

Governments are injecting hundreds of billions of dollars into the economy to prevent the risk of the biggest crisis in history

'A global crisis, which may be the biggest crisis in history, is almost certain to occur,' warns UN Secretary General Antonio Guterres.

In recent weeks, a series of central banks around the world launched relief packages for the economy with huge amounts of money. Fear of a recession became more apparent when Covid-19 infected more than 200,000 people and killed more than 9,000.



Secretary General Antonio said that the individual reactions, lack of cooperation between countries in the world today will not end the increasingly complex Covid-19.

"This is the time for the right cooperation, assertiveness and the right policies from all leaders in the world. We are in a very dangerous situation and the usual rules will not work." use any more, "warned General Secretary Antonio.



United Nations General Secretary (UN) Antonio Guterres

A great crisis in history?

On March 15, 2020, the US Federal Reserve (FED) suddenly cut interest rates to 0-0.25% and activated quantitative easing (QE) program, which will buy \$ 700 billion of assets from the market to rescue the economy. This is the second time that FED unexpectedly made strong moves to save the economy in just 2 weeks.

Let me remind you that these movements have never occurred since the 2008 Great Depression.

Last month, the Dow Jones industrial index also fell more than 8,000 points. The fear of Covid-19 caused US stocks to lose 30% of their total market capitalization in just 3 weeks and ended the chain of 11 consecutive weeks of growth.

In the past 6 months, the US CPI has increased continuously from 2% to 2.5%. With the current situation, inflation in the US may continue to rise amid fears of people and storms of stockpiling in supermarkets.

Although the US has launched bailout packages as well as lowering interest rates and tax incentives for people, they only helped a little. When there is still fear of disease, people will still be limited to the streets, trade, consumption and the economy will still be affected.

Bank of America (BoA) even acknowledged the world economy was in recession because of Covid-19.



US stocks are devastated because of Covid-19

"We formally assume that the US economy has fallen into a recession along with the rest of the world, and this is a very severe recession. Jobs will be lost, assets will be destroyed. and trust will fade," said economist Michelle Meyer of Bank of America.

Accordingly, BoA predicts the US economy will decline in the second quarter with a negative 12%, GDP growth for the whole year will be negative 0.8%. The unemployment rate in the US will nearly double and can jump up to 20% with an average of 1 million employees losing their jobs every month in the second quarter of 2020.

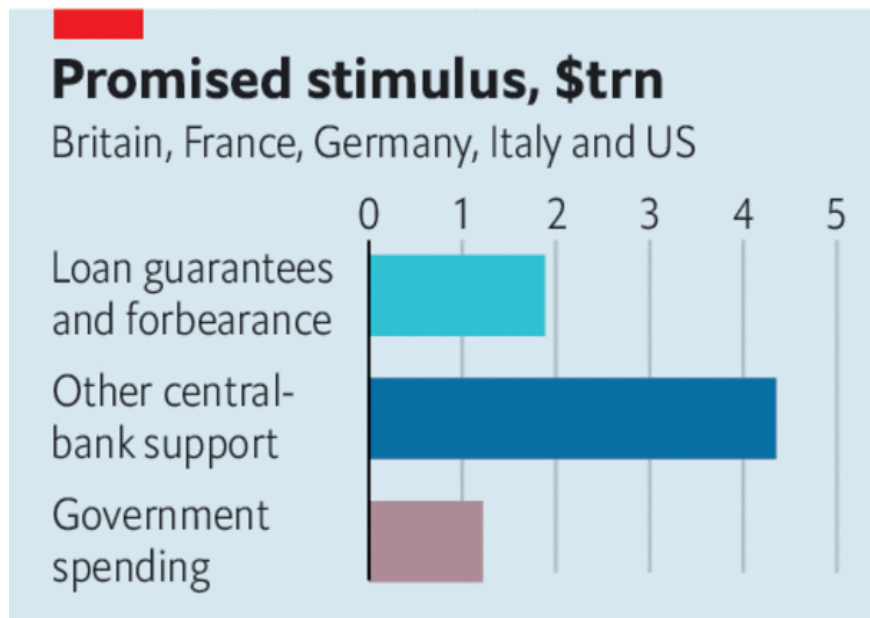
Similarly on the other side of the Pacific, the world's second economy, China, is also expected to fall by 10-20% in January 1-2 / 2020 compared to the same period last year.

The Economist predicts that with the current spread, about 2.2 million Americans and 500,000 Britons will die from Covid-19 until the end of the summer.

Pump hundreds of billions of dollars against recession

According to estimates, a series of economies such as the **United Kingdom, Germany, USA, France and Italy have launched a total of USD 7.4 trillion in bailout** , equivalent to 23% of GDP to save the situation. However, most of this money is from central banks while the government has not yet taken many active measures to deal with a major recession.

In response to an economic crisis, **the European Central Bank (ECB) decided to buy 750 billion euros** of assets from the market but that was not enough when economies like Italy would suffer. Great influence from Covid-19.



The Economist

A series of Western countries pumped trillions of dollars to combat recession

According to the Economist, a series of banks and businesses will go bankrupt after Covid-19, causing millions of workers to lose their jobs, thereby pushing the economy into a vicious circle when consumers have no money to buy products, the enterprise failed to sell goods and laid off workers. Although the government will intervene in aid, they will not solve the situation when people's fears of disease are not easily stopped.

France assumes that their companies will cope and survive the crisis, while the US injects more money into the economy, but they only target large corporations, while small companies are the hiring group. most labor.

Recently, **US President Donald Trump said that he is considering to propose a bailout package of more than 1,000 billion USD, of which about 250 billion USD in cash will be given directly to people.**

Both Germany and the United Kingdom offer concessional loans, but it is unclear how these loans will help the economy. British Finance Minister Rishi Sunak said the government would spend £ 330 billion, or \$ 398 billion, to save the economy. Meanwhile, the Australian Government has announced a relief package of 17.6 billion Australian Dollar (AUD), equivalent to 10.4 billion USD.

While Germany pledged to spend 550 billion Euro, equivalent to 608 billion USD, Italy also approved a stimulus package of 25 billion Euro, equivalent to 28 billion USD for the economy. In France, a relief package of 45 billion Euro, equivalent to 49.92 billion USD was also approved.

Japan also announced support of US \$ 4 billion for the economy and it is even reported that Japanese Prime Minister Shinzo Abe is considering issuing 12,000 yen, or US \$ 111, to each household to stimulate demand.



Some Japanese lawmakers are now asking the government to consider a \$ 280 billion tax package to save the economy from a recession because of Covid-19.

In Hong Kong, each resident over the age of 18 will receive more than \$ 1,200 and in Singapore, the government has launched a bailout of 4 billion SNG, equivalent to 2.76 billion to save the economy from February 2020. In the near future, Singapore will launch the second bailout package which is estimated at around 7-10 billion SNG, equivalent to 4.82-6.89 billion USD.

In South Korea, a US \$ 9.59 billion stimulus package has been implemented since March 2020 and in Thailand, the government has announced a US \$ 12.7 billion bailout package.

For Vietnam, the government has also launched a low-interest VND 250,000 billion credit support package and a fiscal support package such as deferment and extension of at least VND 30,000 billion.

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