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Economic Impact of COVID-19 on International Trade and Shipping

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ABSTRACT

Covid- 19 is a humanitarian crisis on a global scale, which is a visible hand that caused the global economy to go platykurtic. International trade and shipping were the backbones of the world economy, but its volume halved during the lockdown with an almost 13% decrease in the global economy. This reduction was not only because of the detonating unemployment but also due to the failure of international laws, which ultimately led to a demand-supply crisis. Cargo ships and aircraft ceased the transportation of non-essential goods. This increased the cost of shipping, and thereby also of international trade. Thus, international trade regulations and laws proved little adequate to comply with this situation. Many countries are at the brim of recession. The governments and their policies are unable to give sufficient nor necessary incentives for markets.

But this same economy is the answer to the question because trade can save lives and livelihoods. The existence of the original economy is at the mercy of trade laws. The Laws that are able to keep the supply chains flowing and keep international trade alive need to be formed. The problems that are needed to be addressed include not only the immediate resistance but also the long-term steps for the protection of the original economy. This paper is an in-depth examination of international trade laws and their impact on the global economy. It also deals with a detail analysis of the existing economic packages and the laws that are hindrances to its fruitful implementation.

I. INTRODUCTION

This crisis is first and foremost a health crisis, which has forced governments to take unprecedented measures to protect people's lives and the unavoidable declines in trade and output have painful consequences for households and businesses, on top of the human suffering caused by the disease itself." (Roberto Azevêdo- WTO Director-General)³. Thousands of health professionals and along with police and other agencies are heroically battling against the virus, putting their own lives at risk. Meanwhile governments are striving

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³ World Trade Organization, Press-release, 8 April 2020

to keep its economy upright and to reduce the impact of the crisis. This time is golden and decisions taken now will determine the shape of the recovery and the future global growth. This time is a total game changer to the economy.

But how bad is the situation? Global infection rates crossed ten million and more importantly recent days, countries with large COVID-19 outbreaks, including Britain and USA, have said there are simply too many contacts to trace for an effective system to be put into place. The World Health organisations makes official warning that the worst days are yet to come.⁴ For the first time since the Great Depression, not only the developing nations but also the developed nations are in recession. The World Trade Organisation has forecasted that the global trade will decline by 13% - 32% this year. The inability to cope up with situation due to the International Division of Labour and the breakdown of global supply chains are the main culprits.

Trade restrictions and import liberalizing measures along with international trade laws and agreements has a significant role to play in keeping the supply chains flowing. The lockdowns and social distancing make this crisis something bigger than just an economic crisis and adequate governmental policies and measures are the only hope for the real economy.

This paper will be dealing with four fundamental questions.

1. How is the situation?
2. What does it signify?
3. What is the role of laws and policies?
4. What are the possible policy measures?

II. HOW IS THE SITUATION

(A) An overall analysis.

Earth had met with several pandemics at different points of time all along its history. But what makes COVID-19 different from them is its fast spread across the globe. This primarily due to ⁵the close integration of nations into a so-called global village. Countries were closely integrated by an international division of labour. The virus that was found and reported in China at the end of December 2019 was all over the world in 30 days. The number of affected crossed 10 million

⁴ Message to world leaders- WHO Director General, Adhanom Ghebreyesus

⁵ World Economy and Nation States post COVID-19 – K N Harilal, Economic and Political weekly, Issue 55, May 2

and death rates crossed half a million in six months. The development of vaccines or therapeutics has not made any significant results.

Health workers, police and bureaucracy are toiling to keep things upright. The people who are under lockdown are going through unexperienced psychological traumas. Reports of UN Women show that rates of domestic violence against women increased manifold during the lockdown. As per the reports of World Trade Organisation (WTO) and International Labour Organisation (ILO) have projected the level of unemployment as millions and a geometric mean of 9% in each G7 countries and even worse in the developing nations.⁶

Apart from these physical health and psychological issues, the most affected area is the economy. According to the International Monetary Fund (IMF), the cumulative loss over 2020 an 2021 from the pandemic would be around \$ 9 trillion. The global economic growth in 2020 will be -3%. WTO projects 13% - 32% reduction in global trade volumes. This situation is far more worse than the financial crisis of 2008-2009.

(B) Economy

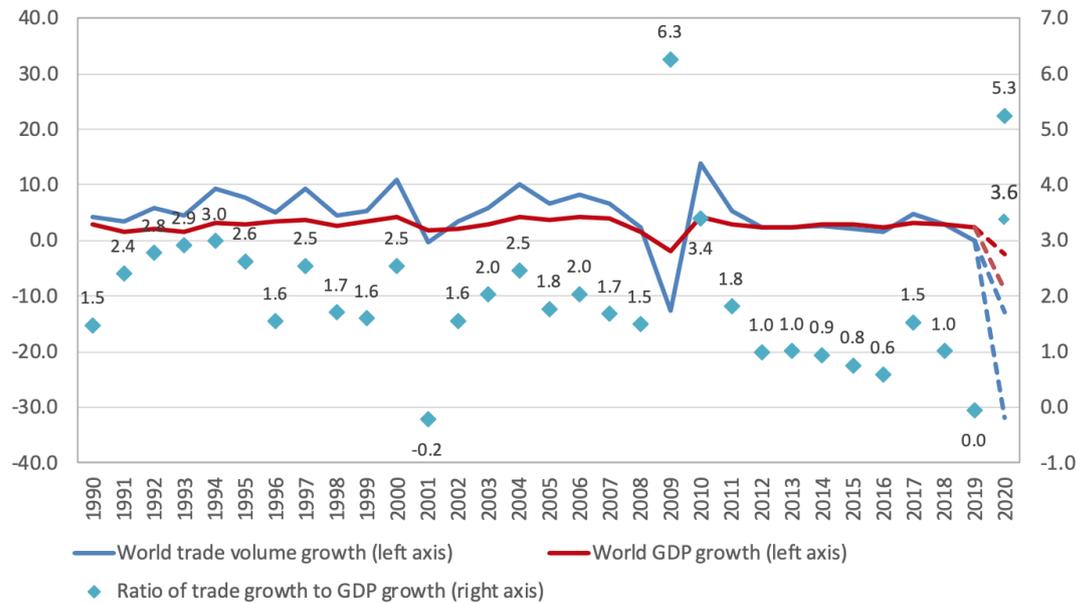
The current economic recession is obviously an act of the virus. Trade was already slowing in 2019 before the virus struck, weighed down by trade tensions and slow economic growth. World merchandise trade registered a slight decline for the year of -0.1% in volume terms after rising by 2.9% in the previous year. But, the dollar value of world merchandise exports in 2019 fell almost by 3% to US\$ 18.89 trillion(WTO).⁷ The global trade and economy was showing a slight fall and then came the virus. The inevitable decline in trade and output will have a severe impact on human life in addition to the pain inflicted by the virus.

In a normal financial crisis, the economy would be encountering problems from the demand side that the economy is failing to meet the supply side with adequate aggregate demand. This may lead to the glut in the market. But here the situation is far worse than both the supply side and demand side. As during a financial crisis, governments have again intervened with monetary and fiscal policy to support and provide temporary income support to industries and households. But movement restriction and social distancing which directly reduced labour supply, mobilization, and transportation-indirectly diminished the effect of these policies on the economy.

⁶ World Trade Organization, database- Global impact of COVID-19 on unemployment.

⁷ world Economic Outlook-April 2020, IMF

Chart-1 Ratio of world merchandise trade growth to world GDP growth, 1990-2020



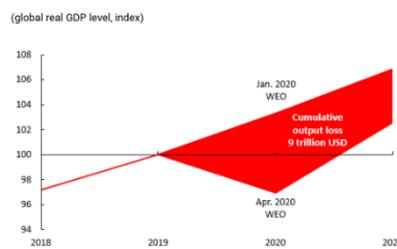
Source: WTO Secretariat for trade and consensus estimates for historical GDP. Projections for GDP based on scenarios simulated with WTO Global Trade Model.

In addition to this, now many countries face multiple crises - a health crisis, a financial crisis, and a collapse in commodity prices, which interact in many complex ways. Policymakers are providing unprecedented support to households, firms, and financial markets, and, when this is crucial for a strong recovery, there is considerable uncertainty about what the economy will look like when we come out of this lockdown.⁸

(C) Developed vs Developing Nations

The JP Morgan global Purchasing Managers’ Indices (PMI) for March showed export orders in manufacturing dropping to 43.3 relative to the baseline value of 50, and new services export business dropping to 35.5, which indeed suggests a severe downturn.⁹

Output losses
The cumulative output loss over 2020 and 2021 from the pandemic crisis could be around 9 trillion dollars.



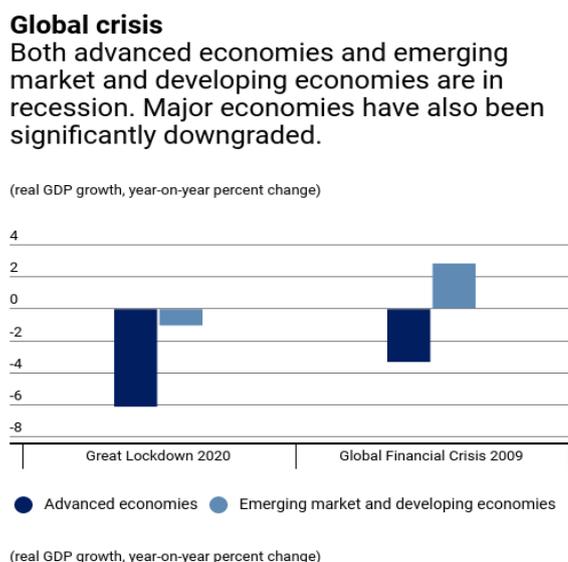
Sources: IMF, World Economic Outlook; and IMF staff calculations.

⁸ The Great Lockdown: Worst Economic Downturn Since the Great Depression, Gita Gopinath, Chief Economist, IMF

⁹ JP Morgan Global manufacturing PMI, HIS Markit 2020

This is truly a global crisis with regard to the fact that no country is left out from its effects. Countries that are relying on tourism, travel, hospitality, entertainment and other services for their growth are experiencing comparatively large disruptions. Emerging markets and developing economies face additional challenges with unprecedented reversals in capital flows. This is due to the reduction of global risk appetite, and currency pressures, while they are trying to cope with weaker health systems, and with a more limited fiscal support system. Above all, several economies entered this crisis in a vulnerable state with stagnant growth and high debt levels.

As shown in the below graph, the situation of the developed nations is no better. In the case of growth rates the developed nations are facing a much tragic attack. According to the reports projected by Organisation of Economic Co-operation and Development (OECD), the fall in the rate of GDP growth of OECD nations -14.5 is even worse than the global average -13.5.¹⁰



The countries like the USA and China which had tremendous rates of merchandise trade fall to an average of -12%. And the global trade volumes are expected to reduce to -13% to -32%. The developed nations' growth rates are projected as -6.1 percent whereas the rate of developing nations are only -1.0 percent.¹¹ Per capita income is projected to shrink for more than 170 countries. Both the advanced economies and emerging market and developing economies are expected to partially recover in 2021.

¹⁰ Covid-19 and International Trade: Issues and Actions, OECD, 12 June 2020

¹¹ The Great Lockdown: Worst Economic Downturn Since the Great Depression, Gita Gopinath, Chief Economist, IMF

China was not only an important exporter of finished goods but also had a major hand in the manufacturing and supply of intermediate goods. The infection of Covid-19 and the accompanied lockdown thus made a significant downturn in the supply chain not only in the case of finished goods but also with intermediate goods.¹² Thus governments all around the world are fighting against two evils at the same time. Economic growth rates are lagging behind even in countries that are not that severely affected by coronavirus. The disrupted value chains, trade services and international division of labour along with the inefficiency of trade regulations to adjust and blend with the situation are the main reasons for this downturn.

Thus, this situation calls for the urgent evaluation of trade arrangements all over the world. Trade regulations, tariffs and agreements need to be revised. A detailed analysis shows that the trade restrictions and liberalizations are imposed almost illogically, especially during this pandemic.

III. WHAT DOES IT SIGNIFY?

(A) A Game-changer

The word game-changer can be both a positive and a negative word. With right decisions at right time can not only make the situation go away but even can make it a win-win. But wrong decisions at the wrong time can make the situation worse. Governments all around the globe are trying to mitigate the effects of the pandemic on the economy. But they are facing a golden question of whom to choose, the people or the economy? And as long as the pandemic hunts and economy is at gun-point there are many adverse after-effects that social and cultural realms of human lives.

For some social scientists, this is a golden opportunity for countries who are irretrievably trapped in agreements, trade relations and economic submission to other economic super-powers. Globalization had led to the worsening of the inequality in wealth and income with different countries and even within the country. Autarky is a heroic assumption used in economic theory, which is far removed from reality. But we are currently living in an interregnum of deglobalization.¹³ It offers a great occasion to learn the art of living in relative isolation, and also to restructure the international division of labour. According to the IMF, there is a reverse flow of capital from the emerging economies to the financial feud-nations, from which it originated—about 100 billion dollars. So this is the perfect time to challenge the hegemony imposed by financial capital nations over the economically emerging nations.

¹² United Nations Conference on Trade and Development (UNCTD), Report Update, 4 March 2020

¹³ World Economy and Nation States post COVID-19 – K N Harilal, Economic and Political weekly, Issue 55, May 2

For these emerging nations, the foreign investments- both Foreign Direct Investments (FDI) and Foreign Institutional Investments (FII) are important for their growth, especially at the initial stage. But experiences of many nations have shown that it is a sort of never-ending colonial rule. In this case, if the emerging nations can manage to come up with a healthy economy, particularly through updated tariffs, trade agreements, and a better international division of labour technique. So, economic policymakers should shift their attention from just short term sustainability to a broader one than can include both short term sustainability and long term growth and minimum international reliance. The notion of lock-down never came from the market, it was done by the state. Similarly to attain this goal states play a significant role to play.

(B) Patterns of Unemployment

The lockdown and the disruption of the supply chain and the huge downturn had led to unprecedented rates of unemployment across the globe. Global rates of unemployment, as per the projections of ILO and IMF - can go up to 24%. The market and economy were forced for lockdowns and this is not a normal situation where wage rates, demand for labour, and supply for labour to stabilize everything. The increase in running cost and a drastic decrease in profit due to the high costs of transportation and marketing made even the well-off business firms to think twice before they hire and made the not-so-well business to cut of a minimum number their workers, even from very high ranked posts. Many are facing salary cut. These factors will negatively affect the market forces of demand and supply for labours. This issue has a far-reaching effect that even when the supply chains are restored, it might be more difficult to restore the demand side. The income of the people will reduce a lot due to the unemployment situation and the market will again fail to create sufficient demand in the economy which further will affect investments, production and thus the income of the economy will go less and less.

Youth unemployment is rising faster and by a greater amount during the Covid-19 crisis. In Canada, unemployment rates increased almost by 6% for youth and 14.3% for young men and 20.4% for young women.¹⁴ A Similar trend can be observed in the United States also. This seems to be a global trend that the youth is getting unemployed. This can sooner or later lead to another crisis – that in recent years when the people who are employed gets retired and become dependents, the youth has no jobs to sustain themselves and the people that are depending on them. This can be threat to the economies of nations like India which is

¹⁴ World Employment and Social Outlook, Trend 2020 - International Labor Organization

expecting a huge demographic dividend shortly. Covid-19 may eat-up India's demographic dividend.

Women are more affected during the lockdown. Even though the rates shows a minor reduction of women in the case of virus infection, women is the most vulnerable – physically, psychologically, and economically. UN Women data sources clearly shows that the violence against women increased several folds, particularly domestic violence. Women are also facing psychological stress and depression than men. Mainly due to loneliness – social distancing and lockdowns. In the case of employment, women are losing their jobs first. During the first phase of lockdown alone 220 million women lost their jobs.

(C) Baseline and Adverse Scenarios

An economy and its future growth rates can be projected with rational theories and assumptions. For instance the global financial crisis of 2008-09 was foretold by the Indian economist Raghuram G Rajan, (Former Chief Economist of IMF). But a situation like this could be never forecasted. Even though trade volumes were decreasing, in 2019 – the origin and spread of coronavirus was the triggering factor of this economic crisis. So it can be considered almost unexpected. From April- after three months of origin of the virus- international bodies and agencies started to come up with reports of expected rates of downturn of the economy.

The International Monetary Fund and other international financial institutions came up with several plausible pictures of the economic landscape after the lockdown. But in every reports there was an uncertainty of the end of the pandemic and restrictions imposed due to it. Nobody is certain of when the virus will be wiped out. WHO had already warned about a second wave and even told that the worst days are yet to come. In this situation an assessment can be done, based on two extreme poles.

While assuming that the pandemic fades in the second half of 2020 and that policy actions taken around the world are effective in preventing the widespread firm bankruptcies, extended job losses, and system- wide financial strains, the IMF projects the global growth in 2021 to rebound to 5.8 percent. This can be considered the best optimistic scenario. But even in this case the expected recovered rate of global growth only accounts for half of the growth rate that the IMF had projected for the year 2021 before the virus hit the globe. This is an irretrievable loss. It will take years to retrieve what it lost.

The calculated cumulative loss to the global GDP for the year 2020 and 2021 is around \$ 9 trillion dollars and in fact it is greater than the economies of Germany and Japan combined. Even

in this best case scenario, the developed nations will take years to come back and the case of developing or emerging economies is still a question mark.

This is a baseline scenario but, given the extreme uncertainty around the duration and intensity of this health crisis, there are also alternative, more adverse scenarios. The pandemic may not recede in the second half of this year, leading to longer durations of containment, worsening of the financial conditions, and further breakdowns of global supply chains. In such cases, global GDP would fall even further: an additional 3 % in 2020 if the pandemic is more protracted this year, while, if the pandemic continues into 2021, it may fall next year by an additional 8 % compared to our baseline scenario.¹⁵ The only way to get of the crisis is – treat the infected and keep the uninfected from getting infected. Keep the infected rates to the minimum and only the technique of herd immunity can save the world in this scenario. Thus the people will return back to the system as they are able to cope up with the disease and then would strengthen the economy. But to be in thus state the costs that the nations should pay would a lot.

(D) Mental Health and the Economy

The global economy is the economy of the nations and the economy of the global nation depends of the total production of goods and services in the country. With respect to this fact, the health of the people plays a major role in the economy. Only healthy citizens can work and keep their standard of living and thereby contribute to the economy. During the pandemic, millions are affected by the virus or many are living in fear to the virus. Due to the lockdown people cannot go back to their work spaces and work efficiently as they did before the virus struck. Work from home is still an alien concept for many and they find it hard to continue what they did in office spaces – from home.

In addition to the physical aspect there arises a more important issue – Mental illness. it is also increasing psychological suffering. Grief at the loss of loved ones...Shock at the loss of jobs, isolation and restrictions on movement, difficult family dynamics, uncertainty and fear for the future all these cause a severe hit in the mental health for the citizens of the world. It is well known that mental health problems are related to deprivation, poverty, inequality and other social and economic determinants of health. Economic crises are therefore times of high risk to the mental well-being of the population and of the people affected and their families. People who lost their employment face severe mental health issues.

¹⁵ The Great Lockdown: Worst Economic Downturn Since the Great Depression, Gita Gopinath, Chief Economist, IMF

Research has established a very strong link between economic upheaval and suicide and substance use. A study of the Great Recession that began in late 2007 found that for every percentage point increase in the unemployment rate, there was about a 1.6 percent increase in the suicide rate.¹⁶ Mental health is an important factor that effects the economy and the economy has a significant role to play in mental health along with other factors.

IV. WHAT IS THE ROLE OF LAWS AND POLICIES.

(A) Economy and Laws

From the very beginning of Economics, the impact of governments and its laws and policies were subjected to debate. Classical Scientists like Adam Smith, advocated a free economy from government intervention, Laissez-Faire. They believed that the economy can work at its optimum level when there is minimum intervention from the government, and they were against any type of legislation or oversight; they were against minimum wages, duties, trade restrictions, and corporate taxes. In fact, laissez-faire economists see such taxes as a penalty for production. But all these took a turn after the Great Depression, which started in the United States, and devastated economies all over the world in the 1930s. John Maynard Keynes (1883-1946) a British Economist, came up with new theories known as Keynesian Economics, which clearly states that the governments have a major role to play, to keep the economy healthy and striving.¹⁷ And as time passed there came many theories which supported and opposed the intervention of governments. But in this era, the role of governments and its laws and policies, is quite clear.

Even small changes in government trade laws and policies have negative and positive impacts. It not only have impacts on Stock Markets, but also on the real economy. Taxation is an important factor among them. Changes in rates of taxes have huge impacts in the economy. These taxes collected is then used for government expenditure which further benefits the economy. Likewise, international trade laws were instituted for safeguarding the domestic economy. The liberalization of these trade laws which led to globalization changed the entire picture of the global economy.

International Trade Law is an aggregate of legal rules of “international legislation” and new ‘lex mercatoria’, regulating relations in international trade.¹⁸ Governments under the influence of several domestic an even international agencies make alterations in their policies

¹⁶ United Nations, department of Economic and Social Development, Research Reports

¹⁷ The General Theory on Employment, Interest and Money, J M Keynes(1936)

¹⁸ Lex mercatoria, often referred to as ‘the law merchant’ in English, is the body of commercial law used by merchants throughout Europe during the medieval period.

and trade laws. India liberalized its economy and trade laws in 1991 under the influence of IMF and other international agencies. And there is a huge significance for these trade laws and policies in a situation like this pandemic. The global economy and economy of nations are highly dependent of international trade and so is on international trade laws.

(B) Covid-19 and Trade Laws

This is an extra-ordinary situation. The lockdown imposed due to the coronavirus was a huge blow to the global economy. But it was a necessary evil. All nations and its borders were closed. This has indeed blocked the flow of goods and services across nations. Cargo ships and planes were restricted and as a result the cost of shipping also increased. When the lockdown came into effect none of the nations and its international trade laws were equipped to deal with this situation. As a result global trade volumes are expected to reduce 13 percent- 32 percent.

There is now a need for immediate action to control the harm that can be caused by the trade restrictions in response to the current global health and economic crises and to aid in the economic recovery that must ensue. This is also a time when it is a necessity to consider the future of the multilateral trading system. A fresh appraisal is required despite the fact that the system has been highly successful by most measures during its 70-plus year history. The most telling measure of past performance is that the world economy has grown by multi-fold and much of world poverty has been eliminated. World trade played an important part in delivering this vitally important result. But in this situation a rebuilding is necessary.

Source: Envisage simulations

This graph shows the tremendous downturn of the GDP of different regions of the world and also the change of trade volumes. WTO Deputy Director General, Alan Wolff, identifies the rigid and non-dynamic international trade laws as a reason for the inefficiency of the system. During the crisis, many countries are still following the trade policies, which they previously implemented which are little sufficient for the situation.¹⁹ Meanwhile the nations which made changes in their trade laws and policies made them more rigid. These actions disrupted the supply chains globally.

When the virus was first reported and spread in China- many nations announced lockdown and particularly to the goods and services from china. China, which was one of the prominent exporter of finished and semi- finished goods, lost its trade volumes and reduced to -3.5 percent

¹⁹ COVID-19 and the future of world trade | VOX, CEPR Policy Portal, Alan Wolff, Deputy Director General, WTO

in the initial months itself.²⁰ And in the following months all non-essential commodities were immobile due to the lockdown imposed to the spread of coronavirus. Countries also lacked infrastructure to cope up with this situations. Countries had to protect the lives of their citizens who were working on ports and airports. Not many countries have automated ports and container terminals for cargo through air and water.

The flow of medicines, PPE Kits and protection masks were the significant size of total flow of goods across globes. The governments had increased trade restrictions on counties that were having more number of corona virus – and those included the most prominent global exporters like USA and China. These policies were mutually destructing. International agencies like WTO, United Nations, IMF and World Bank are trying jointly and separately to keep trade open with minimum restrictions.

Keeping trade open in the face of the pandemic has been the subject of trade initiatives led by Singapore, New Zealand, Canada and Switzerland. These initiatives have been circulated to the 164 Members of the WTO and have gained additional adherents (WTO). But they are not sufficient, more efforts and assurances from the side of these international agencies may give the required support governments to open up trade and keep the supply chains flowing

In top of that, governments and other agencies are making substantive investments on the research and development of vaccines and medicines for the disease. If a nation is coming with an efficient vaccine, it may change the whole picture of the global economy. In order to retain the- status quo- nation may struggle hard. Thus Covid -19 is a total game changer to the global economy and trade laws and agreements are the means that can influence the economy significantly. Right decisions in the case of these laws can save the economy, and even lead to a healthy growth rate.

V. WHAT ARE THE POSSIBLE POLICY MEASURES

The COVID-19 pandemic is not the first global crisis that the world faced. Life always find its way to sustain. The scientific and cultural advancements that happened in humanity are sufficient, if used efficiently, to get over with this pandemic. The problem is multidimensional, so the solution should also be multidimensional. The governments all around the world are trying hard to keep things upright. But these laws and policies are not sufficient.

²⁰ United Nations Conference on Trade and Development (UNCTD), Report Update, 4 March 2020

(A) Life vs Livelihood

Governments around the globe are trying their best to solve the crisis. But they are facing the golden question of whom to save first, the lives or their livelihoods. If governments are fully concentrating on the lives of its people, more than the economy, the economy will fall with a great impact and it would be almost impossible for the people without a healthy economy. A healthy economy is as important as healthy citizens. If the governments are giving more importance to the economy and lockdown restrictions are waived off, the people will suffer and later the economy will lose its labour force and human capital. Hence this is the golden question of the century that must be answered.

But here is solution is quite simple, economy cannot stand erect without its people. Treating the infected and keeping the uninfected safe is the necessary first step. And attaining herd immunity can be the second step. Meanwhile steps should be taken to safeguard the economy from a fall. Opening up trade barriers which will ensure a free flow of goods and services is the best option. Maximum utilisation of the automated ports and container terminals along with undisrupted systems of work from home and office jobs with adequate social distancing are necessary and sufficient ways to keep the economy from huge down turns.

All these are only effective in the short term, but to address the issue in long term, there must be adequate changes in the international trade laws, tariffs, and trade agreements. After the pandemic the world will come to a new economic order and the nations should be able to cope up with the system with the new set of trade laws.

While the economy is shut down, policymakers need to ensure that people are able to meet their needs and that businesses can pick up once the severe phases of the pandemic pass. The large, timely, and targeted, fiscal, monetary, and financial policies already taken by many policymakers—including credit guarantees, liquidity facilities, loan forbearance, expanded unemployment insurance, enhanced benefits, and tax relief—have been lifelines to the households and businesses. This support should continue throughout the containment phase to minimize persistent scars that could emerge from subdued investment and job losses in this severe downturn.

Policymakers must also plan for the recovery. As containment measures are online, policies should shift quickly to supporting demand, incentivizing firm hiring, and repairing balance sheets in the private and public sector, to aid recovery. Fiscal stimulus that is coordinated across countries with fiscal space will magnify the benefit for all economies. Moratoria on debt repayments and debt restructuring may need to be continued during the recovery phase

due to its effectiveness.²¹

Multilateral cooperation is vital to the health of the global recovery. To support needed spending in developing countries, bilateral creditors and international financial institutions should provide concessional financing, grants, and debt relief. The activation and establishment of swap lines between major central banks has helped ease shortages in international liquidity, and may need to be expanded to more economies. Collaborative effort is needed to ensure that the world does not go de-globalized, so the recovery is not damaged by further losses to productivity and trade volumes.²²

Governments are also expected to keep the mental and physical health of its population. Human capital is a vital source of growth and development. There should not be a trade-off between lives and livelihoods.

VI. CONCLUSION

Humanity had faced similar and adverse threats. Humankind always finds its way to survive. The survival instinct will equip humans to come out of this too. This may not be the final crisis humankind may face. But after every crisis there comes many changes in the global picture. Hitherto stronger nations may become weaker and weaker nations may become stronger. All this depends on the actions and policies that the governments take.

This is a global game changer. This will either be a leveller that levels the disparities between the poor and rich or it will be an agent of polarization, which may further increase the disparities and make the rich-richer and the poor-poorer. This is also a golden opportunity for the nations who were hitherto under the financial clutches of the economic superpowers who controlled them through capital flows.

The nations should keep the physical and mental health of its people and health of its economy. And there are some hopeful signs that this health crisis will end. Countries are succeeding in containing the virus using social- distancing practices, testing, and contact tracing, at least for now, and treatments and vaccines may develop sooner than expected.

In the meantime, we face tremendous uncertainty around what comes next. Matching with the scale and speed of the crisis, domestic and international policy responses need to be large, rapidly deployed, and recalibrated as new data becomes available. The courageous actions of the doctors and nurses need to be matched by policymakers all over the world so that we can

²¹ The Great Lockdown: Worst Economic Downturn Since the Great Depression, Gita Gopinath, Chief Economist, IMF

²² The Great Lockdown: Worst Economic Downturn Since the Great Depression, Gita Gopinath, Chief Economist, IMF

jointly overcome this crisis.
