
THE COVID-19 PANDEMIC GLOBAL RISKS AND UNCERTAINTIES

Editor
Nazan Susam

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PREFACE

The World Health Organization's declaration of the COVID-19 disease as a pandemic as of 11 March 2020 has been considered the beginning of the fight against a new crisis for all countries. The COVID-19 pandemic is a health crisis. With the beginning of the process, protecting human health and efforts for avoiding possible excess capacity in the health system has been the priority of all countries. In this context, the first measures taken to reduce the damage caused by the virus are aimed at enhancing the health system.

In order to prevent the collapse of the health system and slow down the spread of the disease, initial restrictions were put in force regarding social mobility, and in the second stage, financial measures were started to reduce the economic contraction that would create the crisis. In this process, while countries are closing borders to the world along with imposing social restrictions, these social restrictions in many countries were gradually being relaxed starting from June 2020, as financial measures have continued to be increased.

At the stage we have come to, the most important word that combines the different dimensions of the COVID-19 pandemic, which has strongly affected all societies, is uncertainty, and the risks that countries are facing. Although the concept of "uncertainty" has a meaning that covers risk, "risk" is more often encountered as one of the main determinants of human activity. As long as there is uncertainty about the size of the pandemic and how long it will last, risks to activities in the economy and social life will also increase.

Uncertainties remain, both in terms of health and in terms of other effects due to the pandemic. The state of uncertainty prevails, in terms of human health and other effects of the pandemic. The uncertainties related to economic variables and economic recession risks have increased especially due to the social limitations that aim to prevent the spread of the virus.

This process is a long lasting one and each stage may be the subject of different studies. The continuation of the process requires short-term, periodic elaborations. This study, which mainly analyzes the first effects of the pandemic, is important in terms of being able to follow the social and economic developments in the process.

A total of ten chapters in the book were prepared to draw attention to the risks and uncertainties experienced in the pandemic process from an economic, financial, social and political point of view.

The first part analyses the risks and uncertainties in the field of Economics;

- Nurtaç YILDIRIM, "**Challenges in Global Value Chains After COVID-19 Pandemic: A Review**" In this study, the advantages created by international production fragmentation, the increasing vulnerability due to this structure, the transformation created by global value chains (GVCs) in the international production and trade structure will be discussed. The impact of crisis processes on this volatile structure, the mechanisms of GVCs to spread the effects of the crisis to the international production and trade structure, and the effects of the COVID-19 pandemic on GVC activities will also be discussed, and the future of GVCs will be evaluated under the conditions created by the COVID-19 pandemic.
- Hülya DENİZ KARAKOYUN, "**The Effects of the COVID-19 Pandemic on the Exchange Rates of the Fragile Seven Countries**" In this study, there is an analysis of how the COVID-19 affected portfolio investment and exchange rate movements of seven emerging economies with similar macroeconomic indicators, which underlined by IMF in the World Economic Outlook Report (April'20). The relative importance of internal (pull) and external (push) factors of capital outflows

during COVID -19 will be compared with each other for the period from early January'20 to the end of August'20. According to the results of the comparative methods, while the uncertainty, economic growth, broad money supply growth, the short term external debt, and international reserves to external debt stock are meaningful factors, the monetary policy of advanced countries, global liquidity, and Credit Default Swaps are not.

- Elçin ŞİŞMANOĞLU, “**The Risk and Uncertainty Affect of COVID-19 Pandemic on Business**” The COVID-19 pandemic is a shock for the global economy that has influenced the whole world. This has not only outcomes for the economy; the whole community has been impacted which has caused significant changes in how businesses act and consumers behave. The COVID-19 pandemic has affected various sectors of society in different ways. Many companies have implemented their business continuity and crisis management action plans in the face of unexpected situations. Throughout the process, companies have had to take radical measures in order to continue their services and not to risk their operations. It is important to look forward and plan ahead for businesses. Businesses need to develop new strategies, new practices, different methods and tools to succeed in this process.
- Merve AYDOĞAN ÇİFÇİ & Sevinç GÖKTEPE, “**Uncertainty in Tourism Caused by Covid-19: Reconstructing the Industry with Opportunities**” Globalization and tourism have a bilateral and strong relationship. As the COVID-19 outbreak has led to uncertainty and deglobalization, tourism has been one of the industries hit hardest. Beside recovery strategies, recent research studies have also paid attention to regeneration of tourism with sustainable approaches. This is seen a very significant opportunity to make global tourism environmentally and sociologically responsible. Turkey is one of the countries having a great scale of tourism opportunities to help boost other sectors and the economy. This study focuses on highlighting the relationship among tourism, deglobalization and COVID-19 Pandemic. The effects of the COVID-19 on the Turkish tourism industry and forecast for the future are also examined. By doing so, arguments about the opportunities for reconstructing the tourism industry has been discussed.

The second part analyses the risks and uncertainties in the Fiscal Policy:

- Nazan SUSAM & Ferda YERDELEN TATOĞLU, “**The Effects of the COVID - 19 Fiscal Measures on Economic Variables: An Analysis Across Countries and Country Groups**” The economic and financial effects of the crisis will depend on, first the current problems and structural characteristics of a country at the time it faced the crisis, and second the responses, the forms and speed of interventions by policy makers. Measures taken and policy decisions made by nation states will lead to different outcomes for different countries and country groups. This study analyses these economic measures in three categories: fiscal emergency measures, deferrals, and liquidity provision and credit guarantees. The analysis starts with a monthly evaluation throughout the pandemic according to country groups, using EU, G7, G20 and OECD data. Data on individual countries were also analyzed where national data was available and correlations between these three types of fiscal measures and certain economic variables were evaluated. The study found significant and positive correlations between emergency measure packages and changes in exports, liquidity provision and credits, and interest rates.

- Binhan Elif YILMAZ, “**Public Debt in COVID-19 Pandemic Crisis in Europe and the Toxic Legacy of the European Debt Crisis**” The global crisis and COVID-19 pandemic crisis have caused financial, economic and social imbalances in many countries. The European Union member states stand out both through the channels affected by these crises and through their own unique solutions within the Union. However, most of the Union’s member states are moving from the global crisis to the present to a highly indebted future. PIIGS countries are the most important actors in the transformation of the global crisis into a debt crisis, especially in Europe. These economies have been heavily affected by the COVID-19 pandemic crisis, which has spread to all the countries of the world since the early days of 2020, and have been caught up in the pandemic crisis by the high public debt of the global crisis and its toxic legacy. This study examines the impact of the toxic legacy of Europe’s debt crisis on the financing problem of the COVID-19 pandemic. In this context, the toxic debt problem is evaluated together with the risks caused by the pandemic crisis and the measures taken.
- Aysel ARIKBOĞA, “**The Role of Fiscal Space on Responses to the COVID-19 Crisis**” The paper focuses on the potential role of fiscal space on responses to the COVID-19 pandemic. Accordingly, countries with ample fiscal space have the opportunity to respond swiftly and the amount of the fiscal packages are relatively higher in these countries compared to the ones with limited fiscal space. In this respect, developing economies with limited fiscal space have so far lagged behind the advanced economies in fiscal policy measures. The paper also argues that the process of expanding fiscal space can also lead to decreasing inequality via increasing qualified public health and education services and the restructuring of a more progressive tax system.

The third part analyses risks and uncertainties in the social and political sphere:

- Selcan PEKSAN & Meltem GÜNGÖR DELEN, “**COVID-19 Induced Uncertainty and Labour Markets: Risks and Insights during the Early Stages of the Pandemic in Turkey**” The global spread of COVID-19, presenting both economic and social shocks that cause severe impacts on labour markets, has led to a crisis worldwide. These impacts differ among countries depending on the structural features of their labour markets and the scope of the measures they have taken. The negative consequences of the current crisis are particularly harsh for disadvantaged and vulnerable labour groups, such as informal workers, low-income occupations, and youth. Hence, the unequal character of the risks posed by the pandemic is mainly due to inequalities associated with the segmented structure of the labour markets. From this perspective, the structural characteristics of the Turkish labour market are likely to deepen the pandemic induced risks in the long run.
- Filiz BALOĞLU, “**Women’s Connected Lives During the COVID-19 Pandemic: From Home to the Economy**” The purpose of this study is to reveal the intersections of domestic life and economy due to the new burdens that women “working from home” or “unemployed” in the COVID-19 process had to shoulder in the context of care work. Care work sustains life and involves intimate relationships. Therefore, the foundation of this study is the Zelizerian ‘connected lives’ approach, which explains the relationality between intimate relationships and the economy. This approach leans on a series of negotiations inside or outside the home. Pre-pandemic established negotiations in the context of care work that allow women to participate in labor markets have changed. Accordingly, the study tries to exhibit the way these new negotiations are shaping the relationship between domestic life and the economy, and to present foresight on whether new negotiations will continue or not.

- Gizem BİLGİN AYTAÇ, “**Changing Security Threats and Impacts of COVID-19 Pandemic in Global Politics**” This study aims to highlight the COVID-19 pandemic effect on global politics in a critical view. Since December 2019, the world has seen the most significant threat that cannot be only studied with classical security approaches, based on a state-centric view but also needs a critical approach. The COVID-19 pandemic is a unique global threat that has affected all the actors in global politics, especially regarding their security. This study aims to look at how the COVID 19 pandemic affected individuals, genders, and societies in the risk groups of global politics, and how the state leaders reacted to them in this period of uncertainty. In six months, “war against a threat” was redefined by comprising health, food, human and gendered securities, also considering the massive environmental change in the globe. This global threat will affect the future of the world, with political choices, consuming tendencies, and coping with violence.

I would like to express my sincere gratitude to all the colleagues who have contributed to this editorial book prepared by thirteen invaluable female members of the Istanbul University Faculty of Economics. Despite the difficulties we experienced during the lockdowns, when we stayed in our homes, this work that connected us to each other once again reminded us of how important resilience, cooperation and solidarity are in academic life. I would also like to express our extended gratitude to Istanbul University, the Faculty of Economics and our professors who have supported us during the preparation and implementation of this study. This study was funded by Scientific Research Projects Coordination Unit of Istanbul University. Project number: SBG-2020-36831

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