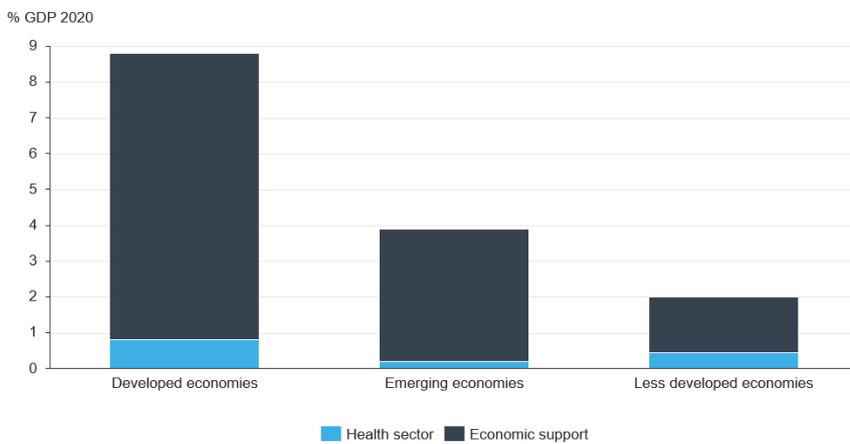


RICH VS POOR

Continuing the theme from the last edition of the Economic Brief leads us to consider how countries are dealing with the economic impact of COVID-19 and what actions they are taking to overcome the crisis. As can be predicted, the traditional rich–poor dichotomy is alive and well.

Richer countries can spend more to support their economies

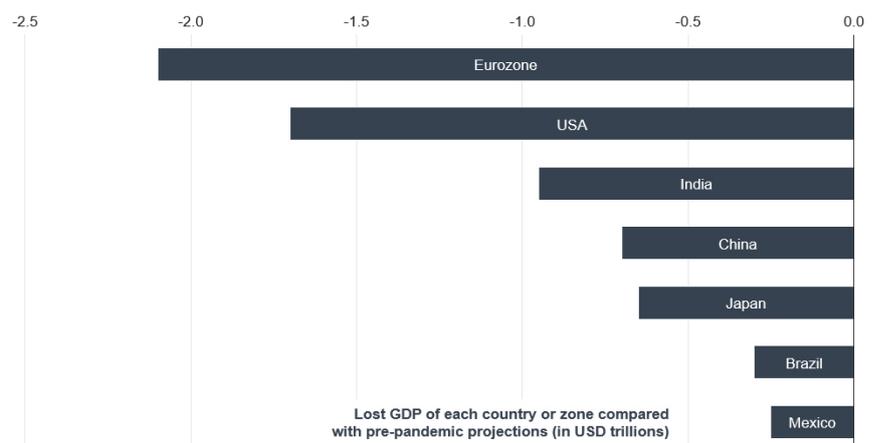


The graph opposite highlights the level of spending that governments have put into play to support their economies. The three categories, split in line with IMF divisions, clearly demonstrate that developed nations are much more able to inject funding to support their economies, reaching almost 9% of GDP in 2020 vs just 2% for less developed nations. This distinction is not quite so pronounced when it comes to supporting the health sector but is worth noting nonetheless.

Sources: LBPAM & IMF

However, despite the increased spending in wealthier regions to support their economies, the graph opposite shows that the pandemic is having the most significant adverse economic impact in these very regions. Compared with pre-pandemic projections, the eurozone and the US appear to be the worst struck in terms of lost GDP.

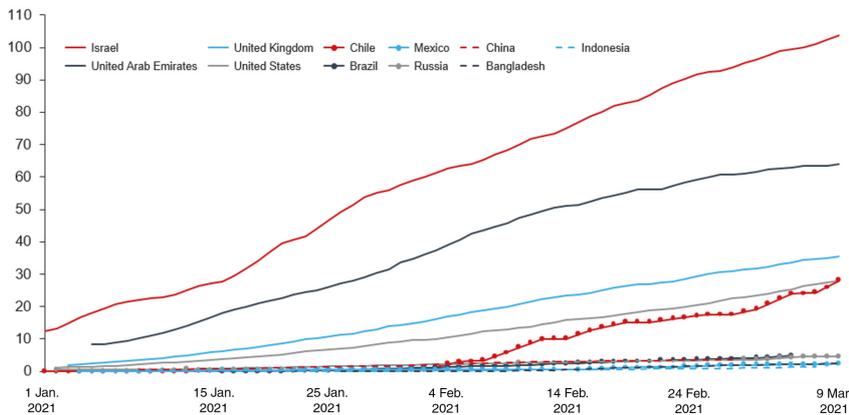
Severe impact of COVID-19 on the level of GDP in 2020–2021



Sources: World Bank

The differentiation in treatment between richer and poorer nations is also significant with regard to vaccination. Many wealthier nations have sought bilateral agreements with pharmaceutical giants to snap up vaccine doses for their own populations, without consideration of any sort of equitable access for the world's population. Indeed, in January, the WHO chief, Tedros Adhanom Ghebreyesus, expressed fears of a 'catastrophic moral failure' for such practices.

Cumulative COVID-19 vaccination doses administered per 100 people



Some of this impact can be seen in the graph opposite, showing COVID-19 vaccination doses per 100 people. The top four leading countries all struck major deals early on, notably with Pfizer, Moderna, and AstraZeneca as well as Sinopharm, the Chinese vaccine, in the case of the UAE.

Source: Our World in Data

All is not necessarily doom and gloom, however. Production of vaccines is increasing and entirely new vaccines are still being created. The excess vaccines acquired by developed nations will inevitably be shared with developing nations – mostly likely through the WHO's COVAX initiative – thereby accelerating the vaccination process globally and attenuating, to some extent, the difference in treatment between rich and poor.