

# The expected scenarios on the economic variables of developing countries after the Corona crisis

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**Abstract:** *The world is living in these days a great health crisis that had clear effects, and not the same as its predecessors of similar crises and made an important difference on the level of international and economic policy, in various political, economic and social aspects and created great confusion in paralyzing the global movement entirely, and this paralysis still exists, so this study examines In highlighting the impact this crisis has on the political and economic fields of the world as a serious attempt to find a real and expected comparison of this crisis.*

**Keywords:** *health crisis, Corona crisis, economic variables*

## I. Introduction:

Corona virus spreads human suffering all over the world, as well as economic suffering spreads and there are economic effects of the spread of the Corona virus, and widespread on several levels in light of the impact of global supply chains, the movement of international trade, consumption and investment and manufacturing activities, high levels of uncertainty and low confidence of consumers and investors, The virus also imposed restrictions on the activities of many economic sectors in light of the trend of a number of countries by imposing a ban on the movements of individuals, which affected the tourism, aviation, trade, manufacturing and other sectors of the economy, which in turn led to a decline in the rate of growth of GDP to half of its expected levels Before the spread of the virus, where the growth rates of the global economy are expected to decline as a result of three main channels related to declining global demand rates and an increase in supply and the spread of these effects globally as a result of the transmission of the virus across borders.

-Research problem: The research problem lies in the fact that the Corona crisis has caused catastrophic consequences for the world in various fields and fields, and has had great effects on the economic policy junction that led to clear changes and has become a phenomenon that is dependent on the study.

The aim of the research: The research aims to draw a projected picture of post-Corona, the economic effects resulting from this crisis and its repercussions, and to construct scenarios that serve the ground to find solutions to it.

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The research hypothesis: The research assumes that corona has brought about clear economic changes that affected the entire world, which required many researchers and thinkers to know this new phenomenon because of its negative effects.

The importance of research: The importance of the research stems from the fact that it sheds light on one of these recent international crises, which had devastating effects on all countries and peoples of the world, and it became an important phenomenon that calls attention and study.

## **II. Research methodology:**

In order to test the research hypothesis, an applied study was conducted using a descriptive analysis of the period (2018-2022) for selected developing countries (Gulf Cooperation Council countries, oil exporting countries, and oil importing countries) for which data are available.

The division of the study: The research vocabulary reviews its clear role in the division of the study until it reaches

To conclusions and recommendations.

Historical view of epidemics in the world:

Many diseases throughout the world have spread and caused catastrophic results - the plague killed many people and killed tens of millions, and in the fourteenth century (1343-1351) it affected a third of the population of Europe to the point that it became called black death because it constituted spots Black on the body, and the number of those who died due to it is estimated at about 100 million people, and after three centuries (1602-1647) invaded Seville and killed 76,000 people or about a quarter of the population of Andalusia, then London in (1665-1666) as 20% of its population was killed, and is still Its effects are nowadays, as scientists say, and kills between 100-200 people a year, as it is caused by one of the bacteria, and then the hemorrhagic fever (Cocolieitli) that arises from the virus (VHF) that invaded Mexico (1545-1548) and killed a number ranging between Five million to fifteen million were called the Great Epidemic, then cholera in Asia and Europe (1817-1824) caused the death of tens of thousands of people and then moved to Japan 1817, Moscow 1826, Berlin, Paris and London in 1831, and the Ottoman Empire during the Balkan War (1912-1913) Which led to the death of a large number of people, and WHO statistics indicate that the number of A. Afflicted with between 1.3-4 million cases annually, typhus (1848), the most prevalent infectious disease, has killed 20,000,000 Irish immigrants who fled to Canada, then returned in the World War

The first among the armies of the Eastern European state has caused the death of 150,000 people in Yugoslavia alone, and it is also said that 3 million died during the Russian Civil War as it reached its climax in 1922 with 25-30 million cases (Sabah, 2020,9).

Then it emerged Spanish flu deadly between (1918-1920) and induced HiMi virus and caused the death of (50-100) million people within 18 months approximately, as an estimated number of cases about 500 million cases, and marked that the injury was all special ages young people without the problems occur immune system, then appeared pigs between flu (1957-1958) and caused the deaths of one million people, and then came back spread again in 2009 and killed about 28.4500 people, while smallpox killed 30% of people in 1980 and was

followed by AIDS (lack of Human immunity) in 1981, including 940,000 people in 2007 AD, and in 2014 about 36.9 million people were reported worldwide, then SARS disease appeared in Hong Kong between (2002-2003) and claimed 922 lives and injured 8,422 cases and announced The World Health Organization, at that time, the number of deaths reached (10.9%), then the Ebola virus appeared in 1976, to re-spread again between 2013-2016 in Africa and caused 11,300 lives in West African countries, Liberia and Sierra Leone, and ended in 2016 (Solomon , 2020, 12).

Today, we are facing a new phenomenon of a new virus, the effects and results of which are still valid until the date of preparation of this research, and treatment for it, Corona virus, has not been discovered.

And was defined as a pathological virus appeared late in 2019 in the city of Wuhan, a Chinese fast Alancharolh symptoms such as high fever, cough, pneumonia and caused many cases of special Fah senior age group.

### **The nature of economic shocks:**

There are several manifestations of the economic shocks that the world is currently facing due to this epidemic, as the state of panic that spreads among people because of the spread of the virus, and its lack of confidence in government policies and decisions, may lead them to adopt what is known as "herd behavior", where chaos is spread, and people are calling to buy Consumer goods, and withdrawing their money from banks, which leads economies to realized disasters.

The second manifestation of the shock is the decrease in supply and the shrinking of productivity, as the authorities and companies in many countries closed workplaces and schools. From an economic perspective, closures and travel bans directly reduce productivity, in a manner similar to the temporary decline in employment.

The third manifestation of the shock relates to the time and spatial extent of the crisis, as the Corona virus is not the first supply shock experienced in the world, there are "oil shocks" in the seventies of the last century, the tsunami of Thailand and the Japan earthquake in 2011, but all of these shocks and crises had a specific geographical scope without physical expansion and also a timeframe during which it reached its climax and then stopped, but the Corona virus proved to be uncontrollable, as it spreads to all parts of the world to leave traces of shock on most economies, and there is also no clear time frame during which the epidemic is likely to end.

Consequently, there is a state of uncertainty about the magnitude of the potential economic impacts worldwide, which in turn may generate catastrophic policies and reactions.

The fourth trauma is related to the supply chain. As of March 1, 2020, the Corona epidemic was concentrated in China, and Japan and Korea were the most affected countries. Looking at the centrality of these countries in global supply chains in many manufactured goods, we can explore the effects of the current epidemic on global supply chains. And the manufacturing sector is receiving strong shocks in Asia, Europe, and North America, especially in light of the clear impact of the epidemic on countries such as Germany, Italy, France, Britain and the United States.

The fifth trauma appears on the demand side, which is expected to shrink dramatically, as the curfew and the restriction of the movement of citizens and travel will reduce the volume of market demand by some

percentage at the level of consumers, but at the investor level, a state of caution and anticipation prevails, which will prevent them. Whoever injects any money into new projects or investments (Baldwin & Mauro, 2020,9).

### **The nightmare of developing economies:**

The global crisis in the spread of the Corona epidemic has cast a shadow over the developing economies, with their associated economic effects. Although Iran is the country most affected by the virus in terms of the number of infections, many developing countries such as the Emirates, Iraq, Bahrain, Kuwait, and Egypt have announced a number of infections. Deaths due to the spread of the virus (World Meters, 2020,8)

In addition to the direct economic effects as a result of taking decisive measures by some governments to limit the spread of the virus between its citizens and residents, it is expected that developing economies will be affected negatively by declining rates of global economic growth for many reasons. Developing countries are open economically, and connected to the global economy through many channels, the most important of which are tourism, and the revenues of this oil export, while these countries suffer from political divisions and military conflicts, as is the case in Syria, Yemen, Libya, and Iraq, which casts a shadow not only on these countries, but also puts economic pressure on countries in the neighborhood, as is the case in the refugee crisis in Jordan and Turkey, as well as the decrease in levels of foreign direct investment in these countries by about 2%, according to an estimate of one of the newly published studies (Hany, 2019,24). Add to that the current developments of the chronic oil price crisis since mid-2014, which is what looked like a price war led by the Kingdom of Saudi Arabia, which led to the drop in oil prices to unprecedented levels during the past three decades (less than \$ 30 "per barrel) (Dan2020,22).

Oil is the main component of the exports of many developing countries, especially the Arab Gulf states, and in light of declining global demand rates, especially from China, as well as the failure of the OPEC group to adhere to the decision to reduce oil production in an attempt to control global oil markets, and to stop the oil price sliding to low levels, it is unlikely that oil prices will recover in the coming period, especially after Saudi Arabia announced its intention to increase its oil production during the next two months to 10 million barrels per day.

Consequently, in countries dependent on oil revenues, a decrease in the price of oil leads to a decrease in government revenues, which directly affects the financial space available to these governments if they enter an economic depression (Hany, 2019,25).

### **Channels that the Corona Virus Infects:**

Besides human losses, the virus affects through four channels: (The World Bank Group, 2020, 5-6).

1 -The deteriorating health conditions: the virus has spread to 177 "and regions", the number of infections has exceeded 360,000, and "deaths by about 15,000" until March 23, 2020, and the epidemic has caused severe disruptions in economic activity all over the world.

2 -Decline in global demand: Global economic difficulties and disruption of global value chains will reduce the demand for goods and services produced by the region, especially oil and tourism. The tourism sector in the region is affected in two ways. First: Many countries of the region and many other countries impose

restrictions on travel and secondly The global economic slowdown and social divergence measures mean a decrease in the number of tourists who travel to other countries, including within the region. In addition, the decrease in the global tourism movement will exacerbate the decline in oil prices.

3 -The decrease in local supply and demand in the region: due to the spread of the new Corona virus

Also, a negative shock on the demand side as a result of the sudden decline in regional commercial activities and the suspension of travel due to fears of the spread of the virus. In addition, the Uncertainty associated with the spread of the virus In addition, the uncertainties associated with the spread of the virus and aggregate demand can further weaken investment and consumption in the region and decrease manufacturing activity, banking assets and spending on durable goods.

4 -Low oil prices: As the collapse of oil prices exacerbates the impact of the pandemic and causes serious negative income shocks in many countries of the region, oil prices have decreased dramatically, and a report issued by the International Energy Agency in March 2020 predicted that in 2020 global demand growth will decrease On oil for the first time since 2009, when the daily global demand for oil fell 0.09 million barrels per day in 2020, which is 10 million barrels per day less than its forecast a month ago.

**Measuring the effects of double shock:**

Dual shock means the emerging corona virus and high oil prices, as the main indicators of the expected cost resulting from the double shock are the change in growth expectations compared to previous expectations of that shock.

Below is a table (1) that shows real GDP expectations for groups of developing countries (Gulf Cooperation Council countries, developing oil-exporting countries, and oil importing countries) for the year 2022.

Table (1) Real GDP growth expectations (percentage) for the years 2018-2022

t2022	t2021	k2020	2019	2018	
2.5	1.8	-0.4	0.9	2.0	Gulf Cooperation Council states
2.3	3.0	-2.5	1.8	1.8	Bahrain
2.2	1.6	0.0	0.7	1.2	Kuwait
2.5	2.7	-3.5	0.5	1.8	Amman
2.4	1.5	0.4	1.4	1.5	Qatar
2.6	2.1	0.2	0.3	2.4	Saudi

2.3	1.2	-1.1	1.7	1.7	UAE
1.4	1.4	-3.9	-3.1	-2.4	Oil-exporting developing countries
1.8	1.1	-3.0	0.9	1.4	Algeria
1.5	1.3	-3.7	-8.2	-4.7	Iran
2.7	1.9	-5.0	4.4	-0.6	Iraq
4.5	3.3	0.6	3.5	3.8	Oil-importing developing countries
8.2	9.2	1.3	7.5	8.4	Djibouti
5.8	3.8	3.7	5.6	5.3	Egypt
2.2	2.0	-3.5	2.0	1.9	Jordan
-3.4	-6.3	-10.9	-5.6	-1.9	Lebanon
4.2	5.5	-1.7	2.3	3.0	Morocco, West, sunset
2.2	4.2	-4.0	1.0	2.7	Tunisia
2.4	2.1	-2.5	0.9	1.2	Gaza
1.4	---	-19.4	205	15.1	Libya

**Source: Prepared by the researcher, based on Focus Economics data**

We note from the table (1) above that real GDP growth achieved the highest expected rate in oil-importing countries in 2022 by 45%, achieved by Djibouti by 8.2% and Egypt by 5.8%, and Morocco by 4.2% compared to 2020, which saw a decline in real GDP growth where Achieved negative growth rates in the Gulf Cooperation Council countries and the developing and exporting countries.

The developing countries can be classified into three groups in terms of expected real GDP growth, which is the first group and includes the Gulf Cooperation Council, which are countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE) during the period (2018-2022).

The second group of developing oil-exporting countries includes (Algeria, Iran, and Iraq) during the period (2018-2022).

And the third group of oil-importing developing countries (Agipoti, Egypt, Jordan, Lebanon, Morocco, Tunisia, West Bank, Gaza Strip, and Libya) during the period (2018-2022).

We observe from Table (2) below the growth of the average per capita real GDP in three groups of countries, the first group, which includes the Gulf Cooperation Council countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the Emirates) during the period (2018-2022).

The second group of developing oil-exporting countries includes (Algeria, Iran, and Iraq) during the period (2018-2022).

And the third group of oil-importing developing countries (Agipoti, Egypt, Jordan, Lebanon, Morocco, Tunisia, West Bank, Gaza Strip, and Libya) during the period (2018-2022).

We note from Table (2) that the growth of the average per capita real in the year 2022 expected in the developing oil importing countries of Djibouti by 6.7%, Egypt by 4.1%, Morocco by 3.1% and Tunisia by 1.3% compared to the year 2020 where the growth of the average per capita share of Real GDP is negative. Then the Gulf Cooperation Council countries come in by 1.4%, Oman has achieved the highest rate of 2.5%, then Bahrain by 2.3% and Saudi Arabia by 1.1%

**Table (2) Average real per capita GDP growth (percentage) for the years 2018-2022**

t2022	t2021	k2020	2019	2018	
1.4	0.1	-1.9	-0.8	0.1	Gulf Cooperation Council states
2.3	-3.4	-2.5	1.8	1.3	Bahrain
0.8	0.2	-1.2	-0.3	-0.2	Kuwait
2.5	0.4	-6.3	-3.0	-2.3	Amman
0.7	-0.2	-1.3	-0.4	-0.6	Qatar
1.1	0.5	-1.4	-1.4	0.6	Saudi
2.3	0.0	-2.4	0.3	0.2	UAE
-4.0	-4.2	-5.5	-0.3	0.2	Oil-exporting developing countries

0.3	-0.7	-4.5	-0.3	0.3	Algeria
-5.7	-9.1	-4.6	0.4	0.7	Iran
-3.3	3.5	-0.3	-1.6	-0.8	Iraq
2.2	1.9	-0.8	1.9	3.2	Oil-importing developing countries
6.8	5.9	-0.1	7.7	6.7	Djibouti
3.4	3.7	1.9	2.1	4.1	Egypt
0.1	0.3	-4.5	1.3	1.9	Jordan
-2.5	-6.1	-11.4	-6.8	-2.1	Lebanon
1.9	1.2	-2.7	4.4	3.1	Morocco, West, sunset
1.6	-0.4	-4.8	3.2	1.3	Tunisia
-1.4	-1.7	-5.0	-0.5	-0.3	Gaza
13.4	1.0	-20.5	20.5	0.3	Libya

**Source: Prepared by the researcher, based on Focus Economics**

### III. Research results:

The research included the impact of the Corona virus on the economic growth of the countries in the research sample. Through the descriptive analytical study, the research reached the most important conclusions that are summarized as follows:

1 -The research showed that the expected GDP growth in 2022 in the oil-importing countries increased by 4.5%, followed by the Gulf Cooperation Council countries by 2.5%, then the developing countries exporting oil by 1.9%.

2 -The research showed that the average per capita GDP expected in the year 2022 in the oil-importing countries increased by 3.2%, followed by the Gulf Cooperation Council countries by 1.4%, then the developing countries exporting oil by 0.2%.



3 -The growth outlook does not change the image of the region's struggle with the three challenges of weak long-term growth in GDP per capita, macroeconomic fragility and weak labor market output. The lack of data and transparency in the region contributed to these long-term results.

#### **IV. Recommendations:**

1 -Governments must work to deploy massive financial incentives, including through a “money helicopter” or “cash helicopter”, which means printing money to finance government spending or making direct cash payments to families

2 -Monetary policymakers - who have already accomplished in less than a month what took them three years after the global financial crisis - must continue to make every effort to combat the crisis by using unconventional measures

3 -Dealing with health emergencies and the associated economic downturn.

4- Begin enacting largely transformative and neutral budget reforms, such as debt transparency and the restructuring of state-owned enterprises.

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