 using recent empirical literature and published statistics.

5.0 Policy Recommendation

In an attempt to fashion out workable policies to curb the spread of the virus as well as revamp the global economic activities, government, non-governmental organization and private firms/individuals are expected to cooperate. Owing from the above, special palliative measures have been channeled to citizens in the form of pausing loan-repayment plans, doling out stay at home funds, payroll tax cut etc. Thus, most countries have announced fiscal stimulus, for example, Japan, South Korea and Italy declared whopping 9.6 billion US dollars, 9.2 billion US dollars and 4.1 billion US dollars respectively to purchase drugs, equipment, build new hospitals, medical disposables, palliatives and supports for both firms and citizens. More importantly, adequate and efficient implementation of these fiscal stimulus packages on the COVID-19 pathway as well as effectiveness of other support system to reverse the spread and spillover effects from the global growth shock.

The above notwithstanding, it is pertinent for global Finance Ministers and Central Bank Governors to pledge and adopt appropriate monetary policies. For instance, interest rates should be reduced drastically as low as the 2009 subprime crisis percentage point just to encourage investment and recovery in global activities (see Cooke, 2009). On the flipside, a good blend of fiscal and monetary policies is recommended.

More so, strict implementation of adherence and compliance to global best practices to curb the spread of the virus cannot be overemphasized. Here, health ministries and the world health organization (WHO) should advocate for bound on social gathering of more than twenty people. Other measures are strict compliance to social distancing, restrictions on movement within and across cities, use of hand sanitizers, disposal face mask or nose-cover and adherence to the personal hygiene (hand-washing) etc.

Massive education and enlightenment about the virus, its mode of transmission, health and socio-economic effects on the household and economy at large. Here, the use of digital and electronic media cannot be over-emphasized. This is because mass education through the digital means is fast, relatively cheap and covers a wide range. More importantly, a high percentage of the citizens are already captured on one or more of the social networks. Hence, this will ameliorate the rate at which the virus spreads and as such reduce the effects of the pandemic.

There should be public-private partnerships especially in the areas of funding, research, advocacy, cost-sharing strategies for disease prevention, preparedness and intervention (Olaniyi, 2020), enforcement of stay-at-home measures, strict screening of inter-state travelers and outright ban on international travels.

Lastly, International health organizations such as the World Health Organization (WHO) should endeavor to lead the way in the area of intensifying surveillance, outbreak readiness, biomedical counter-measures and financing of new projects through government agencies, private organizations, non-government organizations (NGOs) and international agencies.

Declarations

Availability of data and materials

The datasets generated and/or analysed during the current study are available in the Scooper News Database repository, <https://www.scoopernews.com/>

Competing interests

The authors declare that they have no competing interests.

Funding

There is no funding by any person or agency associated with this research.

Authors' contributions

CIN prepared the introductory part of the work, stylized fact and implications of COVID-19. MIO prepared the concluding section and policy recommendation. OI read, corrected some sections and approved the final manuscript.

Acknowledgements

Not applicable

References

- Andayi, F., Chaves, S. S., & Widdowson, M. A. (2019). Impact of the 1918 influenza pandemic in coastal Kenya. *Tropical medicine and infectious disease*, 4(2), 91.
- Ayittey, F.K., Ayittey, M.K., Nyasha, B.C., Kamasah, J.S & Dzuvor, C. (2020). Economic impacts of Wuhan 2019-Ncov on China and the world. *Journal of Medical Virology*, pp. 1-3, wileyonlinelibrary.com/journal/jmv
- Brüssow, H. (2020). The Novel Coronavirus–A Snapshot of Current Knowledge. *Microbial Biotechnology*. <https://doi.org/10.1111/1751-7915.13557>

- Cooke, J.G. (2009). Public health in Africa. A report of the CSIS Global Health Policy Centre, Centre for Strategic and International Studies.
- Fauci, A. S., Lane, H. C., & Redfield, R. R. (2020). Covid-19—Navigating the Uncharted. *The New England Journal of Medicine*. 10.1056/NEJMe2002387
- Gentile, I., & Abenavoli, L. (2020). COVID-19: Perspectives on the Potential Novel Global Threat. *Reviews on Recent Clinical Trials*, 15(2), 1.
- Guimbeau, A., Menon, N., & Musacchio, A. (2019). The Brazilian Bombshell? The Long-Term Impact of the 1918 Influenza Pandemic the South American Way. *The Long-Term Impact of the 1918 Influenza Pandemic the South American Way* (May 1, 2019).
- Hintzen, P. C. (2019). Precarity and the HIV/AIDS pandemic in the Caribbean: Structural stigma, constitutionality, legality in development practice. *Global public health*, 14(11), 1624-1638.
- IMF (2011). Global banks and international shock transmission: Evidence from the crisis. *IMF Economic Review*, vol. 59 (1), pp. 41-76
- Olaniyi, E. (2020). Socio-economic impacts of 2019 novel coronavirus: The search for policy solution. *BizEcons Quarterly*, Vol 7, pp 3-10
- Scooper, (2020). Official Figures from respective Countries and Region, Scooper News. Online at <http://www.port.scoopernews.com>
- Shang, W., Yang, Y., Rao, Y., & Rao, X. (2020). The outbreak of SARS-CoV-2 pneumonia calls for viral vaccines. *npj Vaccines*, 5(1), 1-3.
- UNCTAD, (2020). Economic Editor@EdconwaySky. Online at <https://news.sky.com/story/coronavirus-markets.shock-may-cost.760bn.and-spark-global-recession-un-economist-warn-11953902>
- UNCTAD (2020). Global trade impact of coronavirus (COVID-19) epidemic. Trade and Development Report Update, UNCTAD/DITC/INF/2020/1
- World Health Organization [WHO] (2020a). WHO Statement Regarding Cluster of Pneumonia Cases in Wuhan, China. [ONLINE] Available at: <https://www.who.int/china/news/detail/09-01-2020-who-statement-regarding-cluster-of-pneumonia-cases-in-wuhan-china>. [Accessed 07 March 2020]