
Introduction

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The special issue aims to assess the severity of the COVID-19 recession and its impact on the GDP growth rate, focusing on emerging markets. The outbreak of the COVID-19 pandemic challenged policymakers across countries to cope with the adverse effects. This required much public investment to aid people in rebuilding capacity to accommodate the growth needs. A significant slump followed lockdowns in activity in many economic sectors. Both advanced and emerging economies experienced mounting budget deficits when the economy was about to crash, leading to more massive budget deficits and negative growth rates. This made government debt go up.

Following the COVID-19 pandemic, which plagued the world in the first quarter of 2020, virtually all countries have started to impose lockdowns and restrictions in order to prevent its further expansion. Some countries have introduced strict lockdowns, and people have become more risk-averse when confronting COVID-19 cases. Countries with more stringent lockdowns and preventive measures to contain the COVID-19 pandemic have experienced a more significant decline. Despite the well-targeted policies across countries, the global economy suffered a severe recession in the second quarter of 2020. Developed economies contracted by 4.7% after a growth of 1.6% in the previous year. The developing economies experienced a decline of 2.2% following a surge of 3.6% a year earlier.

Although the economic literature on this subject is extensive, the papers included in this special issue examine the discrete changes within the economic environment and measure the severity of the COVID-19 crisis and the opportunities in multiple ways. The articles included in this special issue are fascinating case studies. Bào and Vãn look at the relationship between stock return and air quality in Ho Chi Minh City and find that the relationship between stock return and air quality in Vietnam became a trade-off due to COVID-19.

Romero, González, Páez and López identify post-pandemic recovery scenarios for Mexico City based on different trajectories of labour productivity. Results show the benefits of an investment policy for specific strategic sectors in the various municipalities of Mexico City, i.e., higher value-added sectors, knowledge-intensive services, green industries, and sectors of high employment generation. These investment decisions could favour Mexico City for decades, fastening it into a path of environmentally and socially sustainable economic development.

Depren, Kartal and Depren investigate the impacts of monetary policy responses to the COVID-19 pandemic on national currencies and the effects of monetary policy responses on the value of the Turkish lira against the US dollar.

Fakhoury and Fakhri look at government and business response to pandemics in Jordan and Morocco. They suggest that businesses that assumed resilient strategies, such as establishing an online presence and converting production, were more likely to remain open. In contrast, firms that adopted remote working were less likely to survive.

Vivek, Murugesan and Lavanya examine tax capacity assessment for COVID-19 resource mobilisation and tax capacity for the state of Kerala, India. Technical inefficiency in the tax capacity limits the potential for additional resource mobilisation.

Habibullah, Saari, Lau, Din and Mahomed tested the stock market-unemployment hypothesis during the COVID-19 pandemic by using Malaysia's daily data on stock prices and unemployment rate during the COVID-19 pandemic. They find that the stock market and unemployment are non-stationary and cointegrated.

Morales-Contreras, Suárez-Barraza and Redín analyse the case of a supermarket store in a mid-size Spanish city that has been selected and observed for more than 30 weeks. Findings show that all types increased significantly during the first four weeks after the pandemic outrage but decreased afterwards when management actions were implemented.

The COVID-19 pandemic did not affect all countries simultaneously, however the policy response influenced economic performance and led to different growth paths, challenges and opportunities. These articles illustrate how the lockdowns impacted the economy and help policymakers devise plans to get out of the crisis and make the system in emerging markets more resilient to looming crises.