Epidemic Control and Economic Recovery in East Asia

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China: Costly Lockdown Contained Outbreak

- Jan 23: Wuhan Locked Down
- Jan 25: Almost all provinces declare emergency
- Feb 3: Politburo supports back to work (w/heavy strings attached)
- Feb 8: State Council asks provinces to plan for staggered reopen
- March 4: 45% of SMEs resumed work
- April 8: Wuhan lockdown ends

Note: Case and death data seriously underestimated, but government actions suggest real containment and recovery.

Source: Author’s Calculations based on Our World in Data
The (Undercounted) Cost of Containment in China

Note: underestimates by 30-50% due to combination of normal January with locked down February

Source: Caixin, SCMP, CBC
China’s Recovery Stuck at ~80%

• Draconian quarantine eased significantly but unevenly
• Despite some packed places, holiday tourism revenue down 80% from last year
• Wrong QR code? Stuck at home.
• Major stimulus coming much later than most of the world

Source: Trivium China
Initial Containment Without Lockdown for Some: Sustainable?

• Rapid, coordinated government response was key
  • Quickly scaled testing
  • Contact tracing, not just apps
  • Social distancing
  • Travel restrictions with strict quarantines
  • Masks for all
  • Separate quarantine facilities
• Too late to achieve for most countries
• Worrying recent outbreaks in Singapore and Japan

Source: Our World in Data
Recovery is Fragile and Subject to Reversals

- Second wave of often imported cases fought off in Korea, Taiwan, HK, but not fully back to normal
- Singapore (Apr. 7) and Vietnam (Apr. 1) recently imposed first lockdowns
- China: one county and city pushed back into lockdown in April
- Resumption of work and travel raises risk

Source: Singapore Ministry of Health
Importance of Testing for Reliable Data

- Normal to undercount deaths and cases in a pandemic
  - Evidence Italy, Spain, UK, US undercounting
- Most reliable data where there is widespread testing, manageable spread, and open media.
- China has not released data on testing
- Low testing makes Japan high risk
Conclusions

Bad News
- Extremely difficult to contain at country level while pandemic spreads elsewhere
- Travel bans and mandatory quarantines for international travelers not going away
- Expect at least localized re-imposition of some controls in larger countries and cautious consumers in coming months as virus threat rises and recedes

Good News
- East Asian experience shows that with an effective government, the virus can be contained while keeping much of economy running, including service industry

Unknown: Biological Determinants of Second Wave
- Seasonality? Recurrence in fall?
- Limitations on acquired immunity?
- How far away is "herd immunity"?