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ECONOMICS OF PANDEMIC IN NIGERIA: THE COVID-19 EXPERIENCE

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Abstract: The paper examined economics of pandemic in Nigeria; the covid-19 experience. Thus, a pandemic is a universal spread of fresh diseases which are detrimental to the health of the people. Coronavirus is an example of pandemic viruses that circulate among animals, but can also be found in humans. The objectives of the paper is to; examine the concept of pandemic/covid-19; examined the economic effect of covid-19 on the Nigerian economy; an examined some palliative measures and the way forward. To achieve the stated objectives, the paper utilized library science method and collected data from secondary materials. The paper found that covid-19 affects the Nigerian economy adversely in that it shrink the GDP growth, distort the output of sectors such as the real sector, agricultural sector, educational sector, health and the transportation sectors. Given the adverse effects of the covid-19 on the economy, government should increase health sector spending in order to provide needed equipment's and take care of the welfare of the health workers. Government needs to provide fiscal stimulus such as tax credit or partial tax reduction for companies or firms to protect against shortages. Government through the CBN should enhance monetary stimulus via reduction in interest rates from double to single digit in order to encourage borrowing and private sector activity. Government should help ensure food supply by establishing minimum premium prices for certain food products. Increase farm-to-market delivery of agricultural produce in order to protect food shortages and high prices.

KEY WORDS: Covid-19, Pandemic, Economics, Palliative, Economy and Nigeria

I. Introduction

Infectious diseases such as HIV, influenza and malaria poses a substantial dangers to the entire world. According to Paolo and Andrea (2020), between 2002 and 2014 some diseases such as SARS claimed about 774 globally. Also, Ebola claimed over 11, 000 lives globally. While some have been fought successfully and are now endemics in nature, others have spread very fast across the globe and becoming epidemics or pandemics in nature. The most crucial aspect of an epidemic or pandemic, remains human suffering and the loss of lives. Nevertheless, the range of a disease can also have significant economic consequences. Thus, a number of studies concentrating on this facet of the impact of plagues have established that the effects across the economy can be significant (Angelos & Nicole, 2020). Of recent, a pandemic disease called Covid-19, broke out in December 2019 in wet animal market of Wuhan in China which has claimed thousands of people lives in the entire world. As the virus emerges in China, administration hastily evaluated the financial and human costs of the fast spreading new coronavirus and in January decided to concentrates on ending the spread of the disease, irrespective of the short term economic hit. But the outbreak of this pandemic disease have caused an uproar in the entire world due to its ability to spread in a short-while. This has led to immediate closure of sporting activities in continents like Europe and America which is one of their major sources of revenue based. Also, business places, worship centres and government establishments amongst others were closed down in the countries of the world. Also, to show the immense impact a pandemic like COVID-19 has on the global economy, researchers suggests that it will likely be significant, especially if the virus is not contained quickly. Although, the economic impact of a pandemic may not be long-lasting if the underlying causes are contained quickly, it can be powerful enough to shutter some businesses and lead to sharp spikes in unemployment. Overall, a weighted average hit of 1.5% to 2020 global GDP and 0.2% to long-run global GDP (Karen & Preston, 2020).

Meanwhile, Nigeria is witnessing the outbreak of Covid-19. The first case in Lagos, Nigeria was reported on the 27th February 2020 and as at 31st March, 2020, the number has risen to one-hundred and thirty-nine. This has led to government intervention by closing all federal, states and private institutions of learning, commercial centres, worship centres, land borders in some states like Rivers, Lagos, Ogun amongst others in order to prevent the spread of this deadly virus. But the economic implication of this actions has led to cyclical unemployment, in which domestic airline grounds 76 planes and over 6,000 workers have been rendered redundant (Punch News, 2020).

Workers who lose jobs due to closure of businesses do not longer earn income and therefore lower consumption, eventually depressing aggregate demand. Similarly, there is increase in general price level of goods and services in a space of five days in some state capitals like Port Harcourt, there was a price surged of about 250% increase in the prices of staple food such as; 'garri', yam, palm-oil, tomatoes and rice amongst others. For, instance, a basin of "garri" which was about ₦3, 000.00 on 23rd March, 2020 rose to about ₦8, 000.00 on the 27th, March, 2020. Also, a 4litre of palm-oil which was less than ₦2, 000.00 rose to about ₦4, 000.00 in a space of one week. Also, transportation fare increases between 50 to 100% in some swing states in Nigeria. This scenario makes lives unbearable for the people.

To even worsen the matter, the Federal government of Nigeria did not provide stimulus package such as cash incentive to every citizenry as done by some countries like USA; where their government provided $1000 for each citizenry. Also, civil servants were not even paid their salary on time to cushion the biting effect of the virus. Even, when some measures such as provision of ventilators, bed-space and isolation treatment centres were provided, they are in short supply to cater for the teaming population. For instance, as at 31st March, 2020, only three test-centres were provided by the federal government to take care of Covid-19 cases in a population of about 200million. Conversely, the proximity of some of these test- centres to some states is more than 650km distance along the road.

II. THE CONCEPT OF PANDEMIC AND COVID-19

According to Kareen and Preston (2020), a pandemic is a disease that can contaminate and sicken human being, can transfer simply from one person to another, and has spread worldwide. Pandemics arises once a new form of virus surfaces (either a modified version or an amalgamation with another variation) and is proficient of spreading from person to person. Similarly, according to World Health Organization (WHO), a pandemic is a universal spread of a fresh disease. An influenza pandemic occurs when a new influenza virus emerges and spreads around the entire universe of which majority of the populace do not have resistance. Similarly, US centre for disease control (CDC) posited that pandemic refers to an epidemic that has spread over numerous nations, typically disturbing a huge number of individuals.

What makes pandemics predominantly hazardous is that the people largely does not have resistance to the disease, and this can cause outbursts further than the traditional wintertime flu season. Flu pandemics have decreased in severity with time, perhaps partly due to viral preference for diseases that are very transmissible but not lethal. Despite some similarities between seasonal and pandemic flu, there are also key differences. While seasonal flu is every year, pandemics can have multiple waves; Spanish flu came in three waves, and the 2009 swine flu had two waves. Meanwhile, World Health Organization declared Covid-19 a pandemic on 11 March, 2020. Coronaviruses are family of viruses that circulate among animals, but can also be found in humans. By December 2019, a new virus tension that had not previously been identified in humans, was detected in the Chinese city of Wuhan (Hubei province). This virus can cause mild, non-specific symptoms, including fever, cough; shortness of breath, muscle pain and tiredness. More serious cases can develop severe pneumonia, acute respiratory distress syndrome, sepsis and septic shock that can lead to death. The virus is transmitted via respiratory droplets. The estimated incubation period is between two and fourteen days, but could be longer. There is currently no vaccine to prevent the 2019 coronavirus disease (COVID-19), and no cure has yet been found despite medical research to gain a better understanding about the novel disease.

III. EFFECT OF COVID-19 ON THE NIGERIAN ECONOMY

1. Effect on Gross Domestic Product: Consistent growth in GDP is the driving force of an economy. And one of the determinants of GDP growth is efficient stock market. Covid-19 period is characterized with sharp drop in capital market and this invariably will affect output growth. Output loss associated with the Covid-19 crisis likely to be permanent for some quarters. Thus, recession in the less advanced economy like Nigeria is inevitable. This is because, Nigerian economy is exposed to the world trade cycle because its goods and services are highly dependent on advanced economies demand and more vulnerable to the crisis. Thus, if the scourge of the virus is not curtail on time, the output growth will contract for some quarters and this will invariably lead to recession. This is because a recessed economy is characterized by high rates of unemployment and inflation as experienced in the 2016 and 2017 period of recession in Nigeria. Thus, there will be contraction of at least 1-1.5% in about 4% projected GDP growth rate for the year 2020.

2. Effect on the Real Sector: The real sector refers to those ranges of activities in the agricultural, service and industrial sectors that result in the production of traded and non-traded goods and services. The covid-19 affects the real sectors adversely. This is because it has the effect of weakening output-growth via procurement of factor inputs as expenditure on off-shore inputs, which constitute a large chunk of total inputs that has to be cut back significantly. For instance, in the agricultural sector, there was decrease in farm-to-market distribution of agricultural products. Thereby, leading to food dearth and hence increase in the prices of agricultural products. Also, in the industrial sector, there was down tools in their activities and some workers are rendered redundant. In the service sector like the commercial banks, workers were made to work in a shift as number of customers for business transaction reduces. The aftermath effect of all these is decrease in real sector output. This potent great risk to the economic growth of the Nigerian economy.

3. Effect on Education Sector: The outbreak of covid-19 affects the education sector by distorting learning process. This is because one of the quick intervention/measure by federal government was closure of all public and private institutions of learning. The closure of schools affects the school academic calendar. Thus, students who were supposed to write one exam or the other were forced to go home till further noticed. Thus, some wealthy parents were forced to provide online teaching for their children. To buttress this assertion, the director general of W.H.O, a person of, Dr. Tedros Adhanom Ghebreyesus averred in a press briefing on five ways to stay healthy during covid-19 that "my daughter is now taking her classes online from home because her school is closed".

4. Effect on the Health Sector: In the entire globe, one of the major segments impacted by the outbreak of coronavirus is the public and private health scheme. A surge in hospital admissions results in sudden peaks in administrative and operational expenditure. While developed economies like China was able to build hospitals and provides equipment's to take care of the threat posed by the covid-19 in a space of 10 days, the reverse is the case for developing economies. For instance, in Nigeria where the first case of the virus was detected on the 27th of February, 2020, government could managed to provide three test-centres of which one is located in the south-west region, south-south region and the FCT (Federal capital territory). The remaining four regions could not boast of one. Ventilation machine to support breathing and other gadgets provided at the three centres were in short supplies to meet the need of the teaming population. This is because, government over the years have been failing in their efforts to put in place necessary measures that will transformed the health sector in term of steady power supply, equipment and manpower that meet the international best practices. This scenario left most people to self-medication, which is detrimental to the economy. If government priority has been on consistent increase in health expenditure on yearly basis, this would have been averted.

5. Effect on the Transportation Sector: There was closure of water ways in some countries. While some closed their air ways as well as their land boarders except in in the case of emergency. This action limits the contribution of transport sector in monetary term to the economy. In Nigeria, the economic implication of this actions has led to unemployment, in which domestic airlines grounded 76 planes and over 6,000 workers were rendered redundant (Punch News, 2020). Meanwhile, in some cities and towns were town services were allowed, there was hike in transportation fare.

IV. PALLIATIVE MEASURES/ THE WAY FORWARD

During the Covid-19, economy is fragile and weak because only few are in possession of cash. Oil price is as low as $22, the first of its kind for the past 18 years. Therefore, to sustain and drive growth, the following measure should be followed;

(1) Enhancing real sector performance is absolutely critical. The need to improve the real sector productivity cannot be over-emphasized given particularly the less propitious economic conditions that face Nigeria vis-à-vis covid-19, manifested in massive poverty and un-sustained performance of major macroeconomic variables

(2) Government should enhance fiscal stimulus such as tax credit or partial tax reduction for companies or firms. This will help lower import costs and protect against dearth.

(3) Government through the CBN should enhance monetary stimulus in a way that interest rates will be reduced from the rate from double to single digit in order to encourage borrowing and private sector activity

(4) Federal government should increase both local and state government allocation by at least 10% in order to serve as a buffer to the growth of the economy and avoid recession. Also, there is the need to take proactive measure by increase expenditure in the power sector so that other sectors such as the health will have access to 24-hours power supply to drive their equipment's and provide quality service to the citizenry. This in turn will help increase the growth of the economy.

(5) Increase farm-to-market delivery of agricultural produce in order to protect food shortages and high prices. As a follow up there should be establishment of grain reserves to help ensure supply by establishing minimum premium prices for certain food products.

(6) Government of Nigeria should provide stimulus packages such as cash transfer to every family to cushion the effect of the virus on the income of the individual and

family. Also, there should be waiver or reduction of school fees, electricity and water bill temporarily.

V. CONCLUSION

The paper utilized library science method and collected data from secondary materials to examine the economics effect of covid-19 on the Nigerian economy. The paper found that covid-19 affects the Nigerian economy adversely in that it shrink the GDP growth, distort the output of sectors such as the real sector, agricultural sector, educational sector, health and the transportation sectors. Amongst others. Given these adverse effects, the paper suggested that government should increase health sector spending in order to provide needed equipment's and take care of the welfare of the health workers. Government needs to provide fiscal stimulus such as tax credit or partial tax reduction for companies or firms to protect against shortages. Also, government should help ensure food supply by establishing minimum premium prices for certain food products and increase farm-to-market delivery of agricultural produce in order to protect food shortages and high prices.

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