

COVID-19 Pandemic and Global Economic Impact

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Abstract

Released in China in the winter of 2019, COVID-19 (caused by SARS-CoV-2 virus) lead to a world pandemic and highly stressed all medical systems around the world. Although the knowledge of this new coronavirus is in development, the most common reason for hospitalization of patients with COVID-19 is a severe respiratory disorder.

The thought that any nation can be an island in a coordinated worldwide economy is demonstrated off-base by the presence of the new COVID-19. Worldwide participation, in specific within the field of open wellbeing and financial advancement is basic. All major nations must take an interest effectively. It is as well late to act once the illness has taken hold in numerous other countries and attempt to shut borders once a widespread begun.

The aim of this paper is to make an analysis as accurat as possible on the general picture of the pandemic with COVID-19, given that most studies have been conducted clinically and medically, and less in terms of economical effects of this pandemic, the end of which cannot yet be predicted.

Key words: pandemic, covid-19, infection, trauma

J.E.L. classification: F52, F53, I18, I39

1. Introduction

Coronaviruses are a large family of viruses that can cause disease in animals or people. Coronaviruses are large, single-stranded, coated positive RNA viruses that infects humans, but also a wide range of animals. Coronaviruses have been described for the first time in 1966 by Tyrell and Bynoe, who cultured viruses from patients with common colds. Based on their morphology as spherical virions resembling a solar corona, they were named coronaviruses (Latin: corona = crown). There are four subfamilies, namely alpha-, beta-, gamma- and deltacoronaviruses.

In people, a few coronaviruses are known to cause respiratory contaminations, from colds common to more extreme infections such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS). The most recent coronavirus found causes COVID-19. COVID-19 is the foremost later irresistible infection found, caused by coronavirus. This infection and virus were not known before the flare-up within the Wuhan locale, China, December 2019.

2. Literature review

Recent studies indicate that patients over 60 years old are at higher risk, and children are less likely to become infected or, if so, can have milder symptoms or even asymptomatic infection.

In symptomatic patients, the clinical manifestations of the disease usually begin after less than one week, consisting of fever, cough, nasal congestion, fatigue and other signs of an infection of the upper respirator tract. The infection can progress to severe disease with dyspnea and pulmonary symptoms, severe pneumonia in approximately 75% of patients, according to the examination CT scan performed at the hospital admission.

Figure no. 1. World statistics on COVID-19 infection at 17.04.2020

| Country, Other | Total Cases | New Cases | Total Deaths | New Deaths | Total Recovered | Active Cases | Serious, Critical | Tot Cases/ 1M pop | Deaths/ 1M pop | Total Tests | Tests/ 1M pop |
|-------------------------|-------------|-----------|--------------|------------|-----------------|--------------|-------------------|-------------------|----------------|-------------|---------------|
| World | 2,200,377 | +19,069 | 147,787 | +2,316 | 558,168 | 1,494,422 | 56,480 | 282 | 19.0 | | |
| USA | 678,210 | +640 | 34,641 | +24 | 57,844 | 585,725 | 13,369 | 2,049 | 105 | 3,411,394 | 10,306 |
| Spain | 184,948 | | 19,315 | | 74,797 | 90,836 | 7,371 | 3,956 | 413 | 930,230 | 19,896 |
| Italy | 168,941 | | 22,170 | | 40,164 | 106,607 | 2,936 | 2,794 | 367 | 1,178,403 | 19,490 |
| France | 165,027 | | 17,920 | | 32,812 | 114,295 | 6,248 | 2,528 | 275 | 333,807 | 5,114 |
| Germany | 138,273 | +575 | 4,105 | +53 | 81,800 | 52,368 | 4,288 | 1,650 | 49 | 1,728,357 | 20,629 |
| UK | 103,093 | | 13,729 | | N/A | 89,020 | 1,559 | 1,519 | 202 | 417,649 | 6,152 |
| China | 82,692 | +351 | 4,632 | +1,290 | 77,944 | 116 | 89 | 57 | 3 | | |
| Iran | 79,494 | +1,499 | 4,958 | +89 | 54,064 | 20,472 | 3,563 | 946 | 59 | 319,879 | 3,808 |
| Turkey | 74,193 | | 1,643 | | 7,089 | 65,461 | 1,854 | 880 | 19 | 518,143 | 6,144 |
| Belgium | 36,138 | +1,329 | 5,163 | +306 | 7,961 | 23,014 | 1,140 | 3,118 | 445 | 139,387 | 12,027 |

Source: <https://www.worldometers.info/coronavirus/>

The COVID-19 disease is by and large mellow, particularly in children and youths. Still, it can cause genuine ailment: around 1 in 5 individuals who are contaminated require clinic care.

The spread rate of this virus and the mortality rate led to declaring COVID-19 pandemic on 03/11/2020. As a result, the governments of most countries have decreed a state of emergency. The effects of the state of emergency, among others:

Figure no. 2. State of emergency measures in Romania

- During the state of emergency, the courses in all educational units are suspended;
- Isolation and quarantine of persons from risk areas, as well as those who come into contact with them; quarantine measures on buildings, cities or geographical areas;
- Restricting or prohibiting the movement of vehicles or persons in / towards certain areas or between certain hours, as well as leaving those areas;
- Temporary closure of restaurants, hotels, cafes, clubs, casinos, association headquarters and other public places;
- Gradual closure of state border crossing points;
- Gradual ban on road, rail, sea, river or air traffic on various routes and the subway system.

Source: www.presidency.ro

The purpose of this article is to summarize recent papers in scientific journals, economic and global, regarding the economic implications of the pandemic with COVID-19.

3. Research methodology

The research methodology used consisted in summarizing the specialized works of the COVID-19 subject. Although research on this pandemic is still in its infancy and knowledge is far from certain, researchers are extremely interested in the subject of COVID-19.

4. Findings

The results of the pandemic with COVID-19 are felt globally right from the beginning of the month January 2020 and will certainly continue for a long time. The state of isolation and quarantine produce a number of undesirable effects.

Quarantine is the restriction of activities or the separation of persons who are not ill, but which have been exposed to an infectious agent or disease for the purpose of monitoring their symptoms and early detection of cases. Quarantine is different from isolation, that is separating sick or infected persons from others to prevent the spread of the infection or contamination.

Social distance, also called physical distance, could be a concept that's amazingly profitable within the setting of the COVID-19 widespread. This refers to keeping your distance from other people outside the home. Social spacing means:

- to stand at least 2 meters away from another person
- restriction to form groups
- avoid crowded places and public gatherings

4.1. Economic implications

One obvious way that pandemics can impact on financial systems is through huge economic costs. There have been a number of articles managing with the costs of the widespread, both regarding the costs of the previous pandemics, such as the HIV/AIDS crisis, or estimates future pandemics cost. Articles on these costs often concern those caused by pandemics and epidemics. For example, Haacker (2004) discusses the economic costs of the HIV/AIDS pandemic. Bloom, Cadarette and Seville (2018) closely define the economic concerns that are now in the foreground with COVID-19: costs for the health system, both public and private, for medical treatment of infected persons and for outbreak control; preoccupation of the systems is not being able to address multiple routine health issues at the same time; social distancing that disrupts economic activity; the impact on tourism; the impact on the direct foreign investors.

McKibbin and Wilcoxon highlighted a number of desirable economic characteristic in the case of an economy crises, applicable to the current world situation caused by COVID-19. A few key features of the standard G-Cubed show are worth highlighting here.

First, they demonstrated fully accounts for inventories and streams of physical and money related assets. For illustration, budget shortfalls amass in open obligation and current account shortages amasses in outside obligation. The model forces a budgetary limitation on all households, companies, governments and nations. Hence, a long-term adjust of activities is achieved through alteration resource costs, such as the intrigued rate for government monetary positions. However, adjusting to the long-term balance of each savings can be slow, even over a century.

Second, G-Cubed businesses and families must utilize the cash issued by central banks for all transactions. Thus, the central banks within the model set intrigued on short-term ostensible rates to target macroeconomic results (such as expansion, unemployment, rates trade etc.). These rules are planned to surmise the compelling cash stream regimeseach nation or locale in the model. These money related rules solidify long-term swelling rates into each nation, as well as allow short-term alteration of approach to smooth out variances in the genuine economy.

Third, ostensible compensation are steady and alter over time based on country-specific work contracts. Firms utilize labor constrain in each segment up to the point where the minimal item of the labor constrain is rise to the genuine wage, characterized concurring to the level of the exit cost of the individual segment. Unemployment decides the alteration of the ostensible wage in arrange to adjust the labor advertise within the long run. Within the brief term, unemployment may happen due to basic stuns in supply or request totals changes from the economy.

Fourth, the rigidities anticipate the quick move of the economy from one adjustment to another. These rigidities incorporate wage rigidities, the total need of prescience within the arrangement of desires, the fetched of altering the ventures by the companies with particular physical capital to the division, within the brief term, the financial and monetary specialists in understanding with the specific financial and monetary rules. Altering short-term financial stuns may be exceptionally distinctive from long-term harmony comes.

Fifth, we join heterogeneous family units and companies. Firms are modeled independently inside each division. There's a blend of two sorts of buyers and two sorts of companies inside each division, in each nation: a bunch that bases its choices on desires and the other bunch taking after less complex rules that are ideal within the long run.

4.2. Effects of the pandemic with COVID-19

China was the first country to impose travel restrictions, followed by South Korea and Vietnam. In the period between mid-March and mid-April 2020, over 22 million of Americans filed for unemployment, raising the possibility of an economic recession and a significant increase in the worldwide unemployment rate.

After a delayed response, central banks engage in a continuous series of interventions on financial markets, and national governments announce stimulus spending initiatives of their savings. Similarly, international organizations are taking steps to provide loans and other financial assistance to countries in need.

4.3. At the general level

Until recently, analyzes of the economic implications of the COVID-19 pandemic in the media and the academic literature has focused mainly on the global and macroeconomic impact that it is, however, only part of a larger picture of the economic impact. This is especially the case in Africa, with high disease burden, poorly developed infrastructure or safety nets and weak health systems. Although the COVID-19 outbreak is still ongoing in South Africa, recording the largest number of confirmed cases (1462) in Africa on April 2, 2020, preliminary analysis to this effect as how that a continuation of the pandemic with COVID-19 would have a short term impact on global economies. Interestingly, the report concluded that the significant costs associated with the COVID-19 pandemic could be avoided through greater investments in public health systems in all economies, but especially in the least developed economies, where assistance systems are under developed at a high population density.

In spite of the potential loss of life and potential large-scale unsettling influences for a huge number of individuals, numerous governments have been hesitant to contribute adequately in their care frameworks not to specify the open wellbeing frameworks within the less developed nations, where numerous infections are likely to be started. Specialists have cautioned and proceed to caution that zoonotic infections will proceed to posture a risk to the lives of millions of individuals with possibly major disturbances for a coordinates world economy.

Poverty kills people, but the COVID-19 pandemic mainly demonstrates that although these diseases spread with overcrowding, poverty, poor health care or contact with wildlife, these infections can kill anyone in all walks of life. Greater interest in public health or research services is needed, especially in poor areas. Studies show that in such situations, the costs of public health services can be reduced through global economic collaboration. These findings are not new, however, politicians tend to ignore the importance of investing in public health services, which would lead to an increase in the quality of life as an engine for significant economic growth.

Early indications of the impact of COVID-19 on the Chinese economy are weaker than they were initially anticipated. Surveys in China's production and services sector have dropped to record levels in February, car sales fell by 80% and Chinese exports fell by 17.2% in January and February. Official information affirmed a large-scale pause in financial action, anticipated in lower contamination levels and discouraged sea activity, among other casual indicators. Investigators unexpectedly changed development gauges of Chinese economy, numerous anticipating presently a decay in GDP within the first quarter, the primary decrease since China started detailing quarterly information in 1992.

In spite of the fact that the flare-up shows up to have moderated in China, COVID-19 and its impacts have ended up worldwide. Diseases appeared in Europe, South Korea, Iran, the United States and somewhere else, specialists adoptes progressively prohibitive measures to contain the infection. Europe and Japan are already on territory of the recession, given the poor performance of the fourth quarter and the dependence of high imports. While the United States is in crisis, some analysts predict a contraction of US GDP in the second quarter. Estimates of the overall impact vary: at the beginning, the Organization for Economic Co-operation and Development (OECD)

predicted that COVID-19 will lead to the reduction of global GDP growth by half a percentage point by 2020 (from 2.9 to 2.4 percent).

Regarding the sectoral level, tourism and related industries will be most affected, as the authorities encourage "social distancing". International Air Transport Association cautions that COVID-19 may fetched worldwide discuss carriers between 63 billion and 113 billionbillions of dollars, and the worldwide film advertise might lose more than \$ 5 billion from lower box office deals. Essentially, the offers of expansive lodging companies collapsed in later weeks, and excitement giants, like Disney, are anticipating a noteworthy drop in income. Eateries, wearing occasions and other administrations will confront, of too with critical unsettling influences. Businesses less based on tall social interaction, such as agribusiness, will be generally less helpless, but will proceed to confront challenges as request diminishes.

Figure no. 3. Price of crude oil barrel in dollars



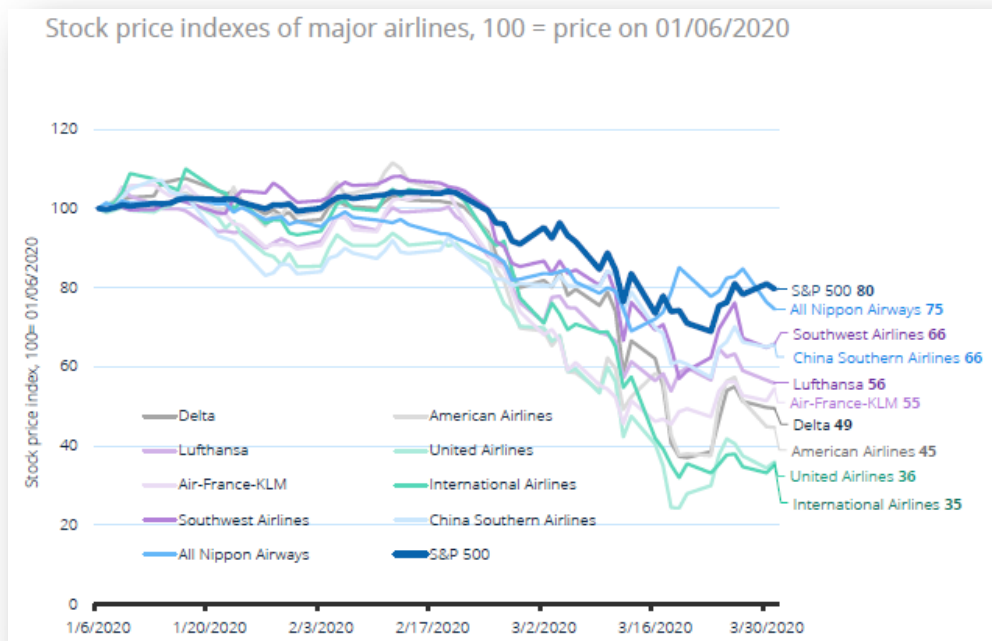
Source: <https://crsreports.congress.gov>

The economic damage caused by the COVID-19 pandemic is largely determined by a decrease in demand, which means that there are no consumers buying goods and services available in the global economy.

4.4. The most affected industries

As air traffic has fallen globally due to travel bans, stocks of all major airlines have experienced a major downfall.

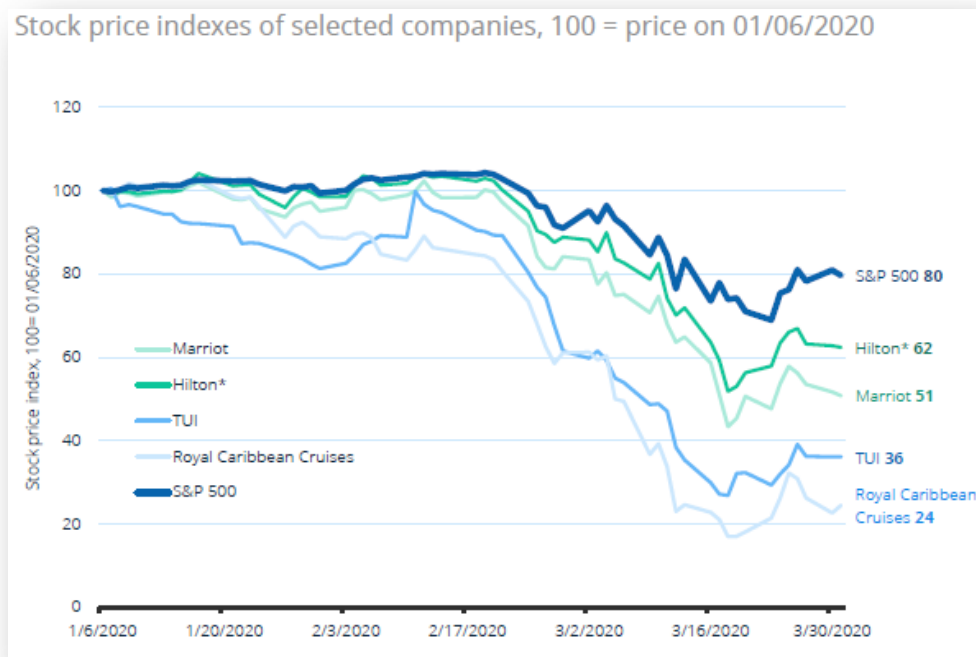
Figure no. 4. Airlines



Source: Statista

Various sectors of the tourism industry are affected by the COVID-19 pandemic as people are more cautious about traveling or booking travel packages.

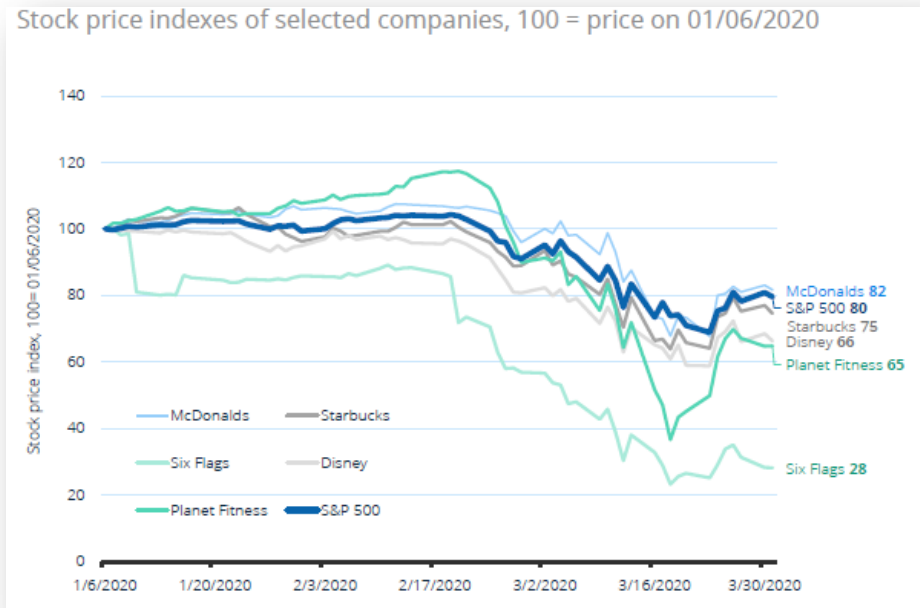
Figure no. 5. Tourism sector



Source: Statista

Social spacing and self-isolation have led to a significant decrease in industry of leisure.

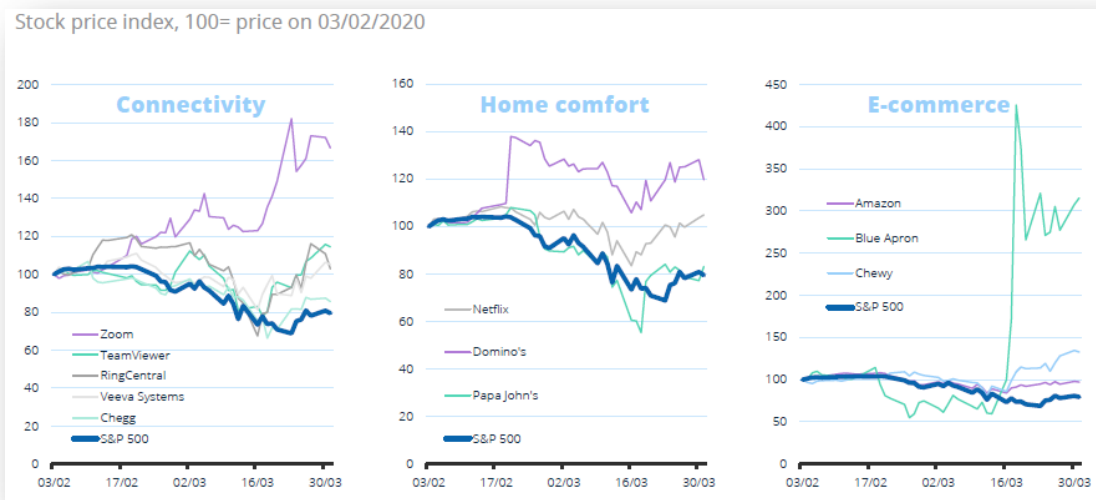
Figure no. 6. Leisure industry



Source: Statista

4.5. The "beneficiaries" of the COVID-19 pandemic

Figure no. 7. Industries that benefit from the pandemic



Source: Statista

The current pandemic with COVID 19 has not only had a huge impact on our social lives, but also on the global economy. The latest forecasts predict a global GDP drop of four percentages for 2020, in which case the recession caused by this pandemic could be more severe than the recession of 2009, because the recovery is expected to take place slower. World economy is expected to recover by 2021, but for some countries, including the United States, Germany and Italy, the recovery will most likely take longer.

5. Conclusions

The COVID-19 crisis informs investors, decision makers and the general public that disasters can cause economic damage on a previously unprecedented scale. Unlike events such as global nuclear war, which cannot have survivors and therefore no relevant costs, or events such as much slower-moving climate change or localized disasters, the COVID-19 pandemic poses a direct challenge through the destructive global economic impact that is present in every area of the globe. All parties have to face what has already been obvious to many that such a phenomenon is imminent possible and indeed likely. How will they perform these capital costs; pension planning; insurance; the role of governments protecting financial systems; social trust and concurrent transaction costs; and political stability in societies?

Rapid transmission of severe acute respiratory syndrome Corona virus 2 (SARS-CoV-2) and high death rates could exacerbate the risk of mental health problems and worsen symptoms existing psychiatric disorders, further affecting their daily functioning and cognition.

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