

The Great Lockdown Recession and International Business

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Abstract

The global health pandemic and the ensuing global recession has caused unprecedented uncertainty, risks, and devastation to individuals, families, societies, and organizations. In this context, a central question arises: what are the prospects for globalization? This article addresses five pressing questions that affect globalization for multiple stakeholders: (1) How is this pandemic different from previous disruptive events? (2) Are there silver linings to this

economic disruption? (3) What are current and future impacts on globalization? (4) How will different entities be affected? and (5) What will be the likely impact on major economies? We have opportunities to fundamentally shift international business for economic, environmental, and social advancements that offer hope during this overwhelming health crisis.

The coronavirus pandemic has spared no country, industry, firm, or person with its turbulence. The Great Lockdown Recession, as it is characterized by the International Monetary Fund, is the worst economic downturn since the Great Depression.¹ At initial glance, it appears that international business and globalization are in jeopardy. While relentless statistics and news consume our lives, we explore five critical questions that address international business concerns for multiple stakeholders. Specifically, we ask the following:

- How is this pandemic different from previous disruptive events?
- Are there silver linings to this economic disruption?
- What are current and future impacts on globalization?
- How will different entities be affected?
- What will be the likely impact on major economies?

We address each question in detail next.

Unparalleled Disruption

Disruptions are natural and recurring phenomena of life. The ways in which we deal with them differ based on attitudes, support, politics, capabilities, and limitations. For some, the coronavirus pandemic may seem like a black swan event, one that was a complete surprise. For others, this type of disruption was foreseeable, perhaps even probable. Regardless of forecast, there is no denying that this virus poses universal and global distress. The U.N. Secretary General urges that “we must deliver new jobs and businesses through a clean, green transition” from this unprecedented wake-up call.²

The magnitude, scope, and duration of this interruption remains unresolved, yet it is clear that it will inflict lasting consequences for our national economies, environment, and society. It is ironic that globalization – a high degree of interdependence among the national economies – contributed to this devastation. A half century of market liberalization, stepped-up trade and investment, and human mobility allowed the virus to spread around the world at an extraordinary pace. The interdependencies of national economies has multiplied the magnitude of disruptions.

Unique Opportunities

While many outlooks are grim, several opportunities present silver linings. First, the environment gets a breather. The before and after pictures of cities around the world are astonishing; simultaneously wonderful and horrifying with their newfound clarity of improved air quality.⁵⁸ Pollution, along with gas prices, have plummeted. Limiting economies to essential industries and workers creates a fresh understanding of our fundamental and systemic vulnerabilities.

Second, selected sectors of the economy are certainly among the beneficiaries of the pandemic. Some industries, such as healthcare and food providers, are obvious. Other industries, such as waste management and recycling, are also indispensable, but less top of mind. Many recycling facilities all over the world have been shut down despite their essential rather than optional impact.³ This is not the time to become more relaxed with creating circular systems. On the contrary, the significance of recycling (particularly paper and plastic materials from increased online package deliveries) for feedstock is evident, most saliently in the United States with our continued shortage of toilet paper. The waste we create should be discarded or buried. We can reuse materials to eliminate dependencies on nonrenewable resources, creating jobs and wealth while being kind to our planet.

Third, greater trust and sense of community may result. The need for local safety nets, social networks, and sustainable operations gain attention as important and necessary for resilient infrastructures. Fourth, the pandemic shows how vulnerable we are and gives us a new perspective. It forces us to take a step back and see the impact of our individual and collective actions. In moving forward, we have a choice. We can either go back to a trajectory of excess, degradation, and disparities, or we have an opportunity to rebuild our economies with intention and mindfulness.

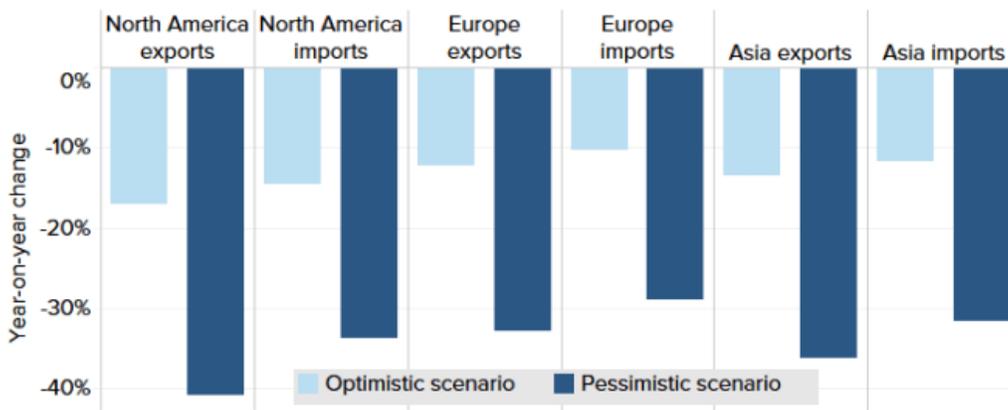
Finally, we have even more respect for science and technology. Despite sometimes contradictory political guidance, most of the world is looking to science, medicine, and technology for direction. Majority actions are combatting mistrust and suspicions that these fields have previously and increasingly faced. Motivated by desperation and fear, innovations through research and development are gaining traction. Artificial intelligence (AI) has already improved performance and transformed travel, transportation, retail, and automotive industries.⁴ Through these developments and creativity, grassroot organizations, such as *Global Citizen* activism, are taking control to stimulate top-down change to end poverty by 2030.⁵ Again, we have a choice in how we exist on this planet, both in the present and in the future. We can

seize these opportunities for societal advancements or go backwards by squandering them.

Present and Future Globalization

Globalization has always had its peaks and valleys, which represents its phases over time.⁶ McKinsey's *Interconnectedness Index* exhibits the sizable growth of goods, services, financial, data and communication, and people flows between regions over time.⁷ Trade in goods had already been declining, becoming further exacerbated by empty stores from quarantine. The collective global decline in merchandise trade can be seen in Figure 1.

Figure 1. Expected decline in global merchandise trade – World Trade Organization forecasts exports and imports volume to fall in 2020



Source: CNBC.⁶²

Many countries have restricted their borders for non-citizens during this time. Limited flights and concerns of health safety during transit has abruptly halted tourism and travel. With international and domestic flows of people, economic activity and jobs suffer from volatility. As shown in Figure 2, the United States is experiencing the least contraction in services activity compared to other major economies. China and Europe experienced the largest plummets, yet China is already bouncing back. With market instability, financial flows panic with drastic reactions.

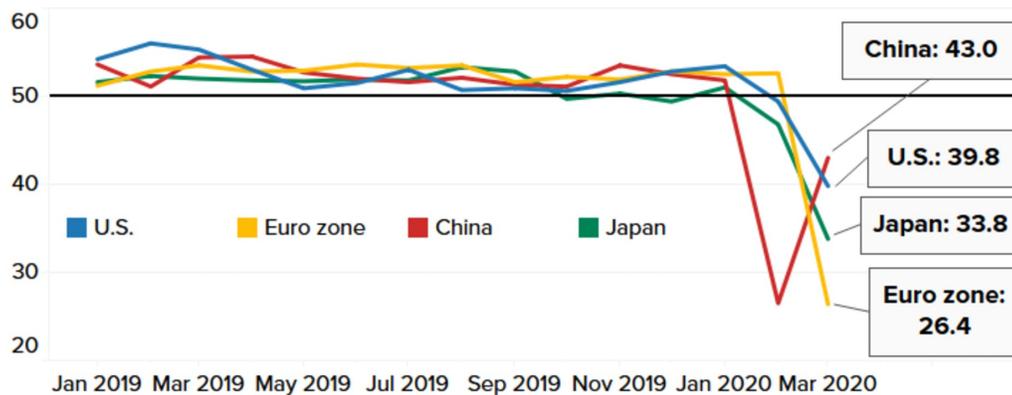
Fortunately, not every sector is deteriorating in globalization due to this pandemic. Flows of data and communication were already growing and are now soaring. While good for these sectors, technology adaptations to current issues of remote working and social distancing will likely outlast the pandemic, ensuring the persistence of lost jobs.

As outlined by the World Health Organization, the same factors that have allowed the global economy to prosper has also allowed this virus to rapidly

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spread around the globe.⁸ However, we expect only a temporary pause in the pace of globalization. In an autarky, nations are self-sufficient without reliance on global economic activity. Yet these structures failed in the past and continue to fail.⁹ Coronavirus highlights the strength of international cooperation and collaboration for shared efforts of societal preservation. Economic sacrifice results in renewed consideration for sustainable supply chains and industries as well as noticeable environmental gains from united activities. Circular systems and sustainable actions are not mutually exclusive with globalization and economic advancement. Rather, the combination of these efforts stimulate triple bottom line implications.

Figure 2. Services activity in major economies – Lines show the Purchasing Managers’ Index (PMI), which is an indicator of economic activity. A reading above 50 indicates expansion while below 50 represents contraction



Source: CNBC.⁶²

The Wall Street Journal poignantly states, “when this crisis passes, we are likely to find fresh confirmation of what we already know about globalization: that it's easy to hate, convenient to target and impossible to stop.”¹⁰ Ultimately, we all need each other, for resources, labor, talent, skill, capital, personal interconnections, and new experiences.¹¹ While these interactions may become different, globalization will re-emerge in a new phase and form. We have an opportunity to transform into a stronger and more resilient globalized world and learn from weaknesses underscored by this pandemic.

Disparate Ripples

Disparities of impact from the pandemic are striking between and within countries, industries, firms, and individuals. These gaps will continue to grow without collective combat. The success of few has come at the expense of the

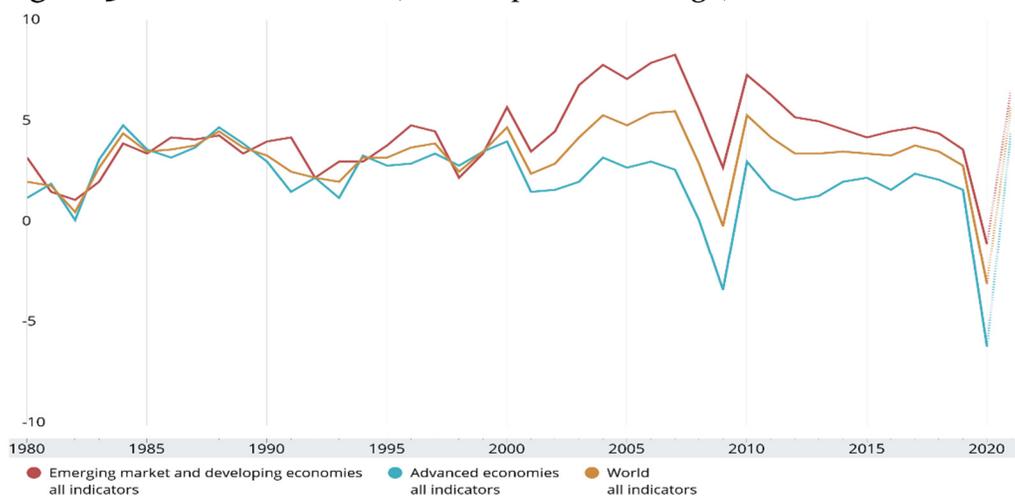
masses for far too long. For many, the luxury of staying at home or closing a business is simply not possible or results in permanent devastation. Racial and socioeconomic sacrifice from populations who already suffer from systemic injustice in order to satisfy the comforts of those who can afford it is an atrocity that not only represents a moral dilemma but one of basic human welfare.

Countries

This pandemic has bred environments of nationalism and isolation. These atmospheres, while facilitative against the virus's spread, are temporary and not practical for economic, environmental, and societal repair. Coronavirus has forced travel and trade restrictions, aggravated government tensions, and strengthened xenophobic attacks in multiple countries. Just as we've seen hoarding from individuals of food, medical supplies, and for some reason toilet paper, countries exhibit these same behaviors with banning the trade of these same goods. For example, "the German government accused the Trump administration of trying to gain exclusive rights to Germany's vaccine research. France and Germany banned the export of protective medical gear to Italy. Hungary and Poland unilaterally closed their borders."⁹

We watch helplessly as the global GDP quickly plunges past the record-low from the recession in 2008 (see Figure 3). Stimulus packages will only accomplish so much. Unlike the 2008 recession, which impacted specific sectors of housing and banking, our current crisis affects every industry, eventually in every country. The Great Lockdown Recession will hinder consumer spending for some time due to fear of leaving homes combined with the burden of substantial debt.

Figure 3. Real GDP Growth (Annual percent change)



Source: IMF.⁶³

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According to the International Monetary Fund, “emerging markets have experienced the sharpest portfolio flow reversal on record—about \$100 billion or 0.4 percent of their GDP—posing stark challenges to more vulnerable countries.”¹² However, developing countries will be hit the hardest. G20 countries, which only account for approximately 65% of the world population, will take almost 90% of the \$9 trillion spent to respond to the pandemic. Only \$1 trillion will be dedicated to supporting vulnerable countries.¹

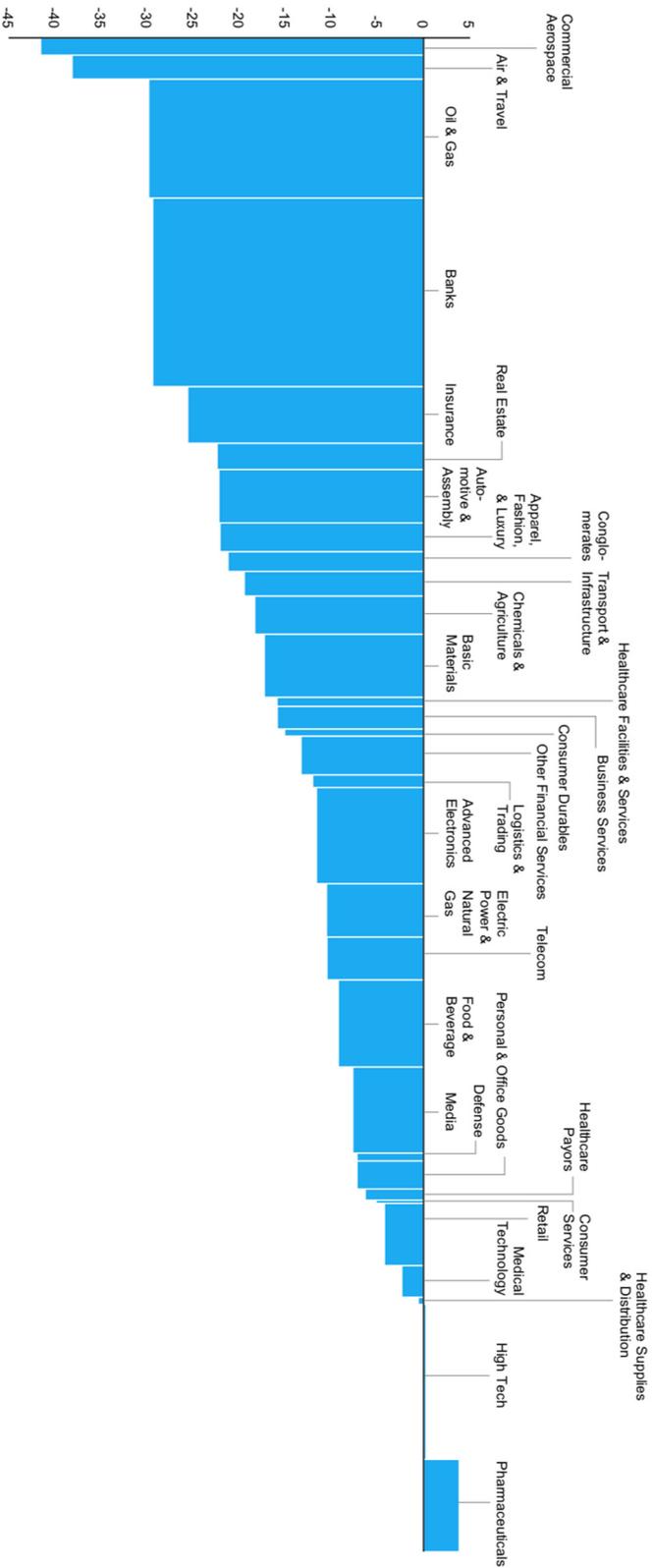
The accumulation of debt is inevitable, with historic deficits on the near horizon. With widespread financial strains, conflict escalation will soon follow. As stated by the Director of National Intelligence, “the risk of conflict will increase due to diverging interests among major powers, an expanding terror threat, continued instability in weak states, and the spread of lethal, disruptive technologies.”¹³ This Global Trends report goes on to say that “the implications of how people fight in the future will depend heavily on the emerging geopolitical context and decisions made by major actors that increase or mitigate risks of conflict and escalation.”¹³ Countries that are conscious of these challenges and tensions may be able to strategically navigate this crisis and improve damage control.

Industries

As shown in Figure 4, it’s clear that some sectors are suffering significantly. Air, travel, oil, banks, hospitality, theaters, and sports industries are losing while healthcare, high tech, and pharmaceutical industries are gaining. Digitization is rapidly filtering out industries who will survive compared to those who cannot modify. With disruptions to global supply chains, companies like Apple are not likely to stop sourcing from China or disconnecting from Foxconn, but they will need to make adjustments.

Art and culture industries are experiencing considerable asymmetries in distress. On one hand, 94% of organizations such as museums, performing arts centers, dance companies, theaters, writing programs, historical sites, libraries, and art schools have been forced to cancel events due to the pandemic.¹⁴ However, while these organizations require physical attendance, entertainment on digital mediums experience a surge. A survey conducted by Nielsen Music/MRC data found that 60% of people are “engaging more with entertainment during this time” and that 24% of people have signed up for a new subscription service. These new subscriptions comprise 81%, 38%, and 14% for video, music, and video games, respectively.¹⁵ Interestingly, audio streams fell 9.2%, likely due to the reduction of audio consumed on work commutes, in restaurants, and in other retail locations that are now shut down.

Figure 4. Market capitalization has declined across sectors, with significant variation to the extent of the decline. Weighted average year-to-date local currency shareholder returns by industry in percent. Width of bars is starting market cap in \$.⁵⁹



Source: McKinsey and Company.⁵⁹

[†]Data set includes global top 5000 companies by market cap in 2019, excluding some subsidiaries, holding companies, and companies who have delisted since

Firms

Risk mitigation and management will become the most critical leadership functions in organizations. Similarly, crisis management skills need to be refined along with workforce safety protocols. New-age, digitized companies, such as Alibaba, Alphabet, Facebook, and Tencent, will derive the “dividends of digitalization.” Some firms have already seen their business soar. For example, Kimberly-Clark’s sales rose to just over \$5 billion, up more than 8% from a year ago.¹⁶ Netflix is up 32% with 15.8 million new memberships.¹⁷ Shares in Zoom Technologies skyrocketed more than 1,500%.¹⁸ Amazon hired 80,000 new workers in the span of just a few weeks.¹⁹ These firms were already leaders in their industries and are now becoming giants.

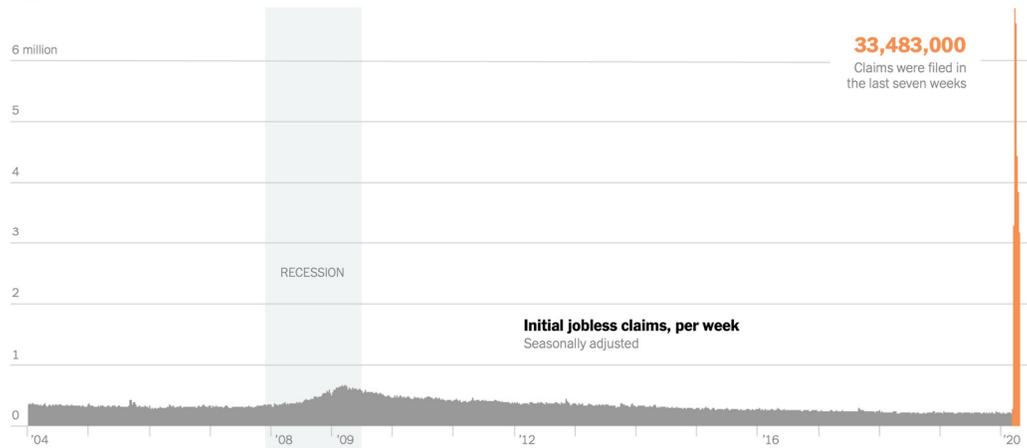
Responses to coronavirus from both firms and governments will have significant societal impact. Many questions related to tax rates, carbon emissions regulations, and data privacy laws are subject to substantial adjustment during this time. The variability in government intervention for this pandemic has ranged dramatically between countries and even within regions of each country. Concerns over wealth distribution and safety nets remain unknown for much of the world. Furthermore, supply chains affect firms across industries and must face the decision of whether to find alternative sourcing away from China. These disparities are growing wider between the firms gaining market domination and the small businesses forced to close their doors, both temporarily and permanently.

Individuals

Without a doubt, individual people and households are experiencing traumatic panic and chaos. Unemployment rates are accelerating towards Depression-era levels, currently already past 16%, with no respite in sight.²⁰ Over 33 million claims have been filed in less than two months (see Figure 5). These numbers are staggering; their implications, even more overwhelming.

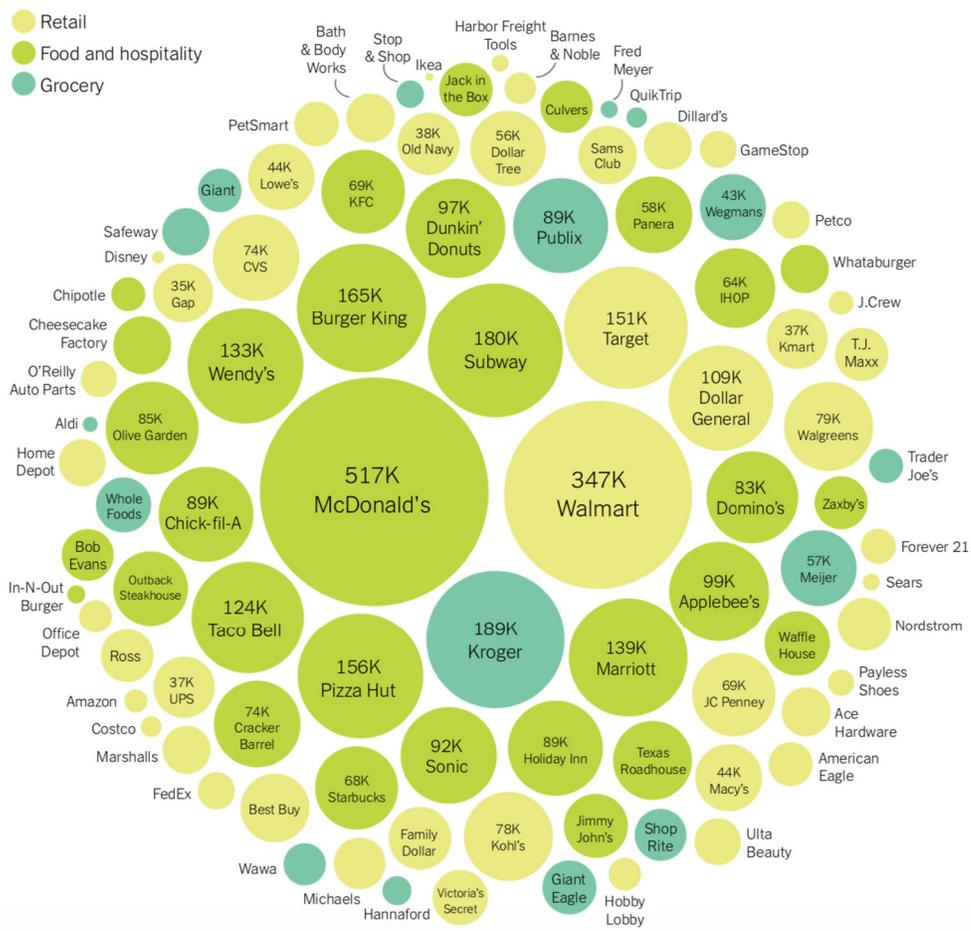
Workers in retail, hospitality, and travel industries are being hit the hardest. Figure 6 estimates of the number of workers without paid sick leave organized by sector. The severity of this virus’s infectivity poses a heartbreaking dilemma for workers. The fear of losing jobs combined with the likelihood of spreading illness to others highlights appalling systemic disparities in wealth and welfare. Not only are these workers actively suffering but their sectors will take longer to recover.

Figure 5. Weekly initial job claims in the United States (seasonally adjusted)



Source: The New York Times,⁶⁰ based on data from the Department of Labor

Figure 6. Estimated workers without paid sick leave



Source: The New York Times.⁶¹ Notes: Based on surveys collected between February 2018 and November 2019. Walmart data from March 2019 to November 2019, following a change in its

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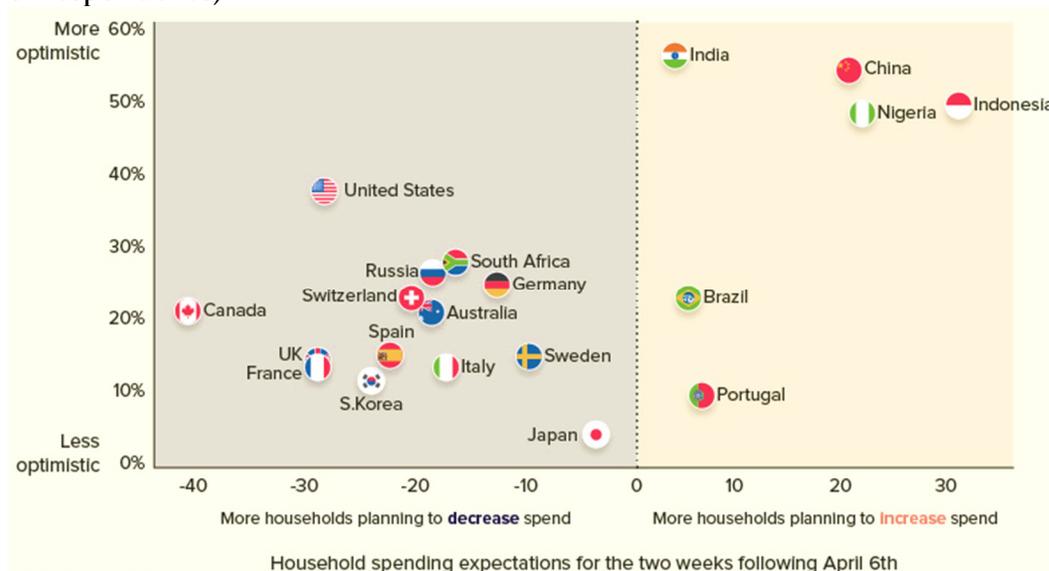
sick leave policy. Includes workers who may be legally entitled to paid sick leave, but reported that they did not believe they were able to take paid sick leave.

Poverty has long been a troubling injustice. This pandemic is brutally magnifying the hardships that over 734 million people around the world already experience.²¹ As inequality of income distribution rises, extreme global poverty rates may increase for the first time since 1998, to up to 9%, representing the addition of 40-60 million people.²¹ The Sustainability Development Goals outlined by the United Nations in 2015 are becoming even more urgent for firms and governments to implement in the deteriorating global economy.

Consumer Behavior

McKinsey describes how consumer spending has become more erratic, with reduced spending on all non-essential products and services.²² Interestingly, consumers in some emerging markets are more optimistic about increasing their spending, namely India, China, Nigeria, Indonesia, Brazil, and Portugal as shown in Figure 7.²³

Figure 7. Optimism about country's economic recovery after COVID-19 (% of respondents)



Source: Visual Capitalist²³

Philip Kotler, leading expert on strategic marketing, acknowledges the rise of anti-consumerism, particularly during this time.²⁴ Firms and governments are being forced to pay and spend more for reactive efforts that could have been alleviated with proactive foresight. Coronavirus has caused

dramatic shifts in individual consumer priorities and spending. People are waking up to the realities that this planet has finite resources and we currently have inadequate systems to sustain our economies, environment, and social welfare.²⁴ What we need to understand is that capitalism and sustainability can, and must, coexist in order for us to move forward.

As a result, consumers are trying new brands, channels, and behaviors, some of which they may continue in the future. This exploration particularly happens when the brands consumers usually buy are out of stock and they have to replace them with new brands. This behavior is an advantage for bigger brands with robust supply chains;²² smaller brands might lose their customers and even cease to exist. Many of these behavioral shifts towards digital activities are expected to continue beyond the crisis and transform markets. Digital interactions, remote and virtual working models, AI-powered and data-driven decision making, and adaptive management practice are expected to be more prevalent or even become the new normal. To remain competitive in the new reality, companies need to find new ways to ensure ongoing resilience, build more adaptive organizational models, and strengthen connections with customers.²⁵

Technology

Technology will play a crucial role in our adjustment to a new normal of business and life. Adoption of new technologies will determine who survives. Video conferencing has become an imperative tool for business and social interactions. Education now relies on virtual platforms and media for students from kindergarten to higher education as well as for professional training. Additionally, rapid technology adoption raises several concerns. New technologies are not evenly accessible to all people in all countries, thus further aggravating social divisions. Proliferation of technology also raises digital and personal privacy concerns, which vary across the world²⁶ and spark public debates.

The pandemic has created opportunities to accelerate adoption of new technologies across all spheres of life, from remote working and learning to e-commerce.²⁶ A proliferation of digital activities is recorded in all industries and all parts of the value chain.²⁵ Digital solutions have been implemented in healthcare. Physical and mental telemedicine have experienced more than 50 percent growth.²² Technology has been transforming work settings for people in all industries. According to an ongoing DSR Digital Transformation 2020 Survey, over 75 percent of companies plan to expedite digital transformation.²⁵ The adoption of Alibaba's DingTalk, WeChat Work, and Tencent Meeting has rapidly increased in China to ensure connection between physically distanced teams and friends.²⁷ Digitalization has also

drastically affected consumption patterns. According to Boston Consulting Group, one-third of U.S. consumers plan to increase online spending next month.²⁸ Leisure activities have also become more technology centered. Usage of online streaming, personal video chats, and wellness apps has grown across most countries.²²

Culture

This pandemic has undoubtedly exerted a massive psychological toll on the world, partly due to the profound disruptions to cultural norms. Culture serves as an inherent set of rules that allow an individual to effectively and efficiently navigate the world around them.²⁹ These norms are constructed through a process called social learning in which individuals look to their surroundings to determine the appropriate way of acting. These norms, through repeated exposure, become an implicit guide for human behavior and decision making. We are so accustomed to these ingrained norms that recent research has found areas of the brain that localize the detection of social norm representation and norm violations.³⁰

However, due to this health crisis, some cultures are experiencing massive disruption to their social norms. Social greetings, for example, are being radically reevaluated with Dr. Anthony Fauci stating, “we may never shake hands again.”³¹ While habits are initially hard to break and inflict a great deal of psychological toll in the process, societies around the world are integrating new social distancing protocols into their daily lives. It remains to be seen, however, how these changes will affect future norms across various cultures. A theory that may provide insight into how the cultural impact may play out is the pathogen prevalence theory. This theory has argued that areas faced with high prevalence of communicable diseases are more likely to be collectivist and have lower openness to experience due to the danger associated with dealing with strangers.³² It will be interesting to see how cultures across the collectivist-individualist and tightness-looseness spectrums will be reshaped following this pandemic.

Impact on Select Economies

The economic impact of this pandemic is clearly devastating around the world. Yet, some nuances in various economies are worth noting. Let’s review some of the leading economies.

Russia

Compared to Asia, Europe, and North America, the COVID-19 pandemic was delayed in Russia.³³ Like in many other countries, restrictions on the movement of goods and people along with rapid transition to e-commerce

are present in Russia. However, Russia faces some unique challenges. This health crisis coincides with a major drop in oil prices. Since the economic prosperity of Russia is still closely linked to oil, experts predict a particularly long economic crisis for Russians.³⁴ Experts also expect capital outflow to advanced economies, which has been typical of any crisis and which was observed in 2009.³⁴

Another unique challenge is a high degree of uncertainty coupled with very limited, compared to advanced economies, government support, which prevents businesses from planning ahead. Despite some government relief programs for small- and medium-sized enterprises, taxes are being increased and this burden falls heavily on individual taxpayers. Limited support from the government, increased taxes, and limited savings of people in Russia are expected to cause significant social problems.³⁴ Despite the economic decline, people are expected to invest in technology for educational and work purposes. Many businesses may realize that their employees can easily work remotely. As a result, companies in Moscow might fire their local employees and hire a cheaper workforce from other regions of Russia. This is a tough prospect for Moscovites but an opportunity for specialists in low-income regions. Additionally, already existing problems, such as widening social inequality and domestic violence, are being further amplified during this time.³⁵

On the bright side, the pandemic is strengthening family ties: many people moved in with their extended family to spend this time together and support each other.³⁵ According to a new survey from *Roskachestvo Consumer Behavior Research Center*, Russians have decreased their consumption of sweets and alcohol.³⁶ Although the initial stages of the pandemic demonstrated the opposite, some Russian experts predict the acceleration of globalization because it is more efficient for countries to unite in their fight against COVID-19.³⁵

Brazil

In Brazil, the eighth largest economy in the world, the pandemic caught the country off guard, creating not only a health crisis but also economic and institutional disruptions. The Brazilian government was in the middle of structural reforms for the economy, aiming to adjust government spending through privatization programs and reducing the size of the state. However, like other countries, the initial responses of the Brazilian government to the health crisis were loose and passive. Since Brazil has a significant public health system under the management of states and counties, mayors and governors took the lead by implementing shelter in place and social distance measures.

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As the number of cases increased, the economic indexes became worse. At the beginning of April, after some reluctance, the Brazilian federal government agreed with congress to provide “emergency help” (in the amount of \$360 USD) for unemployed individuals in informal economies, comprising around 40 million eligible people.³⁷ Despite government interventions, effects on the economy due to closed stores and fearful people are inevitable. According to the Economist Intelligence Unit, Brazil is forecast to experience an economic contraction of 5.5% in real GDP growth, including losses in the domestic market, exports, and foreign direct investments.³⁸ Additionally, IBGE indicates that the production of goods has declined by 7.1% since March.³⁹

Some firms are taking advantage of this crisis and improving their competitive position in Brazil by rapidly responding to market challenges and trades with new products, services, and business models. One example is Magazine Luiza, a retailer established in 1957, accounting for 1,000 stores and 30,000 employees. Amid the crisis, the founder challenged the executive team to propose solutions that allow the company to reduce losses. Moreover, she also asked for ideas on how the company could use its assets and resources to help small retailers and unemployed people. Over eight days, the company launched two businesses. The first is a free digital sales platform called Parceiro Magalu (Magalu Partner) that helps small retailers and freelancers sell products and services through the hub.⁴⁰ The second project, Magazine e você (Magazine and You), is similar to an affiliate program in which people can create their own virtual store on a digital platform to sell the magazine’s products, earning up to 12% as commission. According to the founder, “after one week of launching, we had an entry of 160,000 autonomous workers, who started selling our products, and 15,000 companies.”⁴¹

An essential part of the Brazilian economy involves small- and medium-sized enterprises (SMEs). According to the Brazilian Service of Support for Micro and Small Enterprises, 13 million SMEs employ 21.5 million people.⁴² Due to the shelter in place and social distance measures, retailing SMEs have experienced 70% of average losses. Some businesses are overcoming the crisis using digital platforms. Loggi and Rappi are Brazilian unicorn startups that offer a multi-sided platform for deliveries using motorcycles to connect consumers and firms. Rappi declared that, since the pandemic started, deliveries from pharmacies increased 10%. Loggi was upgrading their resources to extend three times their usual volume.⁴³

Brazil is a connected country. Mobile devices allow firms and their consumers to interact and share information constantly and rapidly.⁴⁴ 83% of Brazil’s 211.8 billion citizens own a mobile phone, of which 60% are

smartphones.⁴⁵ This population spends a great deal of their time using the internet. The pandemic has increased social media usage by 58%.⁴⁶ Capitalizing on these digital advantages may help Brazil survive this health crisis.

Turkey

Coronavirus pandemic reached Turkey much later than most other countries and exhibited a steep growth trajectory. Its spread started to taper by the end of April with implementing social distancing, providing free masks, halting flights, and imposing a curfew during weekends.⁴⁷ However, mid- and long-term consequences in Turkey are difficult to distinguish since authorities are still uncertain when the strength of the pandemic will diminish. Pandemics incite permanent impacts on societies. Turkey's already struggling economy pre-pandemic poses ambiguity for its future state.^{47,48}

In particular, this health crisis exacerbates Turkey's acute problem of balance of payments, dwindling foreign reserves, and growing unemployment.⁴⁹ More specifically, the European Union, whose members comprise an epicenter of the pandemic, is Turkey's largest trading partner.⁵⁰ Approximately 50% of Turkey's exports are to European countries, including automobiles, household appliances, garments, and aerospace components. Tourism is responsible for 12% of Turkey's economy, with almost half of tourists coming from Europe. Additionally, Turkey relies on foreign direct investment and short-term finance from European sources. Therefore, the status and progress of COVID-19 in Europe are of high concern for Turks.

Fortunately, every crisis also creates opportunities. Since Turkey is highly dependent on energy imports, falling oil and gas prices have been an immediate gain for Turkish economy. Second, with special crisis-related financial facilities from the International Monetary Fund, Turkey may benefit from such long-term, low-interest financing. Third, European manufacturers are reconsidering their supply chain strategies; cooperation with nearby countries is an attractive option. In this respect, Turkey can be an alternative to China for semi-finished products, even after the pandemic, with its strategic location, industrial capabilities, and strong workforce.^{50,51} Finally, compliance of Turkish society towards government and health guidelines represents promise for this country by showing its resilience against future possible crises.⁵²

Italy

Before the crisis, and compared to the other European economies, Italy was one of the countries with the slowest responsive administration rates, the lower aid coming from the State, and it was far below the average for the

ease of access to finance.⁵³ Altogether, these characteristics hinder the ability of firms to promptly receive financial help. Relatedly, the government promised to facilitate access to financial aid to individuals, families, autonomous workers, and firms. The State, approving mortgages, tax payments, and social security suspensions, together with the funds dedicated to the unemployment benefits and the increase in businesses' guarantee funds, represent maneuvers that strive for positive impacts on the economy.⁵⁴

Overall, Italians feel that their consumption habits will change with prevailing consumer sentiments to reduce spending on non-essential products and services, while focusing on savings, whenever possible.⁵⁵ The crisis mainly affects small- and medium-sized enterprises (SMEs) that constitute the backbone of the Italian (non-financial) economy, generating employment for more than 75% of the overall population.^{53,56} Short-term related risks that Italian SMEs will likely face are liquidity and investment contractions. However, while short-term risks can in some way be covered by the government, long-term risks may profoundly affect the Italian market. Northern Italy, deeply integrated with other countries through trade relations and active in supply chains, experiences particular devastation compared to other regions. Continued interruption of firm activities could push trade partners to find alternative suppliers, which would lead to tremendous losses for the Italian economy as a whole.⁵⁴

Such potential effects, together with the expected global trade contraction, would be particularly damaging because Italy's pre-crisis economy exhibited a positive trade balance with exports and imports comprising approximately 31% and 29% of the its GDP, respectively.⁵⁷ Generally, Italians are increasing their feelings of nationality, amplified by the need for socializing despite quarantine restrictions. These feelings reflect the willingness to help one's own country and, particularly, the micro-enterprises that represent the Italian engine. Coronavirus has ravaged Italy, which now carries a stigma that will be hard to shake.

Conclusion

This momentous disruption will serve as a test of our resilience and willingness to execute change upon reflection. Our abilities to recover and adapt will define the future of our economies, environments, and societies. The health crisis offers us opportunities to reflect, learn lessons, and rebuild. The question remains as to whether we can demonstrate best practices in building resilience. A combination of problem-solving skills, self-control, optimism, sense of community, and hard work will help us develop these new standards of behavior. The way to battle crisis is to embrace collective determination and overcome global adversities.

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