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Coronavirus with Looming Global Health and Economic Doom

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Abstract

As major cities of the World go into lockdown, government and health experts scramble for solutions to the global coronavirus (COVID-19) pandemic, this article examines the development of the virus and its consequences. It analyses the implications to the global economy, education, social and health. The aim is to provide analysis that contributes to an understanding of the pandemic defying all odds and predictions. Also, it explains what the disease is, the signs, how we can protect ourselves, health and economic implications.

Key Words: Coronavirus; COVID-19; Pandemic; Global Recession

1. Introduction

A global recession is an extended period of economic decline around the world (technically growth under 2 per cent and lasting more than a few months). According to the IMF's definition, the decline in the economic activity must coincide with a weakening of other macroeconomic indicators, like trade, capital flows, and employment. According to the IMF, there have been 4 global recessions since World War II (1975, 1982, 1991 & 2009). The 2007 – 2009 is still considered as the great recession because it was the deepest, widest and extreme economic distress observed around the world such that trade plunged by 29 per cent.

Arguably, the world economy faces the worst-ever 'inevitable' recession due to coronavirus (COVID-19) - a fast-moving infection outbreak originating from China. More than 80,500 people in China have been infected with coronavirus since its emergence in the city of

Wuhan, Hubei province, in December 2019 (BBC News, 2020). By the Middle of March 2020 (3 months of its spread), there have been about 142,320 cases, about deaths: 5,388 and Countries or territories with cases: 129. According to CNN March 14, 2020, China remains the hardest-hit country, with close to 81,000 cases. Italy has more than 17,000 cases, followed by Iran, with more than 11,000 cases. 135,000 people have been infected worldwide. By early March 2020, the numbers across Europe and America have been increasing, jumping in Italy, France, Germany, UK and USA.

By mid-March, Europe has overtaken China and the rest of the World as the new epicentre of coronavirus outbreak. Such is the rate of the spread of the disease leading to virus cases and deaths than the rest of the world combined, apart from China (WHO, 2020). Most cities in the affected regions have been locked down such as China, Italy, France, Spain, etc. There has been travel restrictions, restriction of public gathering and movement leading to events and sports cancellations and postponement. Many European countries have stopped domestic football and European governing body Uefa has suspended its competitions. Uefa is analysing the possibility of postponing this summer's Euro 2020 finals until 2021 (BBC, 2020).

The economic effect is showing already with some companies going into administration within 2 months of the virus arriving in Europe. For example, Flybe (British airline) collapsed after 40 years of regional travel, serving about eight million passengers a year. Several major airlines like Turkish air, Ryanair, etc trim capacity and flight destinations while some Executives Take Pay Cuts and some airline has asked their staff to take unpaid leave for weeks. The bank's economic team is forecasting "gloom, not doom" — with global growth slowing to a 2.8 per cent rate, its worst performance since the financial crisis in 2009 (Market Watch, 2020). In the first of a series of article on the development of global coronavirus outbreak, I analyse the implications of the COVID-19 rapid spread to the global economy, social and health. The aim is to provide commentary and analysis that contributes to the understanding of the pandemic defying all odds and predictions.

2. Global Health Threat

2.1 What is COVID-19?

According to the World Health Organisation (WHO) Coronaviruses (CoV) are a large family of viruses that cause illness ranging from the common cold to more severe diseases such as Middle East Respiratory Syndrome (MERS-CoV) and Severe Acute Respiratory Syndrome (SARS-CoV). A novel coronavirus (nCoV) is a new strain that has not been previously identified in humans.

2.2 What do we need-to-know about coronavirus?

WHO explains further that Coronaviruses are zoonotic, meaning they are transmitted between animals and people. Detailed investigations found that SARS-CoV was transmitted from civet cats to humans and MERS-CoV from dromedary camels to humans. Several known coronaviruses are circulating in animals that have not yet infected humans (WHO, 2020).

2.3 What are the signs?

Person-to-person spread of COVID-19 appears to occur mainly by respiratory transmission (Jernigan, 2020). The WHO maintains that Common signs of infection include respiratory symptoms, fever, cough, shortness of breath and breathing difficulties. In more severe cases, the infection can cause pneumonia, severe acute respiratory syndrome, kidney failure and even death (WHO, 2020). Based on the incubation period of illness for the Middle East respiratory syndrome (MERS) and severe acute respiratory syndrome (SARS) coronaviruses, as well as observational data from reports of travel-related COVID-19, CDC estimates that symptoms of COVID-19 occur within 2–14 days after exposure (Jernigan, 2020).

2.4 How can you protect yourself?

The WHO recommend the following measures to prevent the infection from spreading - regular hand washing, covering mouth and nose when coughing and sneezing, thoroughly cooking meat and eggs. Avoid close contact with anyone showing symptoms of respiratory illness such as coughing and sneezing (WHO, 2020).

2.5 Health and wellbeing Implications

Preliminary data suggest that older adults and persons with underlying health conditions or compromised immune systems might be at greater risk for severe illness from this virus (Jernigan, 2020). Globally, there have been about 5,388 deaths officially reported so far, excluding unreported cases such as Iran and China. There will be unprecedented pressure on hospitals, GPs, health officials, paramedics, etc. The biggest concern is for regions of the world, like Africa, lacking strong health-care systems (Market Watch, 2020). On Friday 28 January 2020, Nigeria announced sub-Saharan Africa's first confirmed case of the coronavirus disease, and the confirmation led to the activation of the country's National Coronavirus Emergency Operation Centre.

In the past, Nigeria's quick mobilization of resources and manpower to combat the Ebola virus disease in 2014, led by the Nigeria Centre for Disease Control (NCDC), received praise from the international community and the World Health Organization (WHO). In the

US, such is the health threat posed by COVID-19 disease that on the 13 March 2020, US President Donald Trump declared a national emergency that allows the federal government to tap up to \$50bn (£40bn) in emergency relief funds to help handle the growing outbreak of coronavirus.

3. Global Higher Education and Social Threat

With the globalization of higher education, some of the global challenges for knowledge, education and learning has been weakened. Globally, there are growing numbers of international students in the UK, Australia, Canada, Germany, the USA, etc. According to 2018/2019 statistics from the Higher Education Statistics Agency revealed by Study in the UK (2020) show a total of 342,620 students arrived in the UK to pursue their qualification from countries outside of the European Union. Also, a total of 143,025 students enrolled in UK higher education institutions are from other countries of the European Union, excluding the UK. China, with a total of 120,385 (35%) has the highest number of students enrolled in higher education institutions in the UK 2018/2019.

However, this trend is currently under threat with the persistence of Coronaviruses outbreak in China and other countries. As many cities go into lockdown, colleges and Universities close, there will be repercussion on the school's calendar, recruitment and graduation. Universities whose model is heavily dependent on international students will receive the shock in the next academic session. The implications could be a lower number of postgraduate students coming mainly from China, redundancies of staff and departmental closures. Some colleges and institutions in cities like London that depend solely on International might be forced to close.

Social events and sports are increasingly under threat as well. Many governments have announced travel and flights ban. The BBC summarizes it as follows - A ban on non-Americans travelling from 26 European countries comes into force in the US; Saudi Arabia halts all international flights to the kingdom for two weeks; New Zealand PM Jacinda Ardern imposes a 14-day quarantine on anyone entering the country; the UK, mass gatherings could be banned as early as next weekend, government sources say and Colombia to close its border with Venezuela and bar any visitors recently in Europe or Asia. The Wall Street Journal reports that carriers face the most severe downturn in decades as businesses, tourists reduce travel.

4. Global Economic Implications

The rising cost of the coronavirus outbreak for business and the world economy is expected to become clearer in the coming weeks. The great recession ended in 2010. However, since the

down of 2020, the world's economies are trying to keep their balance on an unstable platform of coronavirus outbreak. There has been a plunge in factory output as quarantine efforts to contain the disease disrupted supply chains – with damaging consequences for companies around the world according to Bloomberg. Amid an increase in confirmed cases of the new coronavirus in many countries, more companies, religious institutions and schools are asking people to stay at home if they may have come into contact with the virus. According to the Wall Street Journal, a wave of disruptions to air travel following the coronavirus epidemic has led to an 80% drop in traffic at China's busiest airports.

The Wall Street Journal explains why some analysts expect the impact on the global aviation industry could be greater than that of SARS or 9/11. To contain the spread there will be businesses closure such as the measure taken in China. This will limit spending, cash flow and circulation. Already, many companies depending on supplies from China manufacturing companies have started feeling the effect due to the coronavirus outbreak. Low consumption, unpaid wages and low supplies of goods and services due to travel and gathering bans will lead to economic downturn sooner than later. Any significant shock or increase in volatility could trigger “doom loops” that compromise the economic and financial systems.

5. Conclusion

As the governments and health agencies around the world expect the best (much possibly worst outcome), debates and commentaries on the impact of coronavirus will last many years to come. China's President Xi Jinping warned that the coronavirus would have a "relatively big impact on the economy and society" (The Guardian, 2020). Major institutions and banks have stopped predicting or forecasting the global economy, with the Organisation for Economic Co-operation and Development being one of the latest to cut their forecast. Finally, fears of the coronavirus impact on the global economy will continue to rock markets worldwide, with stock prices and bond yields plunging. Only time will tell if this pandemic becomes one of the biggest threats to the global economy and financial markets ever in history.

About the Author

Dr Igwe is a Senior Lecturer in Strategy and Enterprise at Lincoln International Business School (LIBS), University of Lincoln, Lincoln, UK. He received his PhD in Business with Management in 2013 from the University of Plymouth in the United Kingdom. He is the Programme Leader for BA Business and Enterprise Development degree at LIBS. His teaching and research interest are Entrepreneurship, International Business, Sustainability and Economics. He is currently an International Visiting Scholar to Covenant University, Ota, Ogun State, Nigeria. He has published and reviews for top Journals such as International Journal of Entrepreneurial Behavior & Research (IJEER), Studies in Higher Education, European J. of International Management, The International Journal of Entrepreneurship and Innovation, Thunderbird International Business Review, etc. Finally, Dr Igwe is the LIBS International Regional Academic Lead for East and West Africa.

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