



## **The Socio-Economic and Political Implications of Coronavirus Pandemic Outbreak on the Global Economy**

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### ***Abstract***

*The 2019–2020 Corona virus pandemic outbreaks has created a far-reaching consequences that affected the lives of the global communities while efforts to quarantine the spread of disease was not successful in different parts of the world especially the so called advanced countries despite their health facilities and manpower expertise in health sector. The outbreak of the Covid-19 pandemic has spread around the globe; concerns have shifted from supply-side and manufacturing issues to decreased business in the services sector. Supply shortages have affected a number of sectors due to panic buying, increased usage of goods to fight the pandemic, and disruption of factories and logistics in mainland China and other industrialize countries. There have been widespread reports of supply shortages of pharmaceuticals and other domestic utilities with many areas seeing as panic buying and consequent shortages of food and other essential grocery items. The technology industry, in particular has been affected with long time of delay in the shipments of goods and workers are restricted to stay at home living the industry with little production capacity. This paper was of views that the pandemic outbreak of Corona Virus has raised level of poverty and social insecurity in the underdeveloped countries because of lack of strong political will by leaders in Africa to address the menace of the coronavirus in terms of qualitative health care services and real interventions service that can reduce the effects of*

*coronavirus pandemic outbreak rather most of their policy outcome they choice to impose some strict policy that deprived the social relations exists between the citizens without providing an appropriate intervention measures that could help to address the hardship brought by the Virus, many African countries instruction of complete lock down, without proper provision of intervention package has turns lives in different countries in Africa become hard and very difficult . The researcher was of the view that global leaders must developed an economic and social strategy policy package that may help to address socio-economic problems during emergency situations to meet the needs and demands of peoples at grass root without posing serious implication on both socio-economic and Political affairs of their respective citizens in their countries.*

**Keywords:** *Pandemic outbreak, Undeveloped Countries, Socio-economic policies.*

## **Introduction**

With almost 4 over million confirmed cases of the COVID-19 coronavirus worldwide, businesses are coping with lost revenue and disrupted supply chains as factory shutdowns and quarantine measures spread across the globe, restricting movement and commerce. Unemployment is skyrocketing, while policymakers across countries race to implement fiscal and monetary measures to alleviate the financial burden on citizens and shore up economies under severe strain. The International Monetary Fund on 9 April, 2020 has argued that coronavirus pandemic had instigated an economic downturn the likes of which the world has not

experienced since the Great Depression. The ongoing spread of the new coronavirus has become one of the biggest threats to the global economy and financial markets.

The virus, was first detected in the Chinese city of Wuhan last December 2019, has infected more than 3 million peoples in at least 110 countries and territories globally, according to the World Health Organization. Among those infected, more than 4,000 people have died, according to WHO data as of February 12<sup>th</sup>, 2020. China is a country where majority of the confirmed cases has more than 80,000 infected been reported in the mainland so far. To contain the COVID-19

outbreak, Chinese authorities locked down cities, restricted movements of millions and suspended business operations, as a move that has slow down the world's second-largest economy and drag down the global economy along the way. To make things worse, the disease is spreading rapidly around the world, with countries like Italy, Iran and South Korea reporting more than 7,000 cases each. Other European countries like France, Germany and Spain have also seen a recent spike beyond 1,000 cases as of 2nd March, 2020.

**Coronaviruses** are a group of related viruses that cause diseases in mammals and birds. The humans, corona viruses cause respiratory tract infections that can be mild, such as some cases of the common cold (among other possible causes, predominantly rhinoviruses), and others that can be lethal, such as SARS, MERS, and COVID-19. Symptoms in other species vary: in chickens, they cause an upper respiratory tract disease, while in cows and pigs they cause diarrhea. There are yet to have vaccines or antiviral drugs to prevent or treat human corona virus infections.

Coronaviruses constitute the subfamily *Orthocorona virinae*, in the family *Corona viridae*, order *Nidovirales*, and realm *Riboviria*. They are enveloped viruses with a positive-sense single-stranded RNA genome and a nucleocapsid of helical symmetry. The genome size of corona viruses ranges from approximately 27 to 34 kilobases, the largest among known RNA viruses. The name *corona virus* is derived from the Latin *corona*, meaning "crown" or "halo", which refers to the characteristic appearance reminiscent of a crown or a solar corona around the virions (virus particles) when viewed under two-dimensional transmission electron microscopy, due to the surface being covered in club-shaped protein spikes (Ganley,2020).

According to US Center for Disease Control (2019) Health authorities in Wuhan, the capital of Hubei province, China, reported a cluster of pneumonia cases of unknown cause of virus attack on 31<sup>st</sup> December 2019, and an investigation was launched in early January 2020, the cases mostly had links with the Huanan Seafood Wholesale Market and so the virus is thought to have a zoometric origin. The virus that caused the outbreak is known as SARS-CoV-2, a newly discovered virus closely related to bat corona viruses, pangolin corona viruses, and SARS-CoV.

The earliest known person with symptoms was later discovered to have fallen ill on 1 December 2019, and they did not have visible connections with the later wet market cluster. During the early cluster of cases reported in December 2019,

two-thirds were found to have a link with the market. On 13 March 2020, an unverified report from the *South China Morning Post* suggested that a case traced back to 17 November 2019, in a 55-year-old from Hubei province, may have been the first victim of the disease infected. (Fan, 2019)

Joseph, A (2020) has argued that on 25 February, 2020 countries like Australia, mainland China, and Hong Kong have the most direct economic impacts from the disruption, with Hong Kong already in a recession at that time after a long period of ongoing protests since 2019 and Australia widely expected to be in a recession with GDP contracting by 0.2% to 0.5% for 2020, but Morgan Stanley expects that the economy of China to grow between 5.6% (worst-case scenario) to 5.9% for 2020. As mainland China is a major economy and a manufacturing hub, the viral outbreak has been seen to pose a major destabilizing threat to the global economy needs update Agatha Demarest of the Economist Intelligence Unit forecast in January, 2020 that markets has remain volatile until a clearer image emerged on potential outcomes. Some analysts estimated as early as January, 2020 that the economic fallout of the epidemic on global growth could surpass that of the SARS outbreak.

Dr. Panos Kouvelis, Director of "The Boeing Center" at Washington University in St. Louis, estimates a \$300+ billion impact on world's supply chain that would last for up to two years. The Organization of the Petroleum Exporting Countries reportedly "scrambled" after a steep decline in oil prices due to lower demand from China. Global stock markets fell on 24 February 2020 due to a significant rise in the number of COVID-19 cases outside mainland China. By 28 February 2020, stock markets worldwide saw their largest single-week declines since the 2008 financial crisis. Global stock markets crashed in March 2020, with falls of several percent in the world's major indices. As the pandemic spreads, global conferences and events across technology, fashion, and sports are being cancelled or postponed. While the monetary impact on the travel and trade industry is yet to be estimated, it is likely to be in the billions and increasing. By 16 March, 2020 news reports emerged indicating that the effect on the United States economy will be worse than previously thought.

### **Statement Problem**

As the world grapples with the coronavirus pandemic spread, the economic impact is mounting - with the G20 Finance Ministers and Central Bank Governors having a conference call on 23 March 2020 to discuss how to address

the emergency issues of coronavirus. The International Monetary Fund's Managing Director Kristalina Georgieva issued a statement following the call, in which she outlined the outlook for global growth perspectives:

"For 2020 it is negative - a recession at least would be as bad as during the global financial crisis or worse."

But she added: "We expect recovery in 2021. To get there, it is paramount to prioritize containment and strengthen health systems - everywhere." (Yang, 2020)

The Organization for Economic Co-operation and Development (OECD) has warned that on 23<sup>rd</sup> March, 2020 that the shock from the virus is already bigger than the 2007-2009 global financial crises. OECD secretary general Angel Gurría, has presented that many countries would fall into recession and countries would be dealing with the economic fallout of the COVID-19 pandemic for years to come. According to Cohen, J (2020) has cited that:

"Even if you don't get a worldwide recession, you're going to get either no growth or negative growth in many of the economies of the world, including some of the larger ones, and therefore you're going to get not only low growth this year, but also it's going to take longer to pick up in the in the future."

The above statement comes after the United Nations Conference on Trade and Development, the UN trade agency, which gives warning on a slowdown of global growth to fewer than 2% in 2020, effectively wiping \$1 trillion off the value of the world economy. In the same vein, the Asian Development Bank on 3<sup>rd</sup> April, 2020 warned that the global cost of the outbreak could hit \$4.1 trillion. The extent of the economic damage still depends on how the virus spreads throughout Europe, the US and other major economies as reported by Bloomberg.

The pandemic outbreak of coronavirus has led to severe global socioeconomic disruption, the postponement or cancellation of sporting, religious, economic and cultural events, and widespread fears of supply shortages which have spurred panic buying. Schools and universities have closed either on a nationwide or local basis in more than 160 countries, affecting more than 1.5 billion students. Misinformation and conspiracy theories about the virus have spread online and there have been incidents of xenophobia and racism against Chinese and other East and Southeast Asian people and, as the virus spread, more recently towards those of European descent. (Bortler, 2020)

From all the above cited statements we can understand that the widespread of Covid-19 diseases in different parts of the world has created a wide gap of both economic and social relation problem among various nations of the world because during the apex duration of disease spread from March-June 2020, many borders both in land, airports and seas are all closed to restrict the influx of International movement while locally markets, schools, religious worshipping centers and creational places are temporarily remain closed with aim of reducing the menace of Covid-19 spread among citizens this serious affecting the economy and social lives of many communities globally.

### **Research Questions**

The paper has the following research questions to guide the investigation of the research problem on the global pandemic wide spread of coronavirus.

- i. What are Conoravirus and its spreading pattern?
- ii. Does spread of Conoravirus have Socio-economic and Political implications on global economy?
- iii. What are ways to manage the socio-economic and political implications causes by the Coronavirus?

### **Research Objectives**

The paper has the general objectives of investigating the socio-economic and political implication causes by coronavirus on the global economy, with the following specific objectives:

- i. To find out the origin of Coronavirus and its pattern of spread globally
- ii. To examine the socio-economic and political implication on global economy as result of Coronavirus outbreak
- iii. To investigate ways to manage socio-economic and political problems during disease out break

### **Research Methodology**

The paper has adopted descriptive research method using secondary source of data by reviewing various related literatures on the subject matter on the outbreak of Coronavirus in view of the above to assess the socio-economic and

political implication to the World communities as a result of pandemic outbreak of Coronavirus in late 2019 to earliest 2020.

### **Scope of the Study**

The paper has a scope area covering from December 2019 to March 2020 to review some relevant cases of coronavirus from different parts of the World.

### **Disease Discovery**

The US Centers for Disease Control and Prevention has cited that Human corona viruses were first discovered in the late 1960s. The earliest ones discovered were an infectious bronchitis virus in chickens and two in human patients with the common cold (later named human corona virus 229E and human coronavirus OC43). Other members of this family have since been identified, including SARS-CoV in 2003, HCoV NL63 in 2004, HKU1 in 2005, MERS-CoV in 2012, and SARS-CoV-2 (formerly known as 2019-nCoV) in 2019. Most of these have involved serious respiratory tract infections.

From the above statement, we can understand that Coronavirus has its long history of discovery around 1960s and the similar ones in 2003, 2004 and 2005 but the confusing point to even the health scientist was how the virus was changing its pattern of attacks and the effects in either human body or other related animals but it's all agreed that this disease has its manifestation in the human respiratory infections, this is a nearly a called for scientist to engage in diverse research to find out the mode of spread of this disease, prevention methods, vaccines and drugs for proper treatment so that global communities cannot suffer a sudden attack by the virus that kills peoples in thousand and created a patch hole in our economy, social and political lives .

### **Etymology of the Disease**

The name "coronavirus" is derived from Latin *corona*, meaning "crown" or "wreath", itself a borrowing from Greek *κορώνη korōnē*, "garland, and wreath". The name refers to the characteristic appearance of virions (the infective form of the virus) by electron microscopy, which has a fringe of large, bulbous surface projections creating an image reminiscent of a crown or of a solar corona. This morphology is created by the viral spike peplomers, which are proteins on the surface of the virus.

### **Morphology of the Disease**

Corona viruses are large pleomorphic spherical particles with bulbous surface projections. The diameter of the virus particles is around 120 nm. The envelope of the virus in electron micrographs appears as a distinct pair of electron dense shells. The viral envelope consists of a lipid bilayer where the membrane (M), envelope (E) and spike (S) structural proteins are anchored. A subset of corona viruses (specifically the members of betacoronavirus subgroup A) also has a shorter spike-like surface protein called hemagglutinin esterase (HE). Inside the envelope, there is the nucleocapsid, which is formed from multiple copies of the nucleocapsid (N) protein, which are bound to the positive-sense single-stranded RNA genome in a continuous beads-on-a-string type conformation. The lipid bilayer envelope, membrane proteins, and nucleocapsid protect the virus when it is outside the host cell (Miller, 2020)

### **Genome of the Disease**

Corona viruses contain a positive-sense, single-stranded RNA genome. The genome size for corona viruses ranges from approximately 27 to 34 kilobases. The genome size is one of the largest among RNA viruses. The genome has a 5' methylated cap and a 3' polyadenylated tail. (Rummler, 2020)

The genome organization for a coronavirus is 5'-leader-UTR-replicase/transcriptase-spike (S)-envelope (E)-membrane (M)-nucleocapsid (N)-3'UTR-poly (A) tail. The open reading frames 1a and 1b, which occupy the first two-thirds of the genome, encode the replicase/transcriptase polyprotein. The replicase/transcriptase polyprotein self cleaves to form the nonstructural proteins. The later reading frames encode the four major structural proteins: spike, envelope, membrane, and nucleocapsid. Interspersed between these reading frames are the reading frames for the accessory proteins. The number of accessory proteins and their function is unique depending on the specific coronavirus.

### **Transmission**

WHO (2019) In a statement Regarding Cluster of Pneumonia Cases in Wuhan, China" has cited that Human to human transmission of corona viruses is primarily thought to occur among close contacts via respiratory droplets generated by sneezing and coughing. The interaction of the corona virus spike protein with its complement host cell receptor is central in determining the

tissue tropism, infectivity, and species range of the virus. The SARS coronavirus, for example, infects human cells by attaching to the angiotensin-converting enzyme 2 (ACE2) receptor.

## Epidemiology

2019–20 corona virus pandemic by country and territory, 2019–20 corona virus pandemic cases/WHO situation reports, and 2019–20 corona virus pandemic deaths/WHO situation reports

### 2019–20 corona virus pandemic by country and territory

Locations	Cases	Deaths	Recovery.
<b>183</b>	<b>701,525</b>	<b>33,174</b>	<b>141,916</b>
<b>United States</b>	131,366	2,328	2,612
<b>Italy</b>	97,689	10,779	13,030
<b>China (mainland)</b>	81,439	3,300	75,448
<b>Spain</b>	78,799	6,606	14,709
<b>Germany</b>	60,887	482	5,024
<b>Iran</b>	38,309	2,640	12,391
<b>France</b>	37,611	2,314	5,700
<b>United Kingdom</b>	19,522	1,228	140
<b>Switzerland</b>	14,795	300	1,595
<b>Netherlands</b>	10,923	772	–
<b>Belgium</b>	10,836	431	1,359
<b>South Korea</b>	9,583	152	5,033
<b>Turkey</b>	9,217	131	105
<b>Austria</b>	8,711	86	479
<b>Portugal</b>	5,962	119	43
<b>Canada</b>	5,830	63	479
<b>Norway<sup>1</sup></b>	4,244	25	–
<b>Australia</b>	3,980	16	226
<b>Brazil</b>	3,904	117	6
<b>Israel</b>	3,865	13	89
<b>Sweden</b>	3,719	121	18
<b>Czech Republic</b>	2,743	16	11
<b>Denmark</b>	2,564	72	–

<b>Malaysia</b>	2,470	34	388
<b>Ireland</b>	2,415	36	5
<b>Chile</b>	2,139	7	75
<b>Luxembourg</b>	1,950	21	40
<b>Ecuador</b>	1,835	48	3
<b>Poland</b>	1,771	20	23
<b>Romania</b>	1,760	40	169
<b>Japan</b>	1,693	52	404
<b>Pakistan</b>	1,560	14	28
<b>Russia</b>	1,534	8	64
<b>Philippines</b>	1,418	71	42
<b>Thailand</b>	1,388	7	111
<b>Saudi Arabia</b>	1,299	8	37
<b>Indonesia</b>	1,285	114	64
<b>Finland</b>	1,218	9	10
<b>South Africa</b>	1,187	1	31
<b>Greece</b>	1,061	37	52
<b>India</b>	1,024	27	96
<b>Iceland</b>	963	2	114
<b>Panama</b>	901	17	4
<b>Mexico</b>	848	16	4
<b>Singapore</b>	844	3	212
<b>Argentina</b>	745	19	51
<b>Serbia</b>	741	13	42
<b>Slovenia</b>	730	11	10
<b>Dominican Republic</b>	719	28	3
<b>Croatia</b>	713	6	52
<b>Estonia</b>	679	3	20
<b><i>Diamond Princess</i></b>	672	10	603
<b>Peru</b>	671	16	16
<b>Hong Kong</b>	641	4	118
<b>Colombia</b>	608	6	10
<b>Qatar</b>	590	1	45
<b>Egypt<sup>[u]</sup></b>	576	36	121
<b>United Arab Emirates</b>	570	3	58

<b>Iraq</b>	547	42	143
<b>Algeria</b>	511	29	31
<b>Bahrain</b>	499	4	272
<b>New Zealand</b>	476	1	56
<b>Morocco</b>	450	26	13
<b>Lebanon</b>	438	10	32
<b>Lithuania</b>	437	7	1
<b>Armenia</b>	424	3	30
<b>Ukraine</b>	418	9	5
<b>Hungary</b>	408	13	34
<b>Latvia</b>	347	0	1
<b>Bulgaria</b>	346	8	14
<b>Andorra</b>	334	6	6
<b>Bosnia and Herzegovina</b>	323	6	8
<b>Slovakia</b>	314	0	7
<b>Uruguay</b>	304	1	0
<b>Taiwan</b>	298	2	39
<b>Costa Rica</b>	295	2	3
<b>Tunisia</b>	278	8	1
<b>Kazakhstan</b>	271	1	18
<b>North Macedonia</b>	259	6	3
<b>Kuwait</b>	255	0	67
<b>Jordan</b>	246	1	18
<b>Moldova</b>	231	2	11
<b>San Marino</b>	229	24	12
<b>Albania</b>	212	10	40
<b>Azerbaijan</b>	209	4	15
<b>Burkina Faso</b>	207	11	21
<b>Vietnam</b>	188	0	25
<b>Oman</b>	167	0	23
<b>Cyprus</b>	162	5	15
<b>Ghana</b>	152	5	2
<b>Malta</b>	151	0	2
<b>Uzbekistan</b>	144	2	7
<b>Senegal</b>	142	0	27

<b>Ivory Coast</b>	140	0	3
<b>Cuba</b>	139	3	4
<b>Brunei</b>	126	1	34
<b>Afghanistan</b>	120	4	2
<b>Venezuela</b>	119	2	39
<b>Sri Lanka</b>	117	1	11
<b>Cameroon</b>	113	2	2
<b>Honduras</b>	110	2	0
<b>Mauritius</b>	107	2	0
<b>Palestine</b>	106	1	18
<b>Cambodia</b>	103	0	21
<b>Nigeria</b>	97	1	3
<b>Belarus</b>	94	0	32
<b>Georgia</b>	91	0	18
<b>Kosovo</b>	88	1	1
<b>Montenegro</b>	85	1	0
<b>Kyrgyzstan</b>	84	0	0
<b>Bolivia</b>	81	0	0
<b>Trinidad and Tobago</b>	76	3	1
<b>DR Congo</b>	65	6	2
<b>Jersey</b>	63	2	–
<b>Liechtenstein</b>	61	0	12
<b>Northern Cyprus</b>	61	1	29
<b>Rwanda</b>	60	0	0
<b>Paraguay</b>	56	3	5
<b>Bangladesh</b>	48	5	15
<b>Guernsey</b>	45	0	–
<b>Monaco</b>	43	0	1
<b>Isle of Man</b>	42	0	0
<b>Kenya</b>	42	1	1
<b>Madagascar</b>	39	0	0
<b>Macau</b>	37	0	10
<b>Guatemala</b>	34	1	10
<b>Jamaica</b>	30	1	2
<b>Togo</b>	30	1	7

<b>Uganda</b>	30	0	0
<b>Zambia</b>	29	0	0
<b>Barbados</b>	26	0	0
<b>El Salvador</b>	24	0	0
<b>Republic of the Congo</b>	19	0	0
<b>Ethiopia</b>	19	0	1
<b>Mali</b>	18	1	0
<b>Niger</b>	18	1	0
<b>Maldives</b>	17	0	11
<b>Guinea</b>	16	0	1
<b>Djibouti</b>	14	0	0
<b>Tanzania</b>	14	0	0
<b>Equatorial Guinea</b>	12	0	0
<b>Mongolia</b>	12	0	0
<b>Dominica</b>	11	0	0
<b>Namibia</b>	11	0	2
<b>Transnistria</b>	11	0	0
<b>Bahamas</b>	10	0	0
<b>Eswatini</b>	9	0	0
<b>Grenada</b>	9	0	0
<b>Syria</b>	9	1	0
<b>Guyana</b>	8	1	0
<b>Haiti</b>	8	0	0
<b>Laos</b>	8	0	0
<b>Libya</b>	8	0	0
<b>Mozambique</b>	8	0	0
<b>Myanmar</b>	8	0	0
<b>Seychelles</b>	8	0	0
<b>Suriname</b>	8	0	0
<b>Antigua and Barbuda</b>	7	0	0
<b>Gabon</b>	7	1	0
<b>Zimbabwe</b>	7	1	0
<b>Benin</b>	6	0	0
<b>Cape Verde</b>	6	1	0
<b>Eritrea</b>	6	0	0

<b>Vatican City</b>	6	0	0
<b>Angola</b>	5	0	0
<b>Fiji</b>	5	0	0
<b>Sudan</b>	5	1	0
<b>Mauritania</b>	5	0	0
<b>Nepal</b>	5	0	1
<b>Bhutan</b>	4	0	0
<b>Nicaragua</b>	4	1	0
<b>Saint Lucia</b>	4	0	0
<b>Central African Republic</b>	3	0	0
<b>Chad</b>	3	0	0
<b>Gambia</b>	3	1	0
<b>Liberia</b>	3	0	0
<b>Somalia</b>	3	0	0
<b>Belize</b>	2	0	0
<b>Guinea-Bissau</b>	2	0	0
<b>MS <i>Zaandam</i><sup>[z]</sup></b>	2	0	0
<b>Saint Kitts and Nevis</b>	2	0	0
<b>East Timor</b>	1	0	0
<b>Papua New Guinea</b>	1	0	0
<b>St. Vincent and the Grenadines</b>	1	0	1
<b>Nigeria</b>	184	4	11

## Report

### Political impacts of the Coronavirus Outbreak.

Yang, J (2020) has cited that a number of provincial-level administrators of the Communist Party of China (CPC) were dismissed over their handling of the quarantine efforts in Central China, a sign of discontent with the political establishment's response of the outbreak in those regions. Some experts believe this is likely in a move to protect Communist Party general secretary Xi Jinping from people's anger over the corona virus pandemic. Some commentators have suggested that outcry over the disease could be a rare protest against the CPC. Additionally, protests in the special administrative region of Hong Kong have strengthened due to fears of immigration from mainland China. Taiwan has also voiced concern over being included in any travel ban involving the People's

Republic of China (PRC) due to the "one-China policy" and its disputed political status. Further afield, the treasurer of Australia was unable to keep a pledge to maintain a fiscal surplus due to the effect of the coronavirus on the economy. A number of countries have been using the outbreak to show their support to China, such as when Prime Minister Hun Sen of Cambodia made a special visit to China with an aim to showcase Cambodia's support to China in fighting the outbreak of the epidemic.

The United States president Donald Trump was criticized for his response to the pandemic. He was accused of making several misleading or false claims, of failing to provide adequate information, and of downplaying the pandemic's significance. Trump was also criticized for having closed down the global health security unit of the United States National Security Council, which was founded to prepare the government for potential pandemics. The situation may have a negative impact on his chances of re-election in the 2020 United States presidential election (*Joyce, 2020*)

The Government of the Islamic Republic of Iran has been heavily affected by the virus, with at least two dozen members (approximately 10%) of the Iranian legislature being infected, as well as at least 15 other current or former top government officials, including the vice-president. Advisers to Ali Khamenei and Mohammad Javad Zarif have died from the disease. The spread of the virus has raised questions about the future survival of the regime.

Fan Y, Zhao K, Shi ZL, Zhou P ( 2019) has argued that Geo-economics and country risk experts have insisted on the potential erosion of political and economic sovereignty that may affect some already enfeebled countries like Italy: Edward Luttwak has called it "the virus of truth" (interview with La7 TV aired on March 10 2020). M. Nicolas Firzli, director of the World Pensions Council (WPC) and advisory board member at the World Bank Global Infrastructure Facility (GIF), refers to it as "the Greater Financial Crisis", that will "bring to the surface pent-up financial and geopolitical dysfunctions ... [many] national economies will suffer as a result, and their political sovereignty itself may be severely eroded."

### **Downgrades in economic forecasts**

The outbreak of Covid-19 has led to major institutions and banks to cut their forecasts for the global economy. One of the latest focuses by the Organization for Economic Co-operation and Development (OECD) In a March, 2020 has

cited that the OECD said it downgraded its 2020 growth forecasts for almost all economies. China's gross domestic product growth saw the largest downgrade in terms of magnitude, according to the report. The Asian economic giant is expected to grow by 4.9% this year, slower than the earlier forecast of 5.7%, said OECD. Meanwhile, the global economy is expected to grow by 2.4% in 2020 — down from the 2.9% projected earlier, said the report.

### **Slowdown in manufacturing activity**

According to Rummler, D (2020) has further cited how manufacturing sector in China has been hit hard by the virus outbreak. The Caixin/Markit Manufacturing Purchasing Managers' Index a survey of private companies showed that China's factory activity contracted in February, 2020 coming in at a record-low reading of 40.3. A reading below 50 indicates contraction. Such a slowdown in Chinese manufacturing has hurt countries with close economic links to China, many of which are Asia Pacific economies such as Vietnam, Singapore and South Korea. Factories in China are taking longer than expected to resume operations, several analysts said, that, along with a rapid spread of COVID-19 outside China, means that global manufacturing activity could remain subdued for longer.

### **Services contraction**

The virus outbreak in China has also hit the country's services industry and reduced consumer spending hurt retail stores, restaurants and aviation among others. The Caixin/Markit Services PMI for China came in at just 26.5 in February, 2020 the first drop below the 50-point level since the survey began almost 15 years ago (Reed, 2020)

China is not the only country where the services sector has weakened. The services sector in the U.S., the world's largest consumer market, also contracted in February 2020, according to IHS Markit, which compiles the monthly PMI data.

One reason behind the U.S. services contraction was a reduction in "new business from abroad as customers held back from placing orders amid global economic uncertainty and the coronavirus outbreak," said IHS Markit.

### **Declining oil prices**

A reduction in global economic activity has lowered the demand for oil, taking oil prices to multi-year lows. That happened even before a disagreement on

production cuts between OPEC and its allies caused the latest plunge in oil prices. Analysts from Singaporean bank DBS said reduced oil demand as a result of the virus outbreak and an expected increase in supply are a “double whammy” for oil markets.

China, the epicenter of the coronavirus outbreak, is the world’s largest crude oil importer.

“The spread of the virus in Italy and other parts of Europe is particularly worrying and has likely dampen demand in OECD countries as well,” the DBS analysts wrote in a report (Lepido, 2020)

### **Stock market rout**

Fear surrounding the impact of COVID-19 on the global economy has hurt investor sentiment and brought down stock prices in major markets. Cedric Chehab, head of country risk and global strategy at Fitch Solutions, said there are three ways the coronavirus outbreak could work its way through sentiment in the markets.

“We have identified three channels through which the COVID-19 outbreak was going to weigh on markets so that’s the slowdown in China, the slowdown from domestic outbreaks ... and the third channel was financial markets stress,” he told CNBC’s “Street Signs Asia” this week (Baker, 2020)

### **Lower bond yields**

Concerns over the global spread of the new coronavirus has also driven investors to bid up bond prices, resulting in yields in major economies to inch lower. U.S. Treasuries, which are backed by the American government, are considered safe haven assets that investors tend to flee to in times of market volatility and uncertainty. Yields on all of the U.S. Treasury contracts fell below 1% in the past week — a development not seen before. The benchmark 10-year contract also touched its historic low of around 0.3%.

Such compression in U.S. Treasury yields could prompt the Federal Reserve to cut interest rates once again, several analysts said. The U.S. central bank made an emergency cut of 50 basis points last week, bringing its target funds rate to 1% to 1.25%.

“We believe that the Fed is cognizant that it has limited policy space for conventional cuts today versus past recessions, and will look to move more aggressively and ahead of market expectations to extract the maximum efficacy

from its rate cuts,” strategists at Bank of Singapore wrote in a note (Huang,2020)

### **Predicted slump for China**

According to Lee, Y (2020) China is the world’s second-largest economy and leading trading nation, so economic fallout from the original COVID-19 epicenter will be critical to watch. Economists polled by Reuters on 3-5 March 2020, said the outbreak likely halved China’s economic growth in the first quarter of the year, compared with the previous three months. The poll of more than 40 economists, based both in and outside mainland China, forecast growth to fall to a median of 3.5% in the first quarter, from 6.0% in the fourth quarter of 2019, a full percentage point lower than predicted in a 14 Feb poll. The Chinese economy is likely to be hit further by reduced global demand for its products due to the effect of the outbreak on economies around the world. Data released on 16 March showed China’s factory production plunged at the sharpest pace in three decades in the first two months of the year - something which could mean an even greater economic slowdown than predicted in that poll.

### **Monetary policy: central banks act but stocks, oil continue to come under steep pressure**

To combat the economic fallout, the US Federal Reserve on 15<sup>th</sup> March, 2020 cut its key interest rate to near zero. But the move, coordinated with central banks in Japan, Australia and New Zealand in a joint-effort not seen since the 2008 financial crisis, has failed to shore up global investor sentiment. As of 9 April, 2020 the S&P 500 stock index is down more than 13% since the start of the year, while global oil prices have plummeted more than 47% year-to-date. The Fed on 9 April unveiled a new batch of programs, saying it plans to provide \$2.3 billion in loans to small and midsize businesses, as well as US cities and states. The US central bank also expanded its corporate lending program to include some classes of riskier debt.

Meanwhile, the European Central Bank (ECB) also took action, launching on 18 March a €750 billion Pandemic Emergency Purchase Programme that is expected to last until the end of this year.

### **A fiscal response**

On 20 March, 2020 the UK announced radical fiscal spending measures to counter the economic impact of a worsening crisis. The government said it

would pay up to 80% of the wages of employees across the country unable to work, as most businesses shut their doors to help fight the spread of coronavirus. Earlier in the month, the Danish government announced it would help private companies struggling to manage the fallout from the pandemic by covering 75% of employees' salaries, if firms agreed not to cut staff.

Meanwhile, the US Senate on 25 March 2020 approved an unprecedented \$2 trillion stimulus plan, including direct payouts to millions of Americans. The House of Representatives is expected to pass the rescue package.

### **The impact on employment**

More than 6.6 million Americans filed new claims for unemployment benefits in the week ending 4 April, 2020 according to US Department of Labor data released on 9 April, 2020 bringing the total number of Americans who have lost their jobs in just three weeks to over 16 million.

Data from Spain shows nearly 900,000 people have lost their jobs since its lockdown started in mid-March, 2020. The official unemployment figure has risen to 3.5 million - the highest level since April 2017. Meanwhile, Bloomberg reports that around half of jobs in Africa are at risk as a result of the outbreak, according to the United Nations Economic Commission for Africa.

### **Impact on air travel**

On 5 March, 2020 before the US travel ban was announced the International Air Transport Association (IATA) predicted that the COVID-19 outbreak could cost airlines \$113 billion in lost revenue as fewer people take flights.

“The industry remains very fragile,” Brian Pearce, the IATA’s chief economist, told the Associated Press. “There are lots of airlines that have got relatively narrow profit margins and lots of debt and this could send some into a very difficult situation.” (Bakers, 2020)

On March 16, 2020 British Airways said it would cut flying capacity by at least 75% in April and May, 2020. Other UK airlines, including Virgin Atlantic and easy Jet also announced drastic cuts. The travel and tourism industries were hit early on by economic disruption from the outbreak. Besides the impact on airlines, the UN’s International Civil Aviation Organization (ICAO) forecast that Japan could lose \$1.29 billion of tourism revenue in the first quarter due to the drop in Chinese travelers, while Thailand could lose \$1.15 billion.

Most major sporting events were cancelled or postponed, including:

- 2019–20 Chinese Basketball Association season (suspended)
- 2020 Women's Ice Hockey World Championships (cancelled)
- 2020 Arctic Winter Games (cancelled)
- Formula One Australian Grand Prix 2020 (cancelled) with the Bahrain, Chinese ,Vietnam Grands Prix and Azerbaijan postponed.
- UEFA Euro 2020 The 2020 edition postponed to 2021
- 2021 Copa América The 2020 edition postponed to 2021
- 2019–20 UEFA Champions League (suspended)
- 2019–20 UEFA Europa League (suspended)
- All NCAA collegiate athletic competitions for the remainder of the 2019–2020 academic year including the 2020 College World Series and the 2020 Men's and Women's Division I basketball tournaments (all cancelled)
- 2019–20 NBA season (suspended)
- 2019–20 NHL season (suspended)
- 2020 Major League Baseball season (suspended)
- 2019–20 Premier League (suspended, including lower divisions)
- 2019–20 Bundesliga (suspended, including lower divisions)
- 2019–20 Serie A (suspended, including lower divisions)
- 2019–20 Ligue 1 (suspended indefinitely)
- 2019–20 La Liga (suspended, including lower divisions)
- 2020 Major League Soccer season (suspended until 10 May)
- 2020 Major League Rugby season (cancelled)
- 2019–20 DEL season (cancelled)
- 2020 XFL season (cancelled)
- WrestleMania 36 was moved from Raymond James Stadium to take place behind closed doors at the WWE Performance Center.
- 2020 Grand National (cancelled)
- 2020 Boat Race (cancelled)

*Source: Redden, E (2020)*

### **Bracing up for COVID-19 consequences on the Nigerian economy**

For most developing economies, the odds of sliding into a downturn are gradually expected as the global coronavirus outbreak puts severe pressure on the economy. For Nigeria, the country is still sluggishly grappling with recovery from the 2016 economic recession which was a fall out of global oil price crash

and insufficient foreign exchange earnings to meet imports. In the spirit of economic recovery and growth sustainability, the Nigerian federal budget for the 2020 fiscal year was prepared with significant revenue expectations but with contestable realizations. The approved budget had projected revenue collections at N8.24 Trillion, an increase of about 20% from 2019 figure. The revenue assumptions are premised on increased global oil demand and stable market with oil price benchmark and oil output respectively at \$57 per barrel and 2.18 Million Barrels Per Day.

The emergence of COVID-19 and its increasing incidence in Nigeria has called for drastic review and changes in the earlier revenue expectations and fiscal projections. Compared to events that led to recession in 2016, the current state of the global economy poses more difficulties ahead as the oil price is currently below US\$30 with projections that it will dip further going by the price war among key players in the industry. Unfortunately, the nation has grossly underachieved in setting aside sufficient buffers for rainy days such as it faces in the coming days. In addressing these daunting economic challenges, the current considerations to revise the budget downward are inevitable. However, certain considerations that are expected in the review must not be left out. The assumptions and benchmarks must be based on realizable thresholds and estimates to ensure optimum budget performance, especially on the non-oil revenue components.

Furthermore, cutting expenditures must be done such that the already excluded group and vulnerable are not left to bear the brunt of the economic contraction. The economic and growth recovery program which has the aim of increasing social inclusion by creating jobs and providing support for the poorest and most vulnerable members of society through investments in social programs and providing social amenities will no doubt suffers some setbacks. Besides, the downward review of the budget and contractions in public spending could be devastating on poverty and unemployment. The last unemployment report released by the National Bureau of Statistics (NBS) ranks Nigeria 21<sup>st</sup> among 181 countries with an unemployment rate of about 23.1%, the country has also been rated as the poverty capital of the world with an estimated 87 million people living on less than \$2 a day threshold.

The decision to cut the retail price of gasoline under a price modulation arrangement is a welcome development. The cut is expected to curb rising inflation, especially food price inflation which will mainly benefit the poor.

However, rather than the price capping regime introduced, by which it is expected by the Petroleum Products Price Regulation Agency (PPPRA) to constantly issues monthly guide on appropriate pricing regime. It is expected that the government will use this opportunity to completely deregulate the petroleum industry in line with existing suggestions and reports. In the event that the global economy becomes healthier and crude oil prices increases, the government might return to the under-recovery of the oil price shortfall by the Nigerian National Petroleum Corporation (NNPC). A policy that annually costs the government huge revenue and recurring losses to the NNPC

Basically, the Nigerian government essentially must lead economic diversification drive. It is one practicable way to saddle through the current economic uncertainties and instabilities. What the consequences of COVID-19 pandemic should further offer the Nigerian economic managers and policymakers, is that the one-tracked, monolithic reliance on oil is failing. Diversification priorities to alternative sectors such as agriculture, solid minerals, manufacturing and services sectors should be further intensified.

### **Conclusion**

In December 2019, a cluster of pneumonia cases from an unknown virus surfaced in Wuhan, China. Based on initial laboratory findings, the disease named Coronavirus disease 2019 (abbreviated as COVID-19), was described as an infectious disease that is caused by severe acute respiratory syndrome coronavirus. The COVID-19 outbreak has since spread to about 196 countries and territories in every continent and one international conveyance across the globe. While there are ongoing efforts to curtail the spread of infection which is almost entirely driven by human-to-human transmission, it has accounted for over 3 million confirmed cases with over 34,000 deaths as of March, 2020.

Beyond the tragic health hazards and human consequences of the COVID-19 pandemic, the economic uncertainties, and disruptions that have resulted come at a significant cost to the global economy. The United Nations Trade and Development Agency (UNCTAD) put the cost of the outbreak at about US\$2 trillion in 2020. Most central banks, finance ministries and independent economic experts around the world have taken solace in the prediction that the impacts might be sharp but short-lived, and economic activities would return to normal thereafter. This line of thought mirrors the thinking of the events that shaped the 2007 global financial crisis. However, it is quite instructive to note

that the 2007 crisis which emanated from the United States' subprime mortgage crisis was mainly an economic phenomenon, with its fallout spreading across many regions of the world. When compared to COVID-19, the 2007 crisis could be described as minor and manageable. The tumultuous events that COVID-19 had spread across the globe cut across every facet of human existence and the consequences may linger beyond the second half of 2020.

The slowdown in the global economy and lockdown in some countries, such as Italy, Spain and most Eurozone economies and beyond, as a result, COVID-19 has also taken its toll on the global demand for oil. The decline in oil demand is estimated to surpass the loss of nearly 1 million barrels per day during the 2007-08 recessions. This is also coming at a time when two key players in the global oil industry – Russia and the OPEC cartel – are at loggerheads on the decision to cut output. The unequivocal oil price war started between these two global oil market giants may have more dire consequences on the oil price that has started to dive. .

Sector-specific implications and impacts could vary. For example, the impacts on the global aviation and tourism sectors are a result of the implications of the pandemic on global travel. As discretionary spending by consumers continues to decline, cruise companies, hotels, and hospitality are facing declining demand and patronage. For example, in Hungary alone, about 40 to 50% of hotel reservations have been canceled. Also, the pandemic is placing up to 8 million jobs in the leisure and hospitality sector at risk, with travel crashes and cancellations expected to continue. Moody's Analytics, a rating agency, stated that more than half of the jobs in the United States which is about 80 million may be in jeopardy.

The virus is also taking its toll on health facilities and infrastructures across the globe. Italy is currently the largest affected country with a number of deaths surpassing China, since the outbreak of coronavirus. Across northern Italy, the virus has pushed the country's National Health Service to a breaking point, emphasizing the test that other countries, especially developing and low-income countries, might face in their approach to contain the virus spread. Most hospitals and health facilities that could not handle the hazards are resulting to operating below their capacity by taking a few regular health-related cases or shutting down. What could be more devastating is the fact that the economic pains that accompanied the virus might not go away soon as envisaged.

The conventional policy measures currently being taken such as reducing interest rates and costs of borrowing, tax cuts and tax holidays are quite remarkable. However, these conventional policy measures are quite potent when there are demand shocks. There are limitations to the successes that can be recorded when demand shocks are combined with supply shocks. It is already apparent from the emergence of the current crisis that there are implications on the economy from both the demand and supply sides. Some of the demand factors include social distancing with consumers staying at home, limitations in spending and declining consumptions. On the supply side, factories are shutting down or cutting down production and output, while in other instances, staff work from home to limit physical contact.

The decision to close educational institutions and schools around the globe in an attempt to contain the pandemic has also led to a soaring number of children, youth and adults not attending schools. According to UNESCO Monitoring report on COVID-19 educational disruption and response, the impact of school closures in the over 100 countries that have implemented the decisions around the world has impacted over half of the global students' population. These educational disruptions are being escalated particularly for the most vulnerable members of society.

### **Recommendations**

The researcher was of the views that for Coronavirus and other related Virus to be manage and control from inflicting further impact on socio-economic and political affairs of the global communities certain measures need to be put in place through adopting the following preventive actions:

- i. Each country with the history of disease outbreak need to notify and shares the onset transmission information to the global communities on the dangers of the disease spread so that support would be generated from other countries to manage the spread of the disease outbreak and turn in to pandemic.
- ii. Peoples of the world need to be educated on the danger implicated by easily spread disease like Coronavirus and adopting preventative measures from contacting the diseases.
- iii. Global leaders must think of providing policies that would address the emergency situation in terms of implication of

social-economic and political problems cause by disease outbreak.

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