Chapter 1
Surviving Pandemics in the Long Run:
Need for Sustainability in a COVID-19 World Economy

Shreyansh Budhia
The George Washington University, USA

Sushanta Kumar Mahapatra
https://orcid.org/0000-0002-0831-3621
The ICFAI Foundation for Higher Education (IFHE) (Deemed), Hyderabad, India

ABSTRACT

In this chapter, the authors suggest that the world economy, under its current state of things, cannot function if it decides not to bring about a change in its key areas of operation. Based on this finding, the authors argue for a need to mainstream environmental, social, and governance (ESG)-related environmental metrices for goods and services developed by private and public institutions. They emphasize the need for the inclusion of an environmental clause in international trade agreements to account for sustainability. The chapter describes some areas of the gross domestic product (GDP) where sustainability can be included to account for our modern-day environmental problems. It stresses the need for implementation of carbon taxes and carbon tariffs to account for global emissions. The authors critically analyse the Paris Agreement and argue why it is not enough. They introduce the concept of climate restoration and brief on the scope of business opportunities carbon negative investments can provide investors with.

DOI: 10.4018/978-1-7998-6896-5.ch001

INTRODUCTION

On November 17th 2019, a 55-year old man with a case of pneumonia allegedly came to doctors' attention in China's Wuhan (World Health Organization, 2020). The etiology, or the cause, perplexed them. One to five more similar cases popped up each day since then. And by December 20th, there were 60 confirmed cases of a pneumonia with an unknown cause (World Health Organization, 2020). Ten days later, the Wuhan Municipal Health Commission reported a cluster of cases of pneumonia. Eventually, by the end of the first week of January 2020, WHO reported that Chinese authorities had determined that the outbreak was caused by a novel coronavirus (World Health Organization, 2020).

Ever since then, the coronavirus outbreak has claimed 6.7 million lives worldwide as of February 7th 2023 (Worldometer, 2020). In countries like India and Brazil, total deaths have exceeded 500,000 people (Worldometer, 2020). The United States has seen more than 1.1 million casualties (Worldometer, 2020). Many European countries like Italy, Germany, Greece, and the UK have already experienced a third wave as of April 2021 (Worldometer, 2020).

The pandemic has also had a net negative impact on the global economy. The IMF, in early 2020, predicted that the global economy might witness a cumulative loss of over $12 trillion from Covid19 over the years 2020 and 2021 (Rebucci et al., 2020). The World Bank predicted that while emerging markets and developing economies might contract by 2.5% - their weakest growth rate in at least sixty years - advanced economies, counterintuitively, might shrink by 7 percent (Rebucci et al., 2020). Every major economic region in the world was projected to contract significantly. Many reports predicted that places like South Asia, and Sub Saharan Africa might contract by 2.7%, and 2.8% simultaneously (International Monetary Fund, 2020). Europe, Central Asia, and Latin America, however, were projected to contract by a larger value of 4.7% (International Monetary Fund, 2020). In fact, it is only East Asia and the Pacific that was predicted to register a net positive GDP expansion with a meagre growth rate of 0.5% (International Monetary Fund, 2020). And while GDP contractions from different economic regions might already ring bells of apprehension for most, reports predicted that independent nations might register even more severe economic consequences. OECD predicted that real GDP growth rates might contract for countries like Mexico, Italy, India, and the UK by more than 10%. For countries like Argentina and South Africa, this value was projected to be greater than 11% (International Monetary Fund, 2020). According to the World Bank, industries globally, ranging from energy and utilities, to healthcare, tourism, and commodities have gravely suffered as a consequence of the pandemic (McKinsey & Company, 2022). All these numbers were mostly proven later on in terms of severe economic recession in most listed economies. And while the world in 2020 and 2021 continued on betting for a vaccine, it had entirely managed to not care enough about the root cause of the problem.

Covid19 is one of several long-term consequences of running our modern economy in an unsustainable manner. The disease that spread due to unregulated trade in endangered wildlife and destruction of ecologically sensitive habitats is just one of several pandemics that have had similar environmental and zoonotic origins. According to Gebreyes et al, about 75% of emerging infectious diseases are zoonotic in nature accounting for billions of illnesses. These diseases, that usually originate from destruction of the environment or trading different species of wildlife, often have significant impact on lives of people and the health of different economies. A Scientific American article reports that zoonotic epidemics alone account for millions of deaths annually all across the globe. HIV, for example originated from Chimps in Central Africa, likely jumped to humans through consumption of bushmeat, or meat from wildlife, and continues to affect millions annually (Ashe, 2020). According to the Global HIV & AIDS