

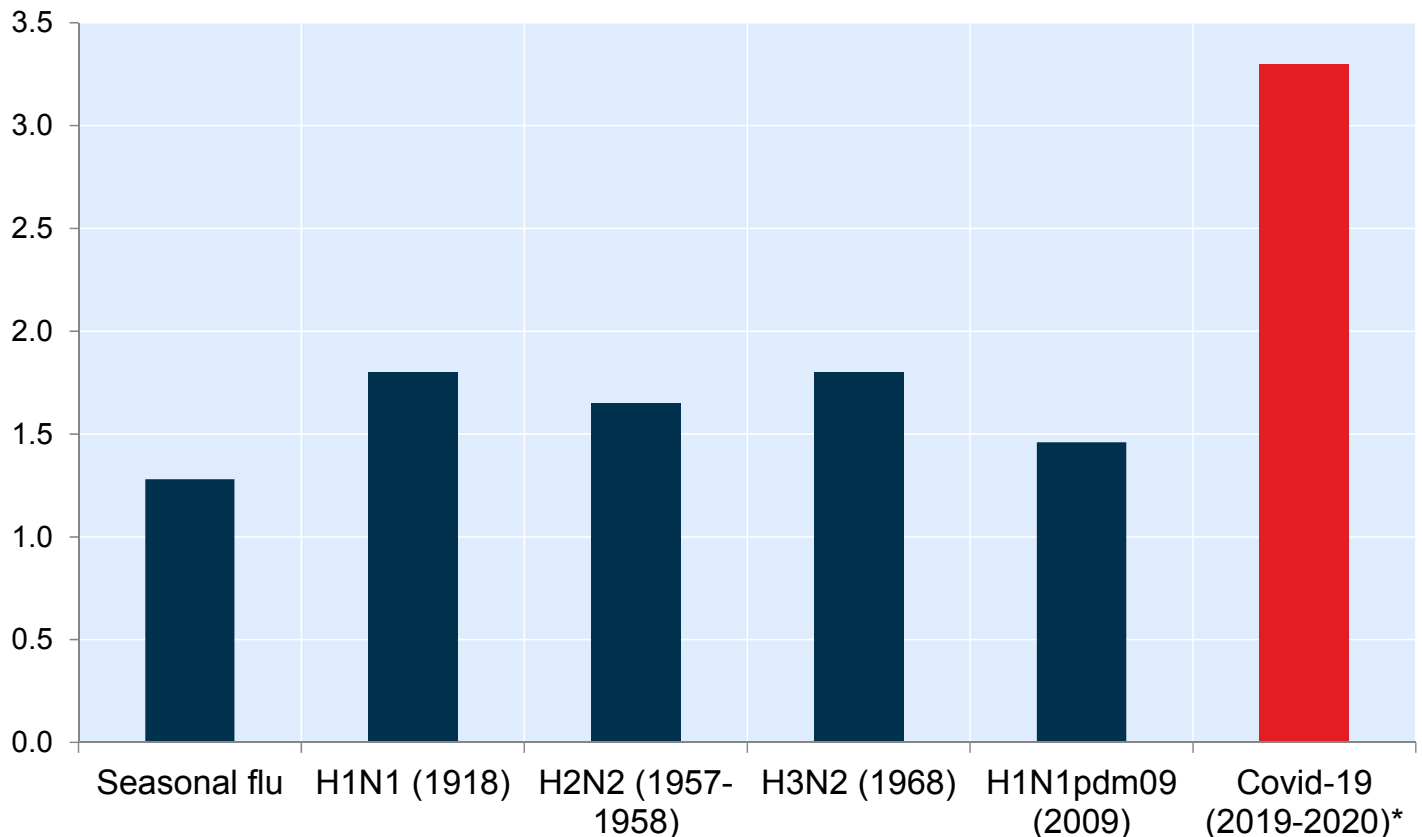
World Watch

By Krishen Rangasamy

Not too long ago economists were learning the hard way about structured products and sub-prime, trying desperately to patch their models which had largely failed to predict the Great Recession of 2008-2009. Fast forward to present day and economists are learning about the concept of R-nought (or R_0) which is now set to put large parts of the world, if not the entire global economy, in yet another unanticipated recession. Scientists call this the basic reproductive ratio, which is simply the average number of people that can be infected by one infected person (i.e. a measure of contagion). Recent research suggests the Covid-19 coronavirus has an R_0 of more than 3. As today's *Hot Chart* shows, this is well above what was observed during past pandemics. In that context, unprecedented action taken by governments worldwide to shut down the economy, while painful, is understandable. So you bet the next time there's an outbreak, economists will be asking "what's the R_0 of this virus?"

World: Why is coronavirus wreaking so much havoc?

Basic reproductive ratio (R_0) for pandemics, i.e. average number of people that one infected person goes on to infect



NBF Economics and Strategy (data via BMC Infectious Diseases, Zhao et al. 2020*)



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