

Forum: The Economic and Social Council 1 (ECOSOC)
Issue: Addressing the economic problems related to the Novel Coronavirus
Chair: Dabin Kim, Head Chair

Introduction

The Novel Coronavirus, or COVID-19, was first identified in Wuhan, China in late December of 2019. At first, people expected this new virus to be somewhat similar to Severe Acute Respiratory Syndrome (SARS) because both shared similar symptoms, such as fever and dry cough. However, this novel virus spread quickly around the world and soon the cases passed ten thousand deaths after three months of its first report.

On February 11, 2020, following the taxonomy identified by the International Committee on Taxonomy of Viruses (ICTV), the World Health Organization (WHO) announced this novel virus as the coronavirus disease 2019, or COVID-19. Some countries isolated themselves from the rest of the world, blocking any international visitors or trips, which prevented the serious spread of COVID-19 and the second strike. However, some nations are still combating with COVID-19. The death toll is passing one million mark and 90 million people are reported to be infected by this virus.

Yet, one of the most tremendous consequences of COVID-19 can appear in economic situations. Many countries are under the stress of the economic crisis, ranging from debts to recession. Some nations received direct economic impact on COVID-19 while others received indirectly. The governments did not expect to see these huge economic challenges when they first implemented lockdown measures and quarantine systems. However, inevitable changes, such as unemployment, in society brought economic challenges which nations must recover to keep the living standards as they had before the outbreak of the virus.

Despite the inventions of COVID-19 vaccinations, this virus seems to mutate its form and impact the world once again. So, solutions to economic problems in the long run remain a difficult task. These economic problems impacted multiple categories, such as healthcare, employment, and the oil market. Also, depending on each country, whether it is more developed or less developed, its response varies accordingly.

Whether or not and when this novel virus will disappear remains uncertain as total cases are rising more than 95 million along with two millions of deaths. So, looking at the long term scenario,

solutions to alleviate economic pressures on the world must develop in order to bring back what was normal to people.

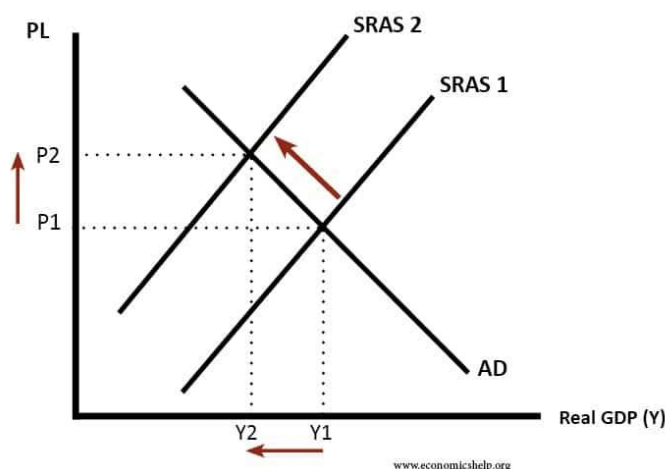
Definition of Key Terms

Coronavirus Disease 2019 (COVID-19)

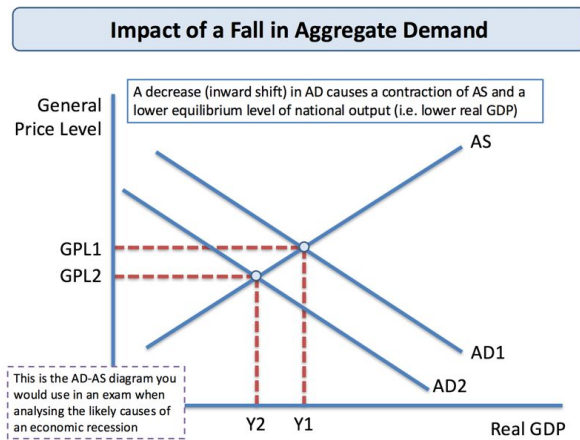
The World Health Organization (WHO) defines COVID-19 as an novel, infectious disease that brings symptoms, such as dry cough and fever. COVID-19 spreads among people when they make close contact with infected people through saliva or respiratory secretions. In serious cases, COVID-19 symptoms range from difficulty in breathing, loss of mobility and speech, and chest pain.

Economic Shocks

Economic shocks are unpredictable variation between outcome and economic performances, such as employment and inflation. These shocks can leave long-lasting impacts, either good or bad, on the economy. There are three economic shocks that represent consequences of COVID-19: demand shocks, supply shocks, and financial shock. Negative demand shock is a sudden change in demand as consumers change their behaviors by demanding less goods and services, causing surplus along with decreased prices of goods and services. Negative supply shock is an unexpected change in supply of goods and services, having less supply in the market and causing increase in the price of goods and services. Financial shock is a change in financial institutions, such as bank and investment companies, that impact flow of liquidity.



Caption #1: Negative Supply Shock



Caption #2: Negative Demand Shock

Quarantine

Quarantine is a movement restriction of human and goods. This concept is most used along with the outbreak of infectious disease. The most famous examples of quarantine occurred during the 14th century Venice, Italy, when ships were required to sit near the coastal lines for 40 days. For current pandemic situations, anyone who may have been exposed to COVID-19 or confirmed to have COVID-19, must stay at home or designated locations, such as hospitals, for 14 days.

Lockdown: Tier Levels

Lockdown is a period of time where people are prohibited from movement. The government manages who, what, when, and how people can travel or move. For this virus, COVID-19, there are four tiers to level the limitations. Tier 1: you can travel or meet with people as long as you are wearing masks. Tier 2: you can travel with masks on and meet people in groups of less than six. Tier 3: you are recommended not to travel except for mandatory trips and prevented from meeting people. Tier 4: you must stay at home with your family and may travel only for specific reasons granted by the government.

COVID Alert Levels		
Level	Description	Action
5	As level 4 and there is a material risk of healthcare services being overwhelmed	Social distancing measures increase from today's level
4	A COVID-19 epidemic is in general circulation; transmission is high or rising exponentially	Current social distancing measures and restrictions
3	A COVID-19 epidemic is in general circulation	Gradual relaxing of restrictions and social distancing measures
2	COVID-19 is present in the UK, but the number of cases and transmission is low	No or minimal social distancing measures; enhanced testing, tracing, monitoring and screening
1	COVID-19 is not known to be present in the UK	Routine international monitoring

STAY ALERT › CONTROL THE VIRUS › SAVE LIVES

Caption #3: Example of COVID Lockdown Tier Levels — UK

Background Information

COVID-19 Outbreak

December 2019, the first few cases of unknown virus were issued in Wuhan, China. At first, people thought this virus to be a type of atypical pneumonia. Soon, however, the virus quickly spread from Wuhan, China to nearby cities, and around the world as well. By the time of March, this virus claimed to be affecting globally. COVID-19 outbreak harmed people and countries around the world. But out of those, the economy faced huge challenges. Recently, between December 2020 to January 2021, two renowned vaccinations, Pfitzer and BioNTech and the Moderna vaccinations, were developed and received approval from the U.S. Food and Drug Administration (FDA) for their clinical use against COVID-19. Currently, COVID-19 seems to mutate and form a variety in symptoms, which challenges medical care providers once again.

Financial crisis

Healthcare

As COVID-19 cases increase drastically, a huge number of people are needed in medical platforms to provide assistance and manage the number of new patients coming in everyday. Those frontline health care providers faced hostile responses and environment. For instance, Libya experienced destruction of a 400 bed facility. Despite these social problems, the health department faced financial problems as well. A lot of hospitals were unable to hold enough beds to place all of the patients. This caused governments to find more facilities to utilize as

designated COVID-19 hospitals. Also, many patients needed to keep out with expensive medical expenses. Moreover, medical companies invested huge amounts of money to develop vaccines for COVID-19. Counting all of the medical devices or treatment used during this outbreak, many countries are now in debt.

Employment

Due to lockdowns, many shops and businesses shut down for long periods of time. At first, only companies seem to struggle to make profit as they used to make. Later, however, many small businesses greatly suffered to maintain their business going. As the lockdown tier and government restrictions increase, small businesses close down, unable to make profit to keep open, and many people lose their jobs especially those who were working in tourism, hospitality, and restaurants. As more people are losing their jobs, they start to spend less money on leisure, but rather save money for food and necessities. Due to this, companies made less and less profit, causing this big negative economic impact as a whole.

Oil Market

Unexpectedly, the oil markets decreased greatly during the outbreak of COVID-19. As people are restricted from traveling freely, especially with their personal vehicles, they didn't need to fill out gas, or use oil, as frequently as they did. So, automatically, demand for oil dropped, causing a sudden decrease in oil prices. Oil prices are reported to be declining more than 60%. If the prices drop continuously, oil-dependent countries, such as Saudi Arabia, may change their trade contracts, which influence labor markets, and eventually reduce international trade and increase unemployment.

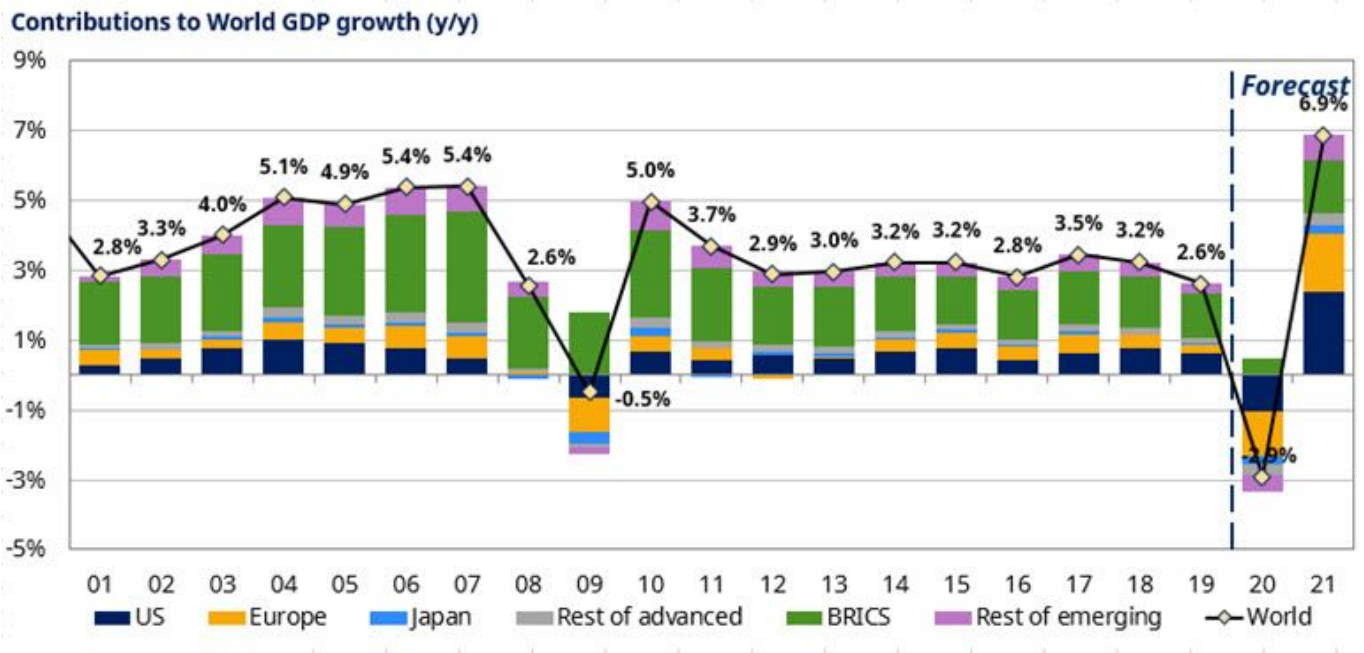


Caption #4: Oil Price Changes

Economic Complications - Economic Shocks and GDP

Following the consumer behavior caused by the unemployment, quarantine, and travel restrictions, demand on leisure products, tourism, and hospitality greatly reduced, causing negative demand shock to happen. On top of this, as people can not travel, transactions did not cycle around the world and product shipment slowed down, leading to negative supply shock. Therefore, since people did not move and spend less money, the flow of cash, or liquidity, did not occur properly, which resulted in a rise in currency and exchange rate.

Specifically, at the start of the outbreak, the uncertainty of the situation and lockdown caused a lot of people to save their money into banks, causing interest rates to rise significantly, and demand for goods and services decreased due to increase in saving. The government subsidies and financial support may have helped to relieve the decrease in demand. But, as the interest rate remains high, there will be less investment and spending. So, at the end in the long run, gross domestic product (GDP) will fall greatly, causing recession in many countries — the COVID-19 recession.



Caption #5: Previous World GDP and Predicted GDP — Recession Graph

Economical Impacts of COVID-19

Depending on their natural resources or good productions, different countries faced consequences of COVID-19 accordingly. Those impacts can vary from one country to another. However, huge diction can be drawn between these two groups: LEDCs and MEDCs.

Less Economically Developed Countries (LEDCs)

Focusing on African countries, a lot of LEDCs lost their trading partners during the COVID-19. Due to the international travel restrictions, the movement of imports and exports did not flow easily. This harmed many local farmers or producers as they are not able to make money for living. As for healthcare, many LEDCs did not have enough funds to provide adequate medical responses to the majority of the population. Following healthcare, a lot of people are unable to receive proper unemployment insurances and tax subsidies due to the fact that the government does not have enough money and the nation does not have monetary calculations. Furthermore, most of LEDCs economy depends heavily on tourism, such as Kenya, Indonesia, and Egypt. More than 10% of national GDP and 1/10 jobs are created by tourism. Thus, when lockdown and quarantines are implemented, tourist business dies, causing huge loss in economic profits. In order to provide beneficial aid those nations, many organizations, such as World Bank, European Union (EU), and African Development Bank (AfDB), are planning to send “COVID-19 Multilateral Stimulus packages” that include financial support to alleviate health and economic impacts pressured by the outbreak of novel virus.

More Economically Developed Countries (MEDCs)

Surprisingly, MEDCs countries, which should have better healthcare systems and institutions, are facing more problems regarding COVID-19. As the COVID-19 cases rose dramatically, many nations implemented a lockdown system to manage the spread of the virus. This method indeed reduced the spreading rate, but many people lost their jobs and financial support during this period. Depending on the seriousness of the situation, the tier levels can vary accordingly. However, when the lockdown reaches tier 2 or higher, many restaurants or shops need to limit the number of customers visiting inside of the building or shut down the business completely. As businesses do not require much workforce to maintain, many companies cut down their employment numbers, resulting in huge increases in unemployment. Following these changes, many people lost jobs or received less income. Due to these changes, people changed their income spending patterns and became careful of their finances. Now, this behavior negatively affects businesses as people are not spending money to produce enough profits.

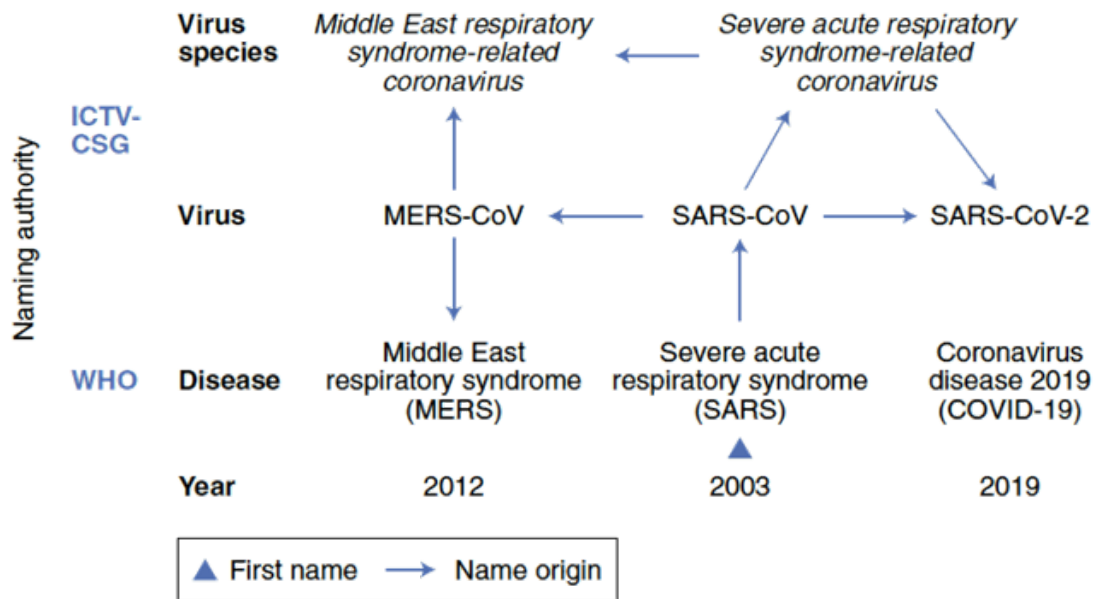
Major Countries and Organizations Involved

The People's Republic of China

In late December of 2019, the Chinese government reported a few cases of spread of a new virus in Wuhan, China that share similar symptoms to Severe Acute Respiratory Syndrome (SARS). The patients claimed to have difficulty in breathing, loss of mobility and speech, and chest pain. Along with the World Health Organization (WHO) and the International Committee on Taxonomy of Viruses (ICTV), China identified this new virus and called it as COVID-19, or coronavirus disease 2019. As Wuhan, China was the first place where this new virus originated, the WHO wanted to investigate deeply into its cause and origin. However, the Chinese government decided to close the transparency and block the WHO team from investigating the live-animal market and have access to useful information. Still, the origin of COVID-19 is unclear, but it is understood that this virus came from the same species as SARS.

The International Committee on Taxonomy of Viruses (ICTV)

In 1966, the International Congress of Microbiology was organized in Moscow, Russia and created a committee called The International Committee on Taxonomy of Viruses (ICTV) in order to develop universal taxonomy for viruses. The objectives of ICTV are: "(i) to develop an internationally agreed taxonomy for viruses; (ii) to develop internationally agreed names for virus taxa; (iii) to communicate taxonomic decisions to the international community of virologists; (iv) to maintain an Index of agreed names of virus taxa" (ICTV). ICTV follows the international code of virus classification and nomenclature to create agreeable taxonomy for viruses. Along with the World Health Organization (WHO), ICTV was in charge of building taxonomy for the novel Coronavirus. Specifically, ICTV identified the origin and species of virus, which they concluded as SARS-CoV-2.



Caption #6: ICTV Taxonomy Graph

World Health Organization (WHO)

The World Health Organization (WHO). On February 11, 2020, after the identification provided by ICTV, WHO announced the official name for the novel virus as COVID-19, or coronavirus disease 2019. During the beginning of this virus outbreak, a WHO team visited Beijing, China to study the initial cause of the virus and investigate the possible route of spreading. However, the Chinese government concealed the visit to the live-animal market in Wuhan and was a relevant source of research. Surprisingly, after nine months, the WHO team was still not able to discover the ambiguity of Chinese contribution to this virus. So, the WHO, as the world’s only public health body, was accused of being incapable of delivering the essential information and questioned its position in relationship with the Chinese government. Currently, the WHO is employing its online platforms to upload daily reports and statistics about COVID-19 and raising awareness for preventions.

The United States of America

The situation in the U.S. exemplifies how the majority of nations are suffering during this pandemic period. The spread of COVID-19 in the U.S. was quick, and the confirmed cases increased suddenly. Yet, with its immediate response of national lockdown, the virus seems to quiet down on the surface. However, the U.S. government did not expect to face such a huge economic crisis. Due to the demand shock of national lockdown, many people lost their jobs. During the beginning of the pandemic, the unemployment rate rose up to 14.7%, and the real GDP growth fell by 31.4%. Along with these, more than 50% of the U.S. stock market was overvalued. All of these caused by change in demand, specifically decrease in demand and consumption.

Timeline of Events

Date	Description of event
December, 2019	First few cases of novel virus occurred in Wuhan, China
January 10~12, 2020	WHO establishes an explicit document, listing how to manage the outbreak of an new virus
January 11, 2020	Chinese government releases the first death from the novel coronavirus
January 28, 2020	By the end of the month, the death toll in Wuhan passed 100, and 16 surrounding countries reported spread of this new virus
January 30, 2020	The WHO Director General states the new outbreak of virus in the Public Health Emergency of International Concern (PHEIC) — the highest stage in the global emergency.
February 11, 2020	The WHO names this novel virus as COVID-19.
March 20, 2020	The death toll around the world passed 10,000. During this month, Europe, especially Italy and the UK, faced a sudden increase of fatalities. Variety of countries, including Taiwan, went on a nationwide lockdown.
September 28, 2020	The world record passes one million deaths. At this point, COVID-19 impacted every single country around the world.
December 11, 2020	Pfizer Inc. and BioNTech SE get approval from the U.S. Food and Drug Administration (FDA) to grant the use of Pfizer and BioNTech vaccination for prevention of COVID-19 in anyone who is older than 16 years old.
Januaray 13, 2021	The Moderna Vaccination gets approved and implemented into clinical usage against COVID-19.

Relevant UN Resolutions and Treaties

- UN reports on socio-economic impacts of COVID-19 ([link](#))
- United response against global health threats: combating COVID-19 ([A/74/L.57](#))
- International cooperation to ensure global access to medicines, vaccines and medical equipment to face COVID-19 ([A/RES/74/274](#))
- UN Comprehensive Response to COVID-19 ([report](#))

- The World of Work and COVID-19 ([policy brief](#))

Possible Solutions

In order to lessen economic stress on the world, it is recommended to first identify what is each country's main source of financial dependency because depending on its main trading goods, economic and international relationships may change. For example, Saudi Arabia may not have as high cases as the US does, it is still facing economic challenges due to decrease in demand for oil, which is its main export. For the US and UK, they are directly experiencing consequences of COVID-19 along with economic problems. So, it is important to research and identify what kind of ways COVID-19 is influencing the nation's economy either directly or indirectly.

One of the most feasible solutions to reduce economic problems at the local level is to provide loads for small businesses or nonprofit organizations. As the U.S. Small Business Administration is trying to accomplish, each nation may set policies to provide necessary loads for workers or small business owners to maintain rent, healthcare, and taxes. Here is a link where individuals (specific to Americans) can apply for "[COVID-19 Economic Injury Disaster Loans](#)." These policies can change depending on each nation's economic status, and it may be difficult to come up with a common ground of financial funds that all of the nations are satisfied to provide.

As to provide economic help at global level, it will be helpful to gather funds together and use it in certain areas in need. According to the COVID-19 data provided by the UN ([here is the website](#)), the UN monitors socio-economic responses of COVID-19 around the world to track services and benefits people, those in need help, are receiving. As shown in the graphs, through policies and support schemes, some countries can receive help to keep up with their failing economy. Yet, it is reminded to acknowledge that the graphs include information from all around the world, meaning that not all countries are receiving the same, necessary amount of aid they require.

Finding the potential solutions to this question can be challenging. However, **by identifying and understanding each nation's economic situation, problems can be solved by cooperating and achieving common needs through aid and financial support.** Looking at the examples of GDP and recession, and Saudi Arabia and its oil market, COVID-19 did not hurt only one side. It caused a chain of negative consequences. So, by emphasizing on cooperation, when one escapes from those economic pressures, others will follow as well because the world is connected as a whole.

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