

# **CORONAVIRUS: THE FINANCIAL CRISIS**

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## **ABSTRACT**

The Covid-19 epidemic left China at the end of 2019; the economy of that country was logically the first to be affected. The world economy then came to a standstill as the virus spread. The Covid-19 global pandemic hit the economies of all countries hard, with Europe and the United States leading the way. The IMF predicts a global recession of 3% in 2020. One of the biggest stock market crises is unfolding before our eyes, in the same way as the Great Depression of 1929 or the subprime crisis of 2007-2008. A shock of an exogenous nature, hitting both consumption and production through the disruption of certain supply chains, the coronavirus crisis has plunged the world into the unknown, forcing governments to release billions of euros, in France in particular, to save industrial jewels from bankruptcy.

It's the big leap backward. World Gross Domestic Product (GDP) is expected to contract by 5.2% in 2020, according to the latest World Bank forecast released Monday, June 8. It is in the Eurozone that the decline, expected to be -9.1%, will be the most marked in the world. Never since 1870 have so many countries simultaneously experienced such a recession. "This is a devastating blow to the global economy," said World Bank President David Malpass.

The recession in poor and emerging countries is not expected to exceed -2.5 percent in 2020, compared to -7 percent in developed countries. But the crisis in these largely informal economies will be harder to combat because of a lack of sufficient budgetary resources and weak administrative capacity to distribute aid such as unemployment benefits.

In a note published at the beginning of June, the IMF calculated that budget spending to address the crisis amounted to 1.4% of GDP in low-income countries, 2.8% in emerging economies, and 8.6% in advanced economies. The latter can take on debt, unlike the others.

Also, many countries are less prepared for a global slowdown than they were during the 2009 crisis. More than a transitory crisis, the pandemic may leave deep and lasting scars on economies due to reduced investment, rising unemployment, and the disintegration of world trade. As a result of the pandemic, between 70 million and 100 million people could fall into extreme poverty.

Thus, the epidemic has a considerable economic impact, especially when countries resort to containment. The crisis is expected to be the most violent since the Second World War.

The Journal of the International Academy of Case Studies (JIACS) takes advantage of this period to encourage researchers to give their point of view. JIACS believes that a volume devoted to COVID-19 and its impact on the global economy would benefit researchers, policymakers, and professionals. The purpose of these special issues is to critically present and discuss cases related to the above issues.

This is a call for papers on "Coronavirus and the financial crisis". The Journal of the International Academy for Case Studies (JIACS) accepts articles focusing on the above theme and falls within the objectives and scope of JIACS, including all key areas including financial

stability, banking regulation, the role of central banks, corporate social responsibility, finance, market finance, the labor market, etc.