Commonalities in Policy Responses to Global Financial Crisis and the COVID-19 Pandemic

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1.0 Introduction

The outbreak of Coronavirus in December 2019 which started from a small city called Wuhan in China has an epidemic and subsequently spread to become a global pandemic barely three months after, this pandemic also has an adverse effect on many countries economy and it has affected the economy globally. It has caused the closures of businesses, the stoppage of factory outputs, and the disruption to global manufacturing industries and their supply networks. The economic shock propagates downstream to customers through lack of supplies, and upstream to suppliers through lack of demand. The challenge faced by economies around the world now is mostly a struggle between lives and livelihoods. The pandemic has crushed hopes for stronger growth on the backdrop of previously expected output gains for the year 2020. The initial shock has continued to intensify through familiar channels from past severe downturns and crises. Financial markets are sharply repricing with the increase in uncertainty and the sudden materialization of extensive disruptions to economic activity. The flight to safe assets and rush to liquidity have put upward pressure on borrowing costs and credit has become more scarce, aggravating financial strains. This has led to a downward revision of global economic outlook for the year 2020.

The International Monetary fund (IMF) expects the 2020 world growth to be below 2.9 per cent rate for 2019 and argues that the world might just witness the slowest economic growth pace since the 2008-2009 financial crisis. Trade wars pushed global growth last year to the lowest rates since 2009. Tensions between the USA and China as well as oil price tensions

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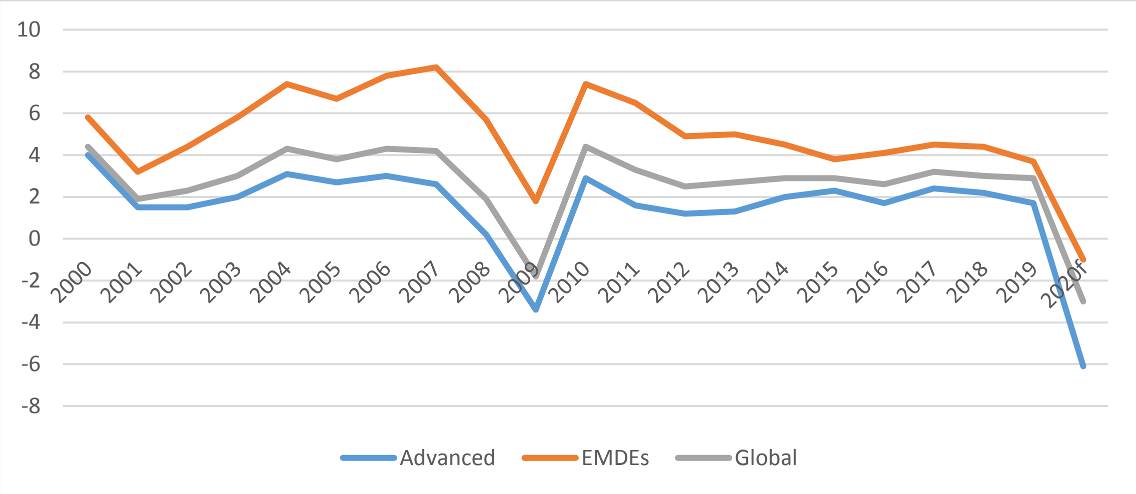
between oil giants Saudi Arabia and Russia among other major international economic issues led to very volatile global economic terrain for the year 2019. While the exact economic implication of the tensions is yet to fully manifest, the implications of an ongoing global pandemic only leave the globe in a more precarious state. Perhaps, there is no worse time than now for the global economy to be hit by a pandemic than after a very volatile 2019. A global recession is almost inevitable as countries begin to count their losses to the outbreak. Furthermore, this chapter seeks to provide an overview of how countries, global institutions as well as international figures have responded to the pandemic. It also seek to evaluate if there is a commonality in policy responses to the global financial crisis of 2007-2009 and the looming 2020 economic crisis. The latter part of this work tend to highlight the following: The current state of the economy, global responses to the 2007-2009 global recession, the COVID-19 pandemic, the looming and global recession, the commonalities of both global events and finally the concluding section which summarizes the paper

2.0 State of the Global Economy

Global economic growth since the last recession about a decade ago has remained sluggish. The global economy has continued to struggle with its recovery from the global economic meltdown of 2007-2009. On one hand, it is possible to argue that since the great recession of 1930s, the world had not been hit with any economic challenge as momentous as that of 2007-2009. The recovery, on the other hand, has not been very encouraging as global growth has been very slow and lingering as seen in figure 1:

Figure 1: Global Growth 2000-2020



Source: World Economic Outlook, 2020

By 2019 global growth was barely above 2 per cent. This growth was however, encumbered with a lot of economic bottlenecks that challenged future growth opportunities. A lot of developing economies are deeply indebted, continued trade wars between global economic powers and a commodity market crash has culminated in a struggling global economy. While most economic recessions are often preceded by a "Minsky moment" before the bubble bursts as witnessed in the 2007-2009 recession, the global economy is perhaps at the eve of another recession due to the pandemic that has almost completely shut down the globe.

Global growth is mostly driven by the performance of the largest economies in a highly interconnected global economy. Most of the large economies have barely been able to sustain growth since the last recession, except a few such as China and recently the United States. The Chinese economy which was perhaps, the fastest growth experienced among the large economies grew at an annual range of 6 to 9 per cent between 2010 to 2019, compared to its pre-crisis period when its growth peaked at 14 per cent in 2007. However, the post-crisis growth was adequate to sustain the Chinese poverty alleviation campaign, and a growing middle-class. China's post-crisis growth has been mostly driven by a 2009 stimulus programme of USD586 billion, one of the largest in economic history, which focused on public infrastructure investment in high-speed rail, airports and road upgrades and has also underpinned growth in economies dependent upon Chinese demand for their exports. Other members of the critically acclaimed emerging front-liners "BRICS" (Brazil, Russia and South Africa) barely grew above 1.5 per cent in recent times. In the case of South Africa, it is witnessing its weakest economic growth since the global financial crisis. It slid into a 2nd recession in the space of two years by the last quarter of 2019, due to electricity cuts and drop in business confidence. A combination of these factors had adverse implications for output as well as a worsening effect for an already existing unemployment crisis. The non-performing economy and the resultant drop in revenue collection also had an impact on the fiscal ability of the South African government, putting it in its worst position since 1994.

The US recovery has been mostly slow by historic standards, however, in 2018 an impressive growth of 2.9 per cent was witnessed. This was largely due to tax cuts, which dramatically stimulated corporate profits. While it is important that some level of growth has been recorded in the American economy, it is, however, more important to note that this has come at some costs. For example, the federal reserves have had to maintain a loose policy regime for a significant period. Furthermore, real average American wages in 2018 had the same purchasing power as 40 years ago, and corporate debt has reached a record level (45 per cent of GDP). The Eurozone has continued to struggle, growing by just 1.8 per cent in 2018. Germany marginally missed a recession in the last quarter of 2018, with zero growth recorded for the period. Italy returned to negative growth and the UK growth in 2018 was its weakest since 2012, and output fell by 0.4 per cent in December. Japan's growth has been low but stable, given its rapidly ageing population which declined by more than 400,000 in 2018 alone.

It is clear that while the global economy experienced has on the whole barely struggled to sustain growth since the last recession. In 2018 there was a significant slowdown globally which has continued to linger through 2019. The world has unfortunately been locked down by a new pandemic at a time the global economy is not very favourable. Policymakers are faced with really challenging times as governments have significantly lost fiscal space and room for manoeuvring owing to debt crises and monetary authorities having mostly maintained very low monetary policy rates since 2008. The lingering abysmal economic performance has mostly been channelled towards the quest for a new world order mostly in the advanced world. This is evident in the rise of the populist far-right and anti-globalisation /free-market ideologies. This has led to the rise of Donald Trump and Brexit. Other regions of the Eurozone such as Italy have witnessed protests that would almost inherently imply a collapse of the Eurozone, which indeed has been the least performing part of the world since the 2007-2009 recession.

These populist ideologies are mostly anti-free trade and support boundaries such as the famous “Trump wall” and Brexit. They are mostly nationalist in thinking and believe that the national interest of individual countries should supersede global agendas. They almost suggest that the continued underperformance of their domestic economy is a direct cost of prosperity elsewhere.

3.0 Responses to Global Recession 2007-2009

Before the global financial crisis, there was an almost uninterrupted upward trend in real estate prices, particularly in the United States and western economies. While what led to the boom remains a subject of debate, however, there appears to be a consensus on the role of financial innovation in the form of asset securitization, government policies to increase homeownership, global imbalances, expansionary monetary policy, and weak regulatory oversight played an important role (see for example, Keys et al., 2010; Obstfeld and Rogoff, 2009; and Taylor, 2009). The ability of financial institutions to take advantage of ambiguities in capital regulation, allowing banks to significantly increase leverage while maintaining capital requirements only exacerbated the crisis. These special purpose vehicles were used to invest in risky and illiquid assets (such as mortgages and mortgage derivatives) and were funded in wholesale markets, without the backing of adequate capital. The growth in the shadow banking industry combined with lax regulatory oversight was a key contributor to the asset price bubble (Gorton, 2008, Brunnermeier, 2009, and Acharya and Richardson, 2009). According to Laeven, and Valencia, (2010), the first signs of distress came in early 2007 from losses at U.S. subprime loan originators and institutions holding derivatives of securitized subprime mortgages. However, these first signs were limited to problems in the subprime mortgage market. Later in 2007, these localized distress signs manifested globally, with losses diffusing to banks in Europe (such as U.K. mortgage lender Northern Rock), and distress not limited to financial institutions with U.S. subprime mortgage market exposures.

Like most other economic recessions, the crisis in the financial sector did not take too long before it spread into the whole economy and ultimately culminated in a global crisis by 2008. Three distinguishing features of the 2007-2009 crisis were that: (i) its origins can be traced to inadequate financial regulatory and surveillance for early identification of “unassuming irregularities”, firstly in the United States and subsequently the rest of the western world. (ii) is the pivotal role of the United States financial system and currency to the global financial system and as such any distortion in the American financial system could easily become a global debacle. (iii) it is almost impossible for a financial sector collapse not to boomerang into an economy-wide crisis, as well as the reinforcing nature of this relationship whereby the economy-wide crisis would further weaken the financial sector and the loop continues.

Policy responses to the crisis can broadly be categorised into 3 categories: financial and market stability, structural repairs and adjustments, macroeconomic environment stability (Truman, 2010). These responses were mostly driven by monetary and fiscal authorities of the different countries as well as global initiatives such as the G7, G20, the Bretton Wood Institutions and the United Nations, mostly through its regional commissions. Most importantly, the more advanced economies had more policy rooms to address the challenge and also worked together through the "G" initiatives, the developing economies benefitted significantly from the initiatives of the multilateral actors. Furthermore, there are some sort of coordinated global responses framework within which individual country responses could fit in, thereby helping stimulate the global economy out of recession. Organisations such as the IMF were saddled with the responsibility of surveillance and monitoring to avoid a repeat of the negligence or laxity that led to the crisis in the first place. The cross-border effects of the numerous policy actions being carried out across the globe all at once would certainly have indirect effects on other countries. For example, fiscal injections in one country can boost demand in another country. The lack of a corresponding and appropriate policy response in the other country may have constraining effects on the first country, hence, the need for global coordination.

Structural repairs and adjustments policies were mostly synthesized into fiscal policy actions. They were mostly controversial and diverse as they ranged from institutional (financial and non-financial) reforms to direct capital injections to mergers and government bailouts. Financial market stabilization policies were mostly synthesised into monetary policy actions, primarily directed at market failures and not institutions, individually or collectively. They mostly use the central bank's balance sheet, which hitherto was constrained by its interest rate target. The main aim was to stimulate liquidity in the market. It is noteworthy that the United States went a step ahead of most other countries. According to Truman, (2010), "nonbank financial institutions make up a larger part of the overall financial system in the United States than in other countries. Therefore, direct market-related measures are thought to be necessary to restore the flow of credit. Also, the Federal Reserve has the power to act under "unusual and exigent circumstances" to use its balance sheet to facilitate this type of action. Thus, it was easier within the US political system to go to the central bank, where the money is than in some other countries".

The monetary authorities acted promptly in responding to increased demand for liquidity. Discount window access was relaxed among other instruments. There was significant coordination among the major central banks which was further reinforced by the end of 2007, through the federal reserve swap facilities establishment. Interest rate reductions across countries came later on in the crisis and some central banks initiated the use of heterodox monetary policies. Fiscal policies on the other hand only started making serious moves in the second year of the crisis and were only mostly adopted by countries which had the fiscal space to accommodate them.

4.0 The COVID-19 Pandemic, Looming Recession and Global Responses

The novel Coronavirus which was first discovered in December 2019 in China has spread incredibly fast. While it was initially seen to be an epidemic in China, the virus spread through the globe in barely three months. With more than half a million people already infected and a death toll of almost 30,000 already recorded by end of march 2020 and no slowing down in sight, the WHO declared COVID-19 the resultant disease from the Coronavirus a pandemic. The push for the survival of the human race has become the primary concern in the world. While the COVID -19 is a product of a novel virus, however, it is not the first time the world has witnessed a pandemic, although the causes and scope of previous pandemics differ. Table 1 below presents a brief synopsis of some major past pandemics.

<u>Table 1: A Brief Synopsis of Selected Past Pandemics</u>

Pandemic	Death Toll	Cause	Regions Affected
Antonine Plague (165 AD)	5 million	Unknown (thought to have been either Smallpox or Measles)	Asia Minor, Egypt, Greece, and Italy
Plague Of Justinian (541-542)	25 million	Bubonic Plague	Europe
The Black Death (1346-1353)	200 million	Bubonic Plague	Europe, Africa, and Asia
Third Cholera Pandemic (1852–1860)	1 million	Cholera	India, Asia, Europe, North America, Africa and Great Britain

Flu Pandemic (1889-1890)	1 million	Influenza	Central Asia, North western Canada, and Greenland
Sixth Cholera Pandemic (1910-1911)	800,000+	Cholera	Middle East, North Africa, Eastern Europe, Russia and America
Flu Pandemic (1918)	20 -50 million	Influenza	Global
Asian Flu (1956-1958)	2 million	Influenza	China, Singapore, Hong Kong, and the United States
Flu Pandemic (1968)	1 million	Influenza	Hong Kong, Singapore, Vietnam, Philippines, India, Australia, Europe, and the United States.
HIV/AIDS Pandemic (At Its Peak, 2005-2012)	36 million	HIV/AIDS	Democratic Republic of the Congo and Sub-Saharan Africa
COVID-19 Pandemic		Coronavirus	Global

Source: https://www.mphonline.org/worst-pandemics-in-history/

With the outbreak of the new Covid-19 pandemic, the global economic outlook has become very gloomy for the year 2020 and a global economic recession is almost inevitable as the ultimate aftermath. As a direct result of associated uncertainty, and to rational assessment that firms' profits are likely to be lower, global stock markets erased about US$6 trillion in wealth in one week from 24th to 28th of February. The S&P 500 index lost over $5 trillion in value in the same week in the US while the S&P 500's largest 10 companies experienced a combined loss of over $1.4 trillion. While official data is yet to be out, there is an emerging consensus in most economic circles that we are just about experiencing a new wave of global economic recession, which may be as severe as the 2007-2009 recession if not worse. There is however, a possibility of an optimistic V-shaped and a pessimistic U-shaped recovery (WEO,2020). The difference between both possibilities being the appropriateness of response to the shock .

There is a vast volume of literature on the causes of recessions (see Stiglitz, 2010 and Bentolila et al, 2018). But the cause of the 2020 global recession is novel in modern history. The coronavirus has triggered a looming recession which varies significantly from previous global recessions particularly due to the nature of the cause of the recession. For example, while, the 2007-2009 crisis which is perhaps the most recent global recession with the hardest hitting impact was triggered by an initial financial sector crisis in the biggest financial market at the time and spread across the globe, the looming 2020 recession has been triggered by a supply chain halt caused by an initial epidemic outbreak in the largest player in the global supply value chain. One commonality in both scenarios is the enormity and pivotal role to the global economy of the initial hit sectors in the country of origin of both scenarios.

The COVID-19 pandemic was initially assumed to be a Chinese epidemic before spreading across the globe through human contact. The economic implications became severe as the stay at home advisories and lockdown policies started gaining momentum across the world. The impact of this has been felt in various sectors of the economy with travel bans affecting the aviation industry as well as trade sectors, sporting event cancellations affecting the sports industry and the prohibition of mass gatherings affecting the events and entertainment industries (Horowit, 2020; Elliot, 2020). Similar to the 2007-2009 recession, early sentiments expected the public health crisis to have localised impacts limited to just China, as initial sentiment for the financial crisis was expected to be limited to the United States. The global spread of the virus and Chinese industrial shutdown have seriously bruised global supply chain and economic activities. In response to the pandemic, policymakers across the world have introduced several policy measures which can be broadly grouped into domestic policy response by individual countries, multilateral policy responses and philanthropic responses.

Domestic Policy Responses

Domestic policy measures by individual countries have mostly been targeted at the underlying macroeconomic framework of countries mostly within the scope of fiscal and monetary policies. Other areas targeted are public health and physical movements in individual countries. This movement policy has mostly involved lockdowns of major cities and closure of airways. Researchers such as Guerrieri et al. (2020) have shown that a lockdown, which is substantially a supply shock can trigger a demand shock, once a multi-sector model with incomplete markets is considered. They argue that despite the supply shock causing a demand shortage, the effects of fiscal policy are muted because a large fraction of the economy is shut down. Monetary policy, on the other hand, can have magnified effects as long as a complementary policy can prevent the spread of business shutdowns. Buera et al. (2020) opined that a realistic calibration of a one-quarter lockdown shock can ripple into persistent aggregate effects, through a rise in unemployment and a protracted decline in total factor productivity (TFP). To address this, governments has implemented cash transfer policies to the vulnerable in their countries.

On the monetary policy , they appear to be the first responders in most cases. Several central banks have cut down rates to support liquidity and in some cases, large asset purchase programs have been initiated, including from the US Federal Reserve, European Central Bank, Bank of England, Bank of Japan, Bank of Canada, and Reserve Bank of Australia, as well as from emerging market central banks in Brazil, China, India, Malaysia, Mexico, the Philippines, Saudi Arabia, South Africa, Thailand, and Turkey—which will help partially offset the tightening in financial conditions (WEO, 2020). Furthermore, several central banks activated bilateral swap lines to improve access to international liquidity across jurisdictions. Nonetheless, the significant tightening of financial conditions can undermine economic activities in the short term, and as such worsen the direct macroeconomic of the pandemic.

On the fiscal policy, several governments have initiated the process of implementing large scale expansionary policies. For example, in advanced economies like the United Kingdom, the government rolled out a plan to inject £200bn into the economy. The government also implemented a plan to pay 80 per cent of wages up to £2,500 a month for workers who are out of work as a result of the pandemic. In the United States, the government has enacted aUS$8.3 billion Coronavirus Preparedness and Response Supplemental Appropriations Act and US$104 billion Families First Coronavirus Response Act which together provides 0.5 per cent GDP for health care, sick leave, small business loans, and international assistance. An agreement has been reached on a US$2 trillion stimulus bill (around 10 per cent of GDP) to be passed by the Congress. In Germany, the government released a €156 billion fiscal impulse to support small business owners who have been affected by the pandemic and to boost spending on its health sector. The government is also expanding the volume and access to public loan guarantees for firms of different sizes, with an allocation of at least €825billion (25 per cent of GDP).

In emerging and developing economies, countries like China have approved a sum of Y1.3 trillion to aid in the increased spending on disease prevention and control, production of medical equipment and part of the fund is meant for its unemployment insurance and fiscal stimulus for individuals. In India, the government announced a sum of 150 billion rupees to boost spending on healthcare infrastructure needed for the COVID -19. Individual states like Kerala released fiscal stimulus packages of 200 billion rupees to support poor households. In South Africa, the government is assisting companies facing distress through the

Unemployment Insurance Fund and special programmes from the Industrial Development Corporation. Workers with an income below a certain threshold will receive monthly stipends for the next four months. The government plans to cut $10.5 billion from civil-servant pay in the next three years to halt the rapid rise in public debts between 2020 and 2021. Ozil and Arun (2020) presented a table that summarises policy response in selected countries as seen in the next pages.

Table2: Selected Domestic policy responses to the Economic impact of COVID-19

	Type	Fast policy response adopted by policy makers	Countries
1	Monetary policy Measures	Granting (i) regulatory forbearance to banks, and (ii) principal or interest moratorium to debtors affected by COVID-19	Ireland, China, Nigeria and Italy
		Central banks' provision of liquidity to financial (bond and equity) markets	China and US
		Central banks' purchase of bonds and securities that were plunging in value rapidly	Australia, EU and Canada
		Lowering interest rates by Central banks	Turkey, US, New Zealand, Japan and UK, Nigeria, South Korea and Canada
		Sustained flow of credit to banks, SMSEs, public health sector, individuals and essential businesses	Australia, Nigeria, US and UK
2	Fiscal measures	Governments approving a large federal stimulus package for sectors and industries most affected by the COVID-19 Pandemic	UK, US, Australia and Nigeria
		Provision of income support for individuals	Australia, US, UK and India
		Social welfare payments to support each household	Australia, US
3	Public health Measure	Public quarantine	India, US, UK and almost every country
		Border quarantine	Poland, Vietnam, India, UK, US, Pakistan, Australia and Colombia
		Issuing a stay-at-home policy	Italy, Iran, Nigeria and UK
		Social distancing policy	South Africa, US, UK, UAE, Singapore, Nigeria, Japan, China, India, Germany, Pakistan, Australia, South Korea and Israel

4	Human control Measures	Temporary release of prisoners from overcrowded prisons	Iran and US
		Shut-down of air, land and sea borders	Taiwan, India, Mexico, US., Germany, Serbia and Nigeria
		Shutdown of schools	UK, Spain, Italy, South Africa, Nigeria and US
		Using the military to enforce a coronavirus stay-at-home Lockdown	Malaysia, Italy, US, Israel, South Africa and Spain
		Travel ban	EU, US, Argentina, Austria, Australia, Bolivia, Cambodia, Canada, China, Cape Verde, Cambodia, Colombia, Croatia, Denmark, Egypt, Germany, Greece and Haiti
		Visa denial and suspension	South Africa, Canada, Singapore, China, Nigeria, Ghana, Kenya, Bolivia and Brazil

https://www.researchgate.net/publication/340236487_Spillover_of_COVID-19_impact_on_the_Global_Economy [accessed May 08 2020].

Source: Ozil and Arun (2020) Spillover of COVID-19: impact on the Global Economy. Available from:

It is, important to note that, while many lessons on responding to the economic shock also apply to developing countries, the details of the implementation of optimal responses may be quite different. Particularly a lot of developing countries has limited policy space to manage the situation as they are both institutionally weak and mostly highly indebted. Loayza and Pennings (2020) noted that as poor households typically work in the informal sector in developing countries, direct transfers are likely better targeted and more effective than unemployment benefits or payroll tax cuts. Besides, relatively larger expenditures on public health may be justified, to cover not only COVID-19 responses but also provide long-needed boosts to primary health care and disease monitoring. For example, Cesar Augusto Mba Abogo, Minister of Finance, Economy and Planning, of Equatorial Guinea highlighted that COVID-19 is an existential crisis that is severely testing Africa's social, economic and political resilience and forcing Africa to invest in its health systems. He argued that "in a post-COVID-19 world, the continent's leaders will have to rethink many prior assumptions and find new balances for individual and collective behaviour"[3].

Multilateral and Global Responses

In terms of Multilateral /Global Actions, several multilateral groups have made frantic efforts at curbing the impact of the pandemic. For example, the Group of Seven (G7) governments pledged coordinated action on March 16 to do "whatever is necessary" to support the global economy and mitigate the impact of the spread of the COVID-19 virus. The statement followed their emergency video conference call and comes on the heels of several central bank actions of a scale and reach not seen since the onset of the global financial crisis in 2007-2009.

Some of the other actions taken by multi-lateral organisations are presented in table 3 below.

Table 3: Policy response of Selected Multilateral organisation to the Pandemic

[3] https://www.weforum.org/agenda/2020/05/africa-response-covid19-lasting-benefits/

Organisation	**Response**
World Bank	Deployed up to $160 billion over the next 15 months to support COVID-19 measures that help countries respond to health consequences and bolster economic recovery
International Finance Corporation (IFC)	Provision of $8 billion to provide relief aid for private companies and employees affected by the pandemic
International Monetary Fund (IMF)	Released $50bn through its emergency financing facilities to help emerging economies that might require additional support.
European Central Bank (ECB)	Introduced a total sum of €870bn towards its Pandemic Emergency Purchase programme, set up to support its member states
African Development Bank	Launched its Fight COVID 19 Social Bond, a $3bn bond with a 3year maturity to reduce the impact of the pandemic on African countries

Source: PWC COVID-19: Economic Implication and Policy Responses

International Private Individuals and Organisational Responses

Beyond governmental and multilateral response to this global emergency is a new form of global action in which capitalists and billionaires across the world are responding to the pandemic outbreak. They constitute some of the first responses witnessed in different countries and across the world. Though there are capitalists who engaged in philanthropic actions by giving out some of their fortunes as charity or palliative material. Billionaires are placing some very large chunks of wealth permanently outside the reaches of the taxation. That means the country's tax base shrinks. This raises the broader question, which economists such as Thomas Piketty and Anthony Atkinson, among others, have raised, on the need for a more comprehensive tax on wealth. According to Movaridi (2012), this form of neoliberal capitalist philanthropy is both politically and ideologically committed to market-based social investment through partnerships, to make the market work or work better for capital. In some countries, governments are leveraging on the philanthropic capacity of their private sector in response to the outbreak. For example, the Central Bank of Nigeria (CBN), through the Bankers' Committee and the private sector had come together to form the Private Sector Coalition Against COVID-19 (CACOVID). The donation to the CACOVID relief fund totalled over $55.7 million as of April 6, 2020. Table 4 shows the list of some of the billionaires across the world that as donated as a first response to the pandemic. This philanthropic response cuts across industries and spheres of engagement, suggesting the nature and urgency of the emergency as its impact would cut across sectors and economies.

Table 4: List of Selected Philanthropist and their donations in response to the Pandemic

Name	**Industry**	**Amount**	**Recipient**
Amancio Ortega	Garment industry	US $68 million	Spanish Health System
Bidzina Ivanishvili	Politician – Ex-prime Minister of Georgia	US $32 million	StopCoV Fund
Vladimir Potanin	Electronics and semiconductor industry	$142 million	Norilsk Nickel
Mary Oppenheimer	Diamond Industry	US $52 million	Solidarity fund
Nicky Oppenheimer	Diamond Industry	US $53 million	South Africa Economy
Johann Rupert	Luxury goods holding company	US $53 million	South Africa small businesses
Jeff Skoll	Private Foundation	US $100 million	Skoll Foundation
Beyonce and Jack Dorsey	Entertainment	US $6 million	Local community-based organizations and the National Alliance in Mental Health
Viktor Rashnikov	Steel Industry	$6.8 million	Healthcare and relief efforts in Magnitogorsk, Russia
David Tepper	Investment Management	$22 million	Relief efforts
Hugh Grosvenor	Duke of Westminster	$15.6 million	England
Reed Hastings and Patty Quillin	Netflix CEO	$30 million	Gavi Alliance
Oleg Vladimirovich Deripaska	Conglomerate	US $19 million	Russia
Len Blavatnik	Conglomerate	$6.5 million	Hospitals and charitable organizations
Phil Knight	Apparel Accessories Sports equipment	$10 million	Covid-19 response efforts
T. Denny Sanford	Financial Industry	$1 million	One Sioux Falls Fund
Dolly Parton	Country Music	$1 million	Vanderbilt Hospital, Nashville
George Clooney and Amal Clooney	Acting Industry	$1 million	Coronavirus relief.
Aliko Dangote	Conglomerate	NGN 2 Billion	Nigeria
TikTok	Media & entertainment	$375 million	Coronavirus relief and MusiCares foundation
Band members of U2	Music Industry	€10 million	Ireland
Jack Ma	Technology company	$14 million	Europe, Italy and Spain
Joe Tsai	Sports and Technology	1,000 Ventilators	New York City
Elton John	Music	$1 million	HIV Patients
Michael Dell	Information Technology	$100 million	Coronavirus relief
Denise Coates	Online gambling	US $12.4 million	NHS Trust
Jack Dorsey	Media & entertainment	$1 billion	Covid-19 relief
Sara Blakely	Apparel	$5 million	Female entrepreneurs
Bill Gates	Information Technology	$100 million	Coronavirus relief
Ralph Lauren	Fashion Retail	$10 million.	Coronavirus relief
Patrice Motsepem	Mining	$57 million	Coronavirus relief

Oprah Winfrey	Media Industry	$10 million	Coronavirus relief and America's Food Fund
Mark Zuckerberg and Priscilla Chan	Media and entertainment	$30 million	Covid-19 Therapeutics Accelerator and San Francisco Bay Area.
Sheryl Sandberg & other tech billionaires	Media and entertainment	$7 million	San Francisco Bay Area
Andrew Forrest	Iron Ore	$160 million	Australia
Azim Premji	Information Technology	US $134 million	Humanitarian aid & Healthcare support
Steve Ballmer	Information Technology	$25 million	Michigan, Los Angeles, and Seattle
Jeff Bezos	Cloud computing E-commerce	$25 million	Independent delivery companies, gig workers in the Amazon Flex program, and seasonal employees
Michael Bloomberg	Technology, mass media	$40 million	Africa and low- and middle-income countries
Li Ka Shing	Services	$13 million	Wuhan, China
Remo Ruffini	Fashion	US $10.9 million	Lombardy, Italy
Geoge Soros	Academic	$1.1 million	Budapest
Giorgio Armani	Fashion	€1.25 million	Italian health institutions

Source: https://www.barrons.com/articles/business-executives-offer-large-donations-to-fight-covid-19-01585776936

5.0 Commonalities Between COVID-19 and Global Recession Responses

As earlier noted, the underlying cause of the 2007-2009 economic recession and the looming recessions significantly differ. While the former was caused by financial imbalances the latter was a result of a rather "exogenous" public health shock caused by the spread of the coronavirus, which ultimately altered the global supply chain. In response to the shock, different policy tools have been employed across the world to mitigate the impact of the shock.

Liang et.al (2018) highlighted three phases of the 2007-2009 economic recession, each corresponding to an escalation in the nature and breadth of the concerns facing decision-makers in real-time about conditions in the economy and financial system. They noted that the timing of actions was influenced by other factors, including policymakers' understanding of the situation as it was evolving in real-time, political backlash or even the possibility of creating panic with their actions and their concerns about moral hazard. In 2008, some worried that remedies such as mortgage relief or bailing out the banks would encourage people to make and take riskier loans in the future, confident that the federal government would bail them out if things went wrong. While, they did not ascertain the appropriateness of the timing of the response to the crisis, they, however, opined that the inability of policymakers to undertake vital systemic actions until the fall of 2008 likely limited the range of more favourable economic outcomes that were achievable even with the subsequent extraordinary policy actions. Moral hazard is simply not much of a concern now as the continued spread of a virus that is potent enough to wipe out humanity is in no one's interest. Perhaps, if there is an element of moral hazard it will only reflect itself under the philanthropic responses and its implication for taxation revenue.

Initial responses to the pandemic included underestimation of the magnitude of the challenge at hand and bulk passing at the highest levels of global leadership among others. For example, the British Prime Minister in a show of empathy to infected British citizens went visiting hospitals with infected patients and shook hands as its tradition to British political class.[4] In the case of the United States, the American President initially worried himself about impressing it on the public that the virus was from China and dubbed it "China Virus". This he thought was a winning strategy from the situation at hand in his continued anti-China campaign. Subsequently, severe accusations and blame was made against the World Health Organisation (WHO) which the US President referred to as the "public relations agency" for China and threatened to withdraw from funding the organisation.[5] Although the WHO's global emergency declaration on Jan. 30 was nearly a month before Trump tweeted that "the Coronavirus is very much under control in the USA" and six weeks before March 13 when he declared a national emergency.[6] The United States and South Korea confirmed their first cases of COVID-19 within a day of each other, less than two weeks after the first WHO alert. South Korea on the one hand, marshalled a robust public health response that tested three times as many citizens per capita as the United States, and three months later, it has limited incidences to about 10,000 cases. On the other hand, U.S. cases as at May 11, 2020 exceed 1,500,000, and the U.S.

[4] https://www.independent.co.uk/news/uk/politics/coronavirus-boris-johnson-positive-test-health-advice-shaking-hands-hospital-hancock-a9430231.html
https://www.theguardian.com/world/video/2020/mar/27/i-shook-hands-with-everybody-says-boris-johnson-weeks-before-coronavirus-diagnosis-video
[5] https://www.bbc.com/news/world-us-canada-52496098
[6] https://www.cnbc.com/2020/04/07/trump-blames-who-for-getting-coronavirus-pandemic-wrong-threatens-to-withhold-funding.html

mortality rate of COVID-19 is several times as high as that of South Korea. Other countries such as, Japan, Singapore and Taiwan also looked at the same set of facts as the rest of the world and triggered immediate action while the United States did not.[7] Indeed, countries have had to marshal and champion their individual strategy in responding to the shock as was initially witnessed in the 2007-2009 crisis.

The international coordination of economic policies helped contain the global financial and economic crisis of 2007-2009. The international coordination mostly emanated from an April 2009 meeting which took place in London almost seven months after the Lehman Brothers filed for bankruptcy.[8]According to the host of the meeting, Mr Gordon Brown who was at the time the British Prime Minister, the meeting was the start of the emergence of a new World Order with the foundation of a new progressive era of international co-operation. This, therefore, implied it took almost two years into the recession before policymakers realised the importance of a global coordinated and cooperative approach in dealing with the challenge. These two years of individual country actions or delay allowed the crisis to bite deep into the global economic structure before attempts were made to salvage the situation. Although the epicentre of the global crisis was the US financial system, the integration of global financial systems facilitated its spread to Europe and beyond, triggering a global recession.

Truman (2019) however, opined that the scope and scale of the policies that were ultimately implemented left a residue of political distrust and recrimination that clouds prospects for a repeat performance. Perhaps this explains the delay in coming up with a globally coordinated action in dealing with the pandemic. While the nature of the pandemic is different from as previously witnessed globally and the resultant looming recession is more of a function of a break-in global supply and demand chain and as such, every country is initially grappling with initially understanding and having a grip over their domestic situations before worrying about others. Moreover, this comes at a time when the anti-globalisation sentiment is at its height, with continued trade tensions and regional exits. All these coupled with the political distrust that came out of the last recession action are factors that are clogging the emergence of

[7] https://www.washingtonpost.com/outlook/2020/04/14/trump-who-coronavirus-response/

[8] Gordon Brown, The Telegraph, April 3, 2009, www.telegraph.co.uk/finance/g20-summit/5097195/G20-summitGordon-Brown-announces-new-world-order.html.

coordinated global action in dealing with the pandemic and looming recession. It is, however, important to note that the IMF and others have pointed out, the need for a sizeable, comprehensive, and preferably coordinated response from central banks, regulators, and fiscal spending—including increased government spending, guarantee programs, and loans.

6.0 Conclusion

In conclusion, this crisis is like no other. The shock and uncertainty impact is enormous. The loss in output due to lockdown policies have significantly widened the gulf in comparison to the losses that led to the global financial crisis. While diagnosis in the 2008 crisis was mostly complicated because issues to be initially addressed led to a dilemma between financial sector or the entire macroeconomic scope. In the case of this on-going pandemic where the world is left to make the tough decision between keeping global economic engines running at the extreme risk of utter wipe-out of humanity or shutting down for some time and count the losses in future. This makes the stimulation of activities more daunting. This crisis will need to be dealt with in two stages: an initial stage that focuses on lives, in terms of containing and controlling the virus globally and a second stage that focuses on reigniting the global economy. Policymakers will need to ensure that people can meet their needs during the containment stage and that businesses can pick up once the reigniting stage commences. To achieve this will however require multilateral, collaborative and coordinated cooperation that prioritises health to stimulate us out of the looming recession.

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