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Topic: How the pandemic is causing one of the worst global recession

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A recession is a massive decline in economic activities which could be caused by a significant decrease in general spending. Though this may not be the first time the world has witnessed such an awful economic depression, this one might affect the economy for years. A recession seems to occur every decade or so, according to Michael J Boyle, a financial expert. It may not affect all countries at once unlike the one taking place right now. Australia for example had its first recession for nearly 30 years due to the pandemic (BBC News, 2020). Be that as it may, not all countries are equally affected as some nations, especially third world countries or least developed countries might have the most severe consequences caused by the recession and the pandemic (Economic Analysis & Policy Division | Dept of Economic & Social Affairs | United Nations, 2020). As the saying goes, "We are in the same storm but not the same boat." Here we will discuss the root of all these complications and explain all the details of it along with the plan on how to fix it all as well as the impact of the pandemic on the world.

Without a doubt, the pandemic is the sole reason why this recession started in the first place. All countries were prepared for the slightest chance of any kind of international disruption but no one was expecting a pandemic. This is because similar to any disease, it is invisible and very unpredictable in the naked eyes. Which explains exactly why it was so difficult to contain it in the first place. Once the contagious disease was declared as a pandemic, thus the people had to quarantine in order to stop the virus from infecting others and they themselves included. Lockdowns had to be enforced to avoid the public from going outside as a measure to curb the infection. Though lockdowns are not the best method to be applied as it have severe effects on the economy (Power, 2020). This led to some small businesses not able to operate as they used to which causes them incapable of earning an income. The lockdowns will not last for days but perhaps weeks, even months and to feed a mouthful of family or even to sustain oneself for that long period of time requires loads of money of which they could not earn at the very same time.

This resulted in a frightening yet logical domino effect where even the smallest piece; the small business could even topple the biggest piece of all; the global economy. The people realized quickly that they needed to cut back as much money as they possibly could to survive throughout the lockdown. This gave rise to a surplus of inessential items and non-functioning services as they were the least needed by everyone these trying times. The companies that manufacture or gain from these unnecessary items and services will suffer a major loss as they could make any profit as most of them refuse to cease production because they have already spent a fortune and the least they could do is to try gain as much profit as they could to cover all the losses. Therefore, the shares of the companies will plunge along with the crashing of the stock market as the investors are all could not be distracted in selling it all because it would not make any profit and this could happen at an international scale also affecting multiple countries at once (<https://www.facebook.com/thebalancecom>, 2020).

The airline industry is probably the most affected by the pandemic as it is facing a loss of \$84.3 billion in 2020 (Willis Towers Watson, 2020). The global passenger demand fell to a staggering -54.7 percent which caused a huge amount of loss. This is due to the fact that many planes were grounded for an extended amount of time which led to the stagnant profit but having to spend on maintenance. Other significantly affected industries are casinos and

gaming, leisure facilities, auto parts and equipment, and oil and gas drilling (Spglobal.com, 2020). These industries face such an enormous loss due to the decline of demand as the people stay indoors much more often. On the other hand, these five industries; property and casualty insurance, health care REITs, multi-line insurance, life and health insurance, and industrial REITs are the ones least impacted by COVID -19. As I have mentioned before, "Same storm, different boats." Indeed these few industries are not affected by the pandemic but there are hundreds of others that are facing severe consequences from it as some of them rely on other industries that are also in the same place as they currently are.

After a storm, comes a rainbow. The people and the economy altogether are showing signs of improvement. As the news of a vaccine has been announced to the world, stocks hit record highs which boosts confidence in economic recovery. About 10 COVID – 19 vaccines are in their final phases, (Raps.org, 2020) before being approved by the Food and Drug Administration as it also follows the same general pathway as for drugs and some other biologics (Anon, 2020). Indeed the economy will not heal the very next day after the vaccine is approved, it may start to recover later this year or in early 2021. Unfortunately, the economy collapsed so deep even a rapid growth might not get us back to where we started in the first place. It won't be an easy task, no one thinks so but we still must make every possible effort to ensure the economy is back on track after the pandemic has been eradicated. We should not grief from the loss from yesterday instead, work for the success tomorrow holds.

Even before the news of the vaccine spread out to the world, the economy is improving but not at a rapid pace. Though the unemployment cases are a concerning issue to everyone, especially the government, the Department of Statistics Malaysia (DOSM) announced that the country's unemployment rate remained at 4.7 percent in August of 2020 (Malay Mail, 2020). Chief statistician Datuk Seri Mohd Uzir Mahidin also stated that employment continued to rise, which reflects a slight increase in economic activities. In addition, the employment – to – population ratio, an indicator which assumes the ability of an economy to create employment has increased a total of 0.3 to 65.2 percent. He also adds "In September 2020, a continuous recovery is seen in the country's labour force supply amid the challenges to contain the spread of the COVID – 19 pandemic through various phases of the movement control order." (The Edge Markets, 2020)

It is probably becoming very clear as many of those that lost their jobs months ago are now searching for another one but most of them are starting their own small business. Therefore, these small businesses should be the people's priority to help and support. This is due to the fact that all profits will go directly to their own pockets as they were the ones doing all the hard work. Unlike the big corporate companies where the majority of the profits will instead end up in the investors' pockets and only a fraction of it ends up in the employees' pockets who did most of the work (Tejvan Pettinger, 2019). There are various methods on how you can support the small businesses, for example, the food stalls on the roadside, the business accounts on Instagram, eat out in locally-owned restaurants, promote the small businesses on social media and while you are at it review their services or products (Spector, 2020).

The main reason why it is preferably better to support the small business is that it is run by the people we are all familiar with, unlike those big corporations. This whole domino effect that resulted in the start of the recession all began with the people spending less than they used to as a preparatory to save up as much money as possible for their own sustainability throughout the pandemic. Once the people have a surplus of money only then will they spend it on the inessential items or services which will add up to a profit for the big corporations. Consider the people as the base of a structure that supports the economy. If the base itself is secure then indefinitely the structure as well will stand tall and strong.

Be as it may, this was not the first time the world saw such a devastating recession but believe it or not there have been 13 more global recessions in the past according to The World Bank (World Bank Blogs, 2020). Though some of it may not be as catastrophic as this one has, there is one thing that all those recessions had in common; economic growth following at the end of it. Inevitably the people will rise back up one day regardless of how impossible it may seem and to do so is by coming together without leaving anyone behind. Perhaps this tragic event will give us or the future generation a lesson or two. No civilization will ever grow if it does not know the need for it to do so. The world must learn from its mistake in order to ever expand its progress and take no notice of who was to blame. The world has no time to hold the ones that started it all accountable instead put all the time and energy we could obtain to prioritize the betterment of ourselves.

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