

COVID-19: AFTER EFFECTS OF CORONAVIRUS AND ITS IMPACT ON GLOBAL ECONOMY

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ABSTRACT

As a consequence of the worldwide spread of the coronavirus (also known as COVID19) pandemic, within one or two months the governments of almost all countries decided to implement lockdowns to counter the increasing cases of infected people. At this time the whole world came to a standstill. As a consequence, the global economy was also in turmoil. In the labor market, people losing their jobs and the rate of unemployment are increasing. If we compare it to other countries, active cases of China's scenario are much better than in other countries. Since the outbreak, many domestic and foreign institutions have made estimations that the GDP growth of China will be 4% and the decline rate will be 2%. But according to TE, economic growth was 3.2% in July where the forecast was 2.4%, where the actual rate is greater than the TE forecast.

Keywords: COVID-19, China, Growth, GDP, Global Economy.

INTRODUCTION

The heavy outflow of the COVID-19 is being the reason behind rethinking the world economy in the current pandemic situation and after-effects. Initially, in this pandemic situation or the outflow of the COVID-19 encouraged us to maintain social distancing, that are being to continue shutdown the financial activities, business offices, and events. Besides these, the rate of spreading the virus and the high uncertainty regarding the future of these situations, that led to a fight against the safety in product consumption and new investment among consumers, investors, and international trade partners. Scientists and political leaders have been struggling to track out the impact of the coronavirus. They have projected many cases and their projection suggested that many more infected cases are yet to come and many more people will lose their lives because of this coronavirus. All over the world, people will have to stay home and die due to starvation or go out for earning and succumb to the virus. Even after taking so many precautions, the number of cases is increasing day by day and it's very difficult to project where the economy will stand after the pandemic. Without a vaccine or adequate treatments, there is no third option to tackle the situation. This is the present situation of the world. With the exhortation of the WHO, people of the world become more sentient; taking many precautions to save themselves. This article will show how the countries will fight back from the pandemic and where the economy will stand and other focus will be on the health sector. In this article, all the data are collected from secondary sources, such as ILO, World Bank, WHO, Trading Economics, and

country basis organizations. And the case study will be on China, India, America, Turkey, Bangladesh, and the overall impact on the global economy. This article will show how the present situations are related to the after-pandemic condition (ILO, 2018).

LITERATURE REVIEW

At the outset of the coronavirus in the world, after one or two months almost all the governments of the countries deciding lockdown their countries to eliminate the increasing case of infected people. The pandemic will likely affect financial markets and the banking sector, as well as weaken trade flows. Impacts on firms and the labor market are already apparent (OECD, 2020). Where health is the prime issue to discuss and the global economy was in turmoil. In the labor market, people lose their jobs, and the unemployment rate increases. Where money is the only viaticum to take care of their health there losing jobs gives them distress. Most sufferers are the poor. That means, after taking so many precautions, the number of cases is increasing day by day and it's very difficult to project where the economy will stand after the pandemic. COVID 19 now even becoming a creation for global socio-economic impermanence with its periodic outbreaks (Zayed et al., 2020). If we compared it to other countries, active cases of China's scenario are much better than in other countries. COVID-19 first appeared in China, Asia. China is one of the largest exporting nations in the world and it produces one-third of entire manufacturer goods in the world. China's industrial productions, trade, investment declined sharply from the first two months of the 2020 (Zayed et al., 2021). Since the outbreak, many domestic and foreign institutions have made their estimations that the GDP growth of the country will be 4% and the decline rate will be 2%. But according to Trading Economics, Economic growth 3.2% in July where the forecast was 2.4%, where the actual rate is greater than the TE forecast. The US economic growth graph hints that the country wasn't following the restriction seriously until March which was given by WHO. As a result, they put the country at risk. With the highest number of active cases, Turkey's fatality rate is much lower than the other top ten countries where the recovery case is more than 63,000. The praiseworthy matter is that the country lent medical equipment to other countries like Bangladesh. The country is fully prepared for the health system and overall economy; only the labor market should be more focused. The IMF's global economic outlook estimated that the global economic growth will be 3.3% would contract by 3%. And they forecast next year's growth will be 3.4% (IMF, 2020). After the assessment, the case study of the country shows that the global economy will grow but not in prior patterns, it will grow at a lower rate. Scientists and Political leaders have been struggling to track out the impact of the coronavirus. They have projected many cases and their projection resulted that many more infected cases are yet to be increased and many more people will lose their lives because of this coronavirus. In the world, people will have to stay home and die starving or go out for earning and succumb to the virus. There is no third option to tackle the situation. This is the present situation of the world. With the exhortation of the World Health Organization (WHO), people of the world have become more sentient; taking many precautions to save themselves. Rakhimova et al. (2021) explained the formation of modern economy in the context of digital technology.

Objectives

The major objective of this paper is to discover the impact of the coronavirus on the global economy. The specific objectives are to discover the current view of the world economy for the explanation of COVID-19 consequences for the world. Also, to discover the labor market

and health sector economical view of the world, case of China, The United States of America, Turkey, India, and Bangladesh.

METHODOLOGY

This article will discuss how the countries will fight back from the pandemic and where the economy will stand and other focus will be on the Health sector. In this article, all the data are collected from secondary sources, such as ILO, World Bank, WHO, Trading Economics, and country basis organizations. The case study will be on China, India, the United States of America, Turkey, Bangladesh, and the overall impact on the global economy. This article will discuss how the present situations are related to the projected after pandemic condition.

RESULTS AND DISCUSSION

In the study, we tried to find out the comparative view of the selected country's COVID – 19 situations, their labor market situations, and their health sector situations. Also, the study finds out the scope and step was taken to protect those sectors from the negative effect of COVID – 19.

China

China was the first country to be engulfed by the COVID-19 pandemic. The various case studies show China is different from others on the “*curve*” of the COVID-19 situation progression. In the first quarter, the changing circumstance in China was being observed by the others. The government response ramped up quickly and restrictions become increasingly onerous where people of this country are bound to follow. If we compared it to other countries, active cases of China’s scenario are much better than in other countries. In China saving life for a while was more important than living life. In the short term, the effects of the outbreak of coronavirus in China will be very obvious. Since the outbreak, many domestic and foreign institutions have made their estimations that the GDP growth of the country will be 4% and the decline rate will be 2%. But according to Trading Economics, economic growth 3.2% in July where the forecast was 2.4%, where the actual rate is greater than the TE forecast (Figure 1). The trends of the V-shaped curve show that the government of China was able to tackle the situation tactfully where in the first quarter half that growth was in negative terms -6.8% (Table 1). But the situation of the graph was a short-term scenario. In the long run, the situation will be changed according to conditions at that time.

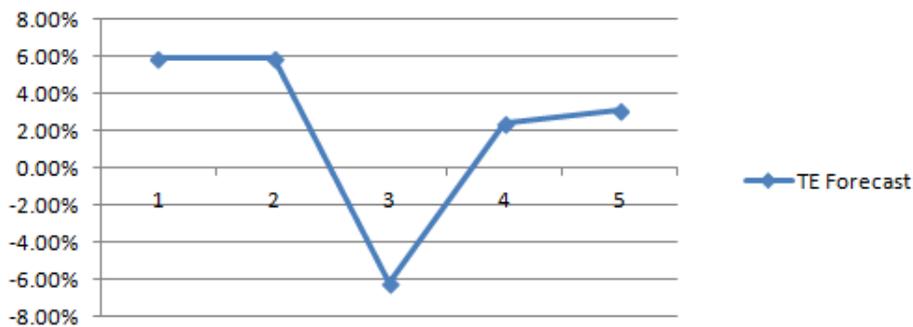
Calendar	GMT	Actual	Previous	Consensus	TE forecast
2019-10-18	02:00 AM Q3	6%	6.2%	6.1%	5.9%
2020-01-17	02:00 AM Q4	6%	6%	6%	5.9%
2020-04-17	02:00 AM Q1	-6.8%	6%	-6.5%	-6.2%
2020-07-16	02:00 AM Q2	3.2%	-6.8%	2.5%	2.4%
2020-10-19	02:00 Am Q3		3.2%		3.1%

Source: Trading Economics

Labor Market of China

It has always been adverse that the impact of the COVID-19 on the labor market. The social distancing measures created a supply shock on the labor market during the pandemic. The

contribution of China in the world economic growth was 38% in 2019. By the end of February, around 5 million people were put down and the being without a job rate rises from 5.9% in 2019 to 6.2% in February; according to the survey of a researcher which is based on the urban population. In the last two decades, China has experienced a 4-5% unemployment rate; this pandemic creates a great supply shock in the labor market. On the other hand, the intensity of working hours also less than previously. Though the actual graph isn't available yet, the unemployment rate will increase. China will be in great trouble if the ratio of job making isn't ramped up in China in the near-term years. Because 8.74 million garden-fresh graduates will be pilling on this year. This will be enhanced by the trade war with the USA last year which was survived by China but may again. But the question is, Can China recover its labor market condition? (ILO, 2018).



Source: Trading Economics

FIGURE 1
TE FORECAST

Health Sector in China

In response to the outbreak of the COVID-19 China has made short-term health care capacity increases which allowed them to tackle this epidemic to lessen the effect of the virus (Figure 2). This outbreak exposed where the country should focus to maintain control of the pandemic. China was already poised to hand the outbreak profoundly and increased health care expenditures; this is due to economic growth and the rapidly aging population needing an emergency medical response. Investment in technology, tertiary education, talent incentives, medical infrastructure, digitalization, creating health care priority investment areas should be added. And this health care policy should be in place for a long time so that China can fight back from this kind of virus. In the assessment of China's economy, it can be said that China can fight back from this pandemic if the short-term policy can be elaborate into the long term according to the situation. We can't say how long the virus will stay. But seeing the forecasting data China's Economy will grow if it prioritized the focused sector like the labor market and health sector (Davis & Bennett, 2016).

USA

Severe contraction in the US economy occurred after more than a decade when the country first introduced a lockdown to sluggish the blowout of the COVID-19. USA: the world's leading economy is submerged at an annual rate of -4.8% of the first quarter of the year according to the official figures released in April of this year. The US economic growth graph

hints that the country wasn't following the restriction seriously until March which was given by WHO. As a result, they put the country at risk. The pandemic is triggering remarkable human and economic adversity across the USA.

The Labor Market of USA

After the rapid spread of COVID19 in the early March of this year, the United States sent all workers home as well as all essential services temporarily being shut. According to the official statement, the unemployment rate peaked up at 14.7 percent and it assumed that the rate will be more than that as the day's progress. The labor power involvement ratio chops to 60.2% in April 2020, the first time since early 1970 that this low rate has been seen. The uninvited hassle in the labor market put a hindrance to the new job seekers and pressure on the economy to create new changes in the labor market. But after the first quarter of the year, the unemployment rate of America falls to 13.3% from 14.7% in April. That means the US economy unexpectedly improved. But the development is inadequate, the unemployment level declines for whites, not for blacks and Asians. It healed after reopening the businesses and the other essentials. If we check out the data, then we can see that the labor force participation rate sprinkler to 60.8% from 60.2% which was the lowermost proportion since January 1973; and this rate is on the ratio of working-age Americans who have a job or looking for a job. And the American's capability to create jobs rose to 52.8% from 51.3% in April. The workweek, average annual wages also increased in the USA after the first quarter. That means we can say that this kind of short-term remedy gives us hope to see the new American labor market with great success (ILO, 2018; Bank, 2020; Kambou et al., 2020).

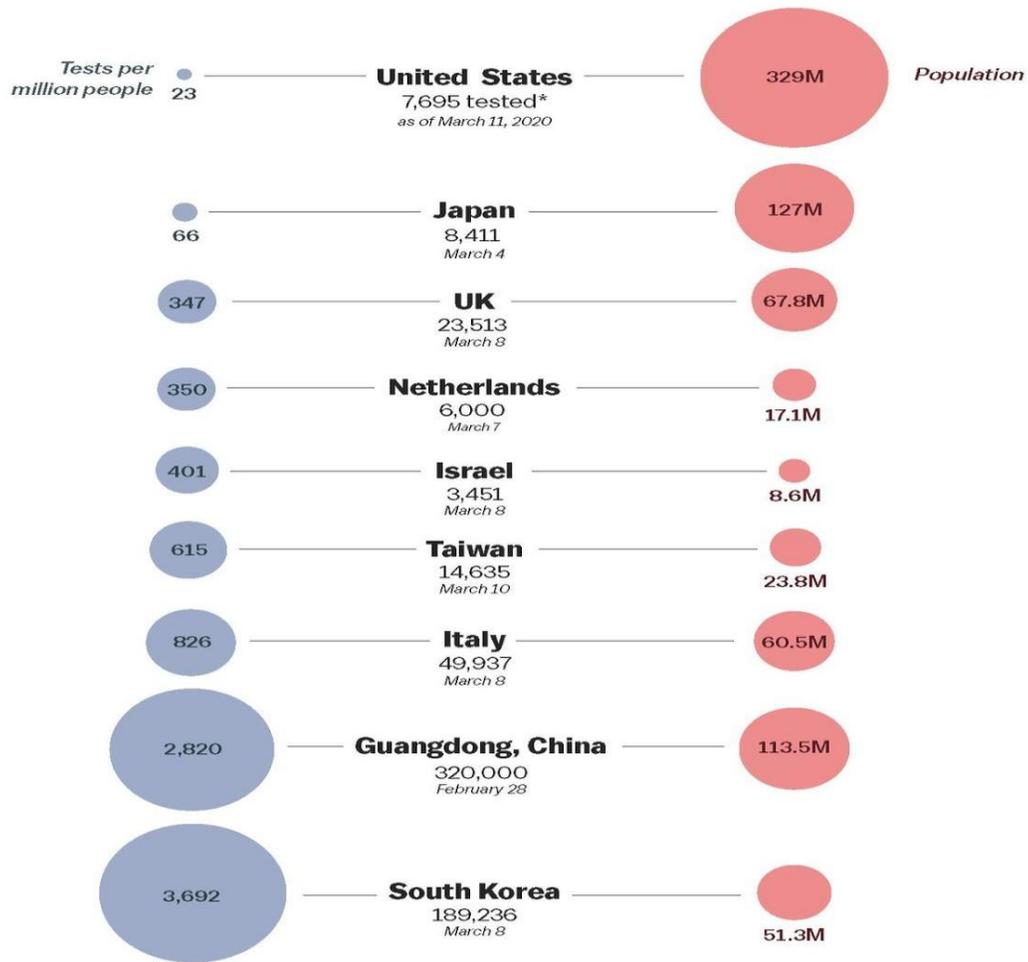
Health Sector of USA

The outbreak of the coronavirus exposed the weaknesses and inequalities of the health sector in the USA. Testing people doesn't mean that if they are diagnosed and they can get appropriate treatment; it's important because the country can know that how far it spread and how to deal with it and America was far behind that as per the images given below. If the USA operates effectively during the pandemic, it can combat the situation. American Research-based biopharmaceutical companies are working to combat the novel coronavirus. After analyzing the present condition of the USA labor market and health sector we can say that the situation will change but not in great manners and it may take many years to buck up the economy (Davis & Bennett, 2016).

Turkey

"In the post-coronavirus period Turkey has its eyes on becoming the center of supply chains and travel routes taking advantage of an ever-rising profile in the international arena", the country's vice president said in June 2020. He also said, *"To reach a positive result, the number of cases must decrease again. It's not just a desire, it's a pre-condition. We have to take top-notch health measures".* But the question is, *"Is Turkey able to happen these statements true?"* Before the pandemic, turkey's economy was in turmoil because of the currency crisis with a high unemployment rate and inflation in 2018, and the country trying to recover from it. An outbreak of coronavirus forces us to think about how the country might fight this. In the first quarter, Turkey's active cases were the highest in the Middle East.

A snapshot of early Covid-19 testing per capita



*Test counts do not include full reporting from all US labs
 Source: Covid Tracking Project, Business Insider, the Atlantic, Taiwan CDC



Source: Horn et al. (2020); Kapoor & Buiter (2020).

FIGURE 2
EARLY COVID-19 TESTING PER CAPITA

Turkey’s Labor Market

Despite the growth in the first quarter of the economy, 82% of jobs are at risk within the labor market of Turkey. During the COVID19 pandemic, 13 million people have lost their jobs, 36% of the employed have suffered a decrease in wages and 82% feel economically endangered according to Turkey’s Research center (DISK-AR). Women are in the most distress. 47.7% of women get low wages compared to men 34.2%. Turkey’s unemployment rate rose to 13.8% from 13.1% in April. To recover the economy government has lifted the lockdown, shopping malls, businesses, and other essentials open with precautions to boost the economy. A contraction in the labor market is obvious, but after reopening there is an opportunity to decrease the unemployment rate.

Turkey's Health Sector

Turkey's public health care system is prepared to fight the pandemic. The medical team was prepared for the worst. Despite the outbreak of the virus, the health sector has not collapsed. Similar to other countries of the world, Turkey also smashes the cases of coronavirus more than 126,000, and 3,397 deaths. Despite the high number of active cases, Turkey's fatality rate is much lower than the other top ten countries and the recovery case is more than 63,000. After assessing the analysis, in this pandemic where the focus should be, Turkey was on it. The country is fully prepared for the health system and overall economy; only the labor market should be more focused on. Saying about after effect of the coronavirus in Turkey, if it continues in this manner Turkey can make up their losses (Davis & Bennett, 2016).

India

Before this crisis struck, India's economy had already been weakened by years of mismanagement. India is the fourth largest economy which is badly hit by COVID19. In terms of population and age difference, the percentage of deaths may be low; but it is the worst scenario in India. That means to combat the economic loss, India has to look at a long-term policy and that won't be so easy.

India's Labor Market

This pandemic is likely to change India's labor market in that migrant people are returning to their homes and people are forced to take informal jobs at lower wages. According to the PLF survey, 92% of people were in the informal sector before the crisis. In the early months, approximately so many people returned to their villages. The International Labor Organization projected that after the economic stoppage around 400 million people in India risks deteriorating into poverty. Where agriculture is the largest employer it produces just 18 percent of GDP. Low productivity creates rural-urban migration due to suppressed income. During this period, where the formal sector rose 33.41 million to 38.56 million the informal sectors rose to 160.83 million to 204.03 million which is about 25%. The unemployment level spiked up to 23.5% in the early stage of the pandemic. The government responded quickly to mitigate damage with a fiscal stimulus. The Reserve Bank of India has taken expansionary monetary policy. Bank Credit, PMI, Unemployment rates recovered in June, but still at a negative point. The unemployment rate recovered to 8.5% in mid-June. By taking such steps India's labor market will recover but the challenging part will be the informal sector and it takes many years to come back to the right track.

Health Sector of India

Poor infrastructure and low allocation in the GDP of around 1.3% in the health sector put India in a vulnerable situation. The active cases of coronavirus increase day by day in India and most of the hospitals which are operating during a pandemic are going to be filled. The miserable thing would be when patients don't get any beds in the hospitals. This is starting now and it will continue. The doctor-patient ratio is lower than the WHO declaration ratio. While WHO declared the doctor-patient ratio should be 1:1000, in reality, India's doctor-patient ratio was 1:1404 in February 2020. The allocation of the budget in the health sector is lower than in other developing countries like Brazil, Bhutan, and Bangladesh. India has had the worst period of the year and this will impact the post period of the pandemic. In the post-pandemic world, India has to boost its healthcare by investing in that sector, simplifying the law, and encouraging the private sector,

then India can minimize the loss. In summary, it can be said that to date India is the worst performer during this pandemic and it badly impacts the post period of COVID 19. So the initiatives measures should be taken to combat the condition (Davis & Bennett, 2016).

Bangladesh

Bangladesh is a country the economy has been greatly affected because of COVID19 coronavirus. The lockdown process is not feasible for a country like Bangladesh where poverty is the prime concern. In Bangladesh, the majority of the marginal people won't be able to fulfill their basic needs and especially when their minimum earning is 160 Bangladesh taka. This pandemic is set to bring the economy to an almost grinding halt which will cause a significant effect on the people's social and economic life and gives a threat to the lives of people. When the country runs well, there this kind of pandemic gives a huge shock to the country. In 2019, Bangladesh's real economic growth was 7.9% and economists projected that in 2020 the real economic growth will be 2.2 percent driven by falling readymade garments export, lower private investment growth, and wider spread of COVID-19 (Wing, 2020).

Labor Market of Bangladesh

COVID19 gives extra pressure on the labor market of Bangladesh. Bangladesh mostly depends on its readymade garments export and agriculture sector. But after the crisis struck, most of the garments businesses lost their orders and they cannot cope with the phase. That's why the owner of the garment businesses removed many workers from their jobs and those who are still in the job they get lower wages. According to the Economic research center SANEM, COVID19 has taken away 6 million jobs in Bangladesh. This is because of low production and supply chain disruption. Bangladesh faced several challenges before the coronavirus in the job sector. And these rates will increase this year because of this crisis. But the Bangladesh government has given stimulus packages to the country and these packages help big businesses to disburse quickly but the SMEs won't be able to do so. Because this short-term shock can become permanent. So, Bangladesh should develop a proper policy plan where their SDG goals prevail to mitigate poverty and to combat the coronavirus crisis (Wing, 2020).

Health Sector of Bangladesh

Bangladesh was among the fastest country to reach the highest active cases. This gives a reality check for the Bangladesh health sector. If we check the active cases data, then we see that the increasing number of active cases depends on the number of tests. Despite the increasing number of affected people, the death rates are approximately 1 or 2% percent. Bangladesh's overall spending on the health sector is around 3% of GDP. According to the ministry of health, the contribution in health is 4.9% of the total budget in FY 19-20, which is the lowermost in South Asia. It fails to meet the WHO standard which is 15%. The state of affairs will be getting worse if the country cannot maintain its policy properly where their doctors and medical staff are affected badly (Davis & Bennett, 2016).

CONCLUSION AND SUGGESTIONS

The new type of coronavirus started in China and has now spread to the whole world and led to global distress and endangered human lives. A situation like this has not been faced in the world since the Second World War. There will be a recession in the post-pandemic period which

we see in the analysis. The global economy has already reshaped to buck up the situation. IMF lowered the growth of the global economy in 2020 due to the spread of COVID19. The IMF's global economic outlook estimates that the global economic growth will be 3.3% would contract by 3% and they forecast next year's growth will be 3.4%. After the assessment, the case study of the countries shows that the global economy will grow but not in prior patterns, it will grow at a lower rate. For that reason, the whole world will require a newly shaped economy where investment, lending, supply chain, export-import, migration would be in a new manner. The new ray of hope that the whole world will come into a digitalization process and gives the hint of the fourth industrial revolution. The most challenging part will be to bring skilled workers with new technology and incorporate new knowledge into the world (IMF, 2020).

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