



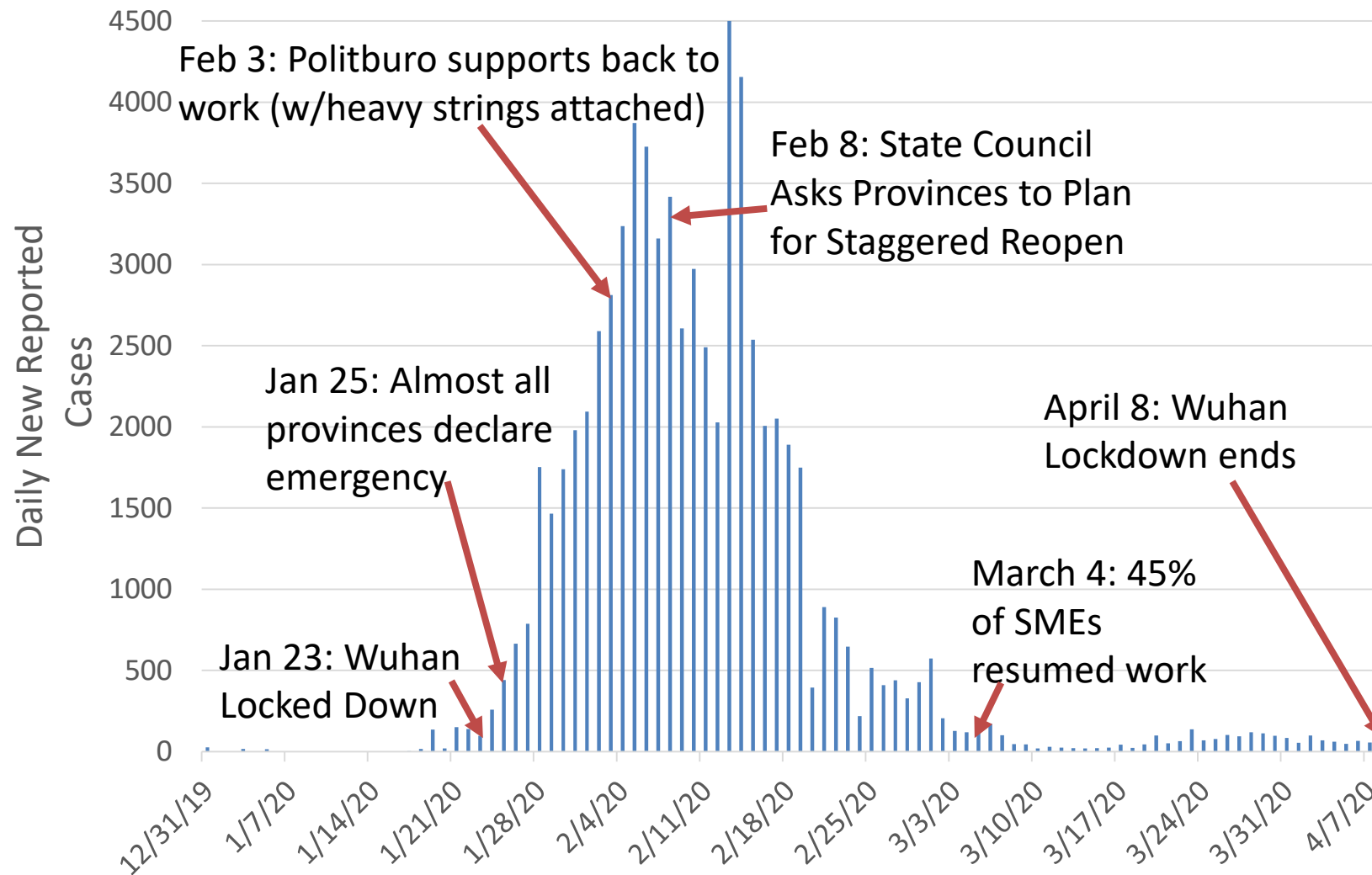
Epidemic Control and Economic Recovery in East Asia

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Spring 2020 Global Economic Prospects Meeting
Peterson Institute for International Economics
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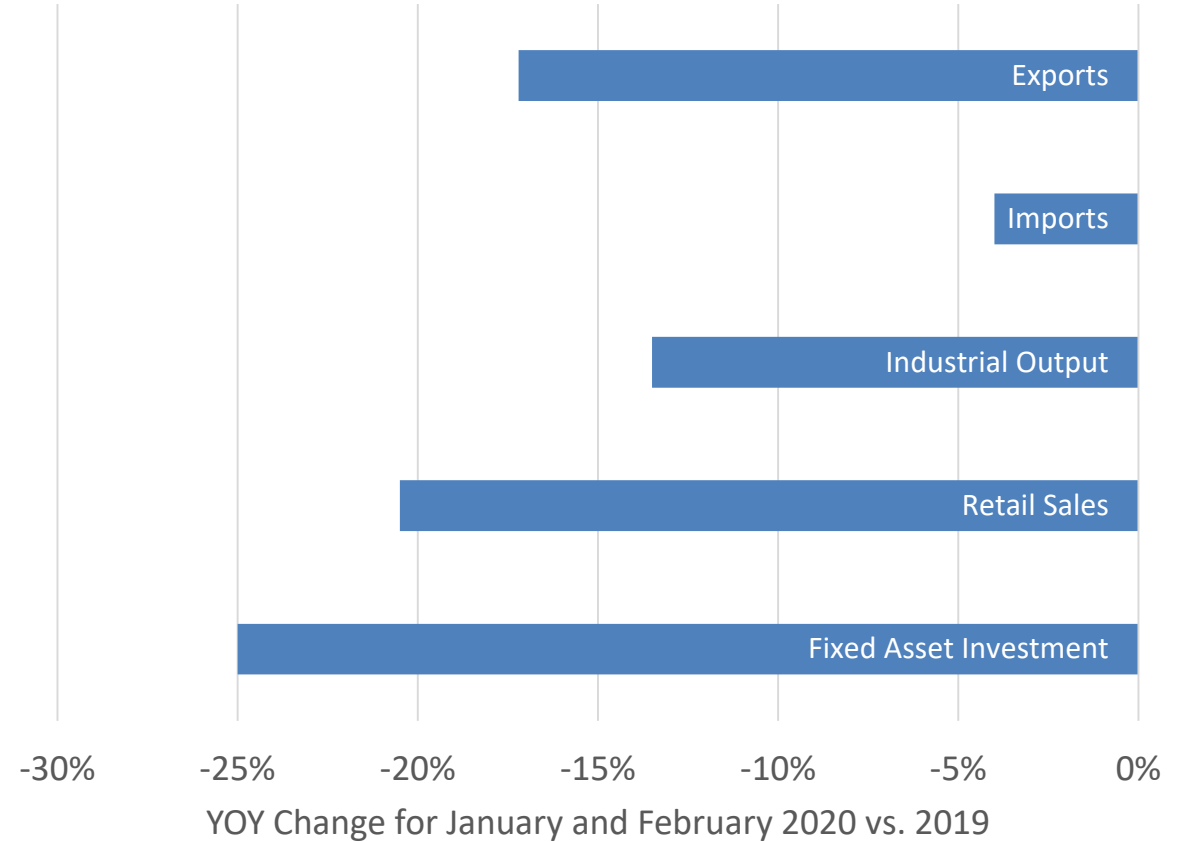
China: Costly Lockdown Contained Outbreak



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

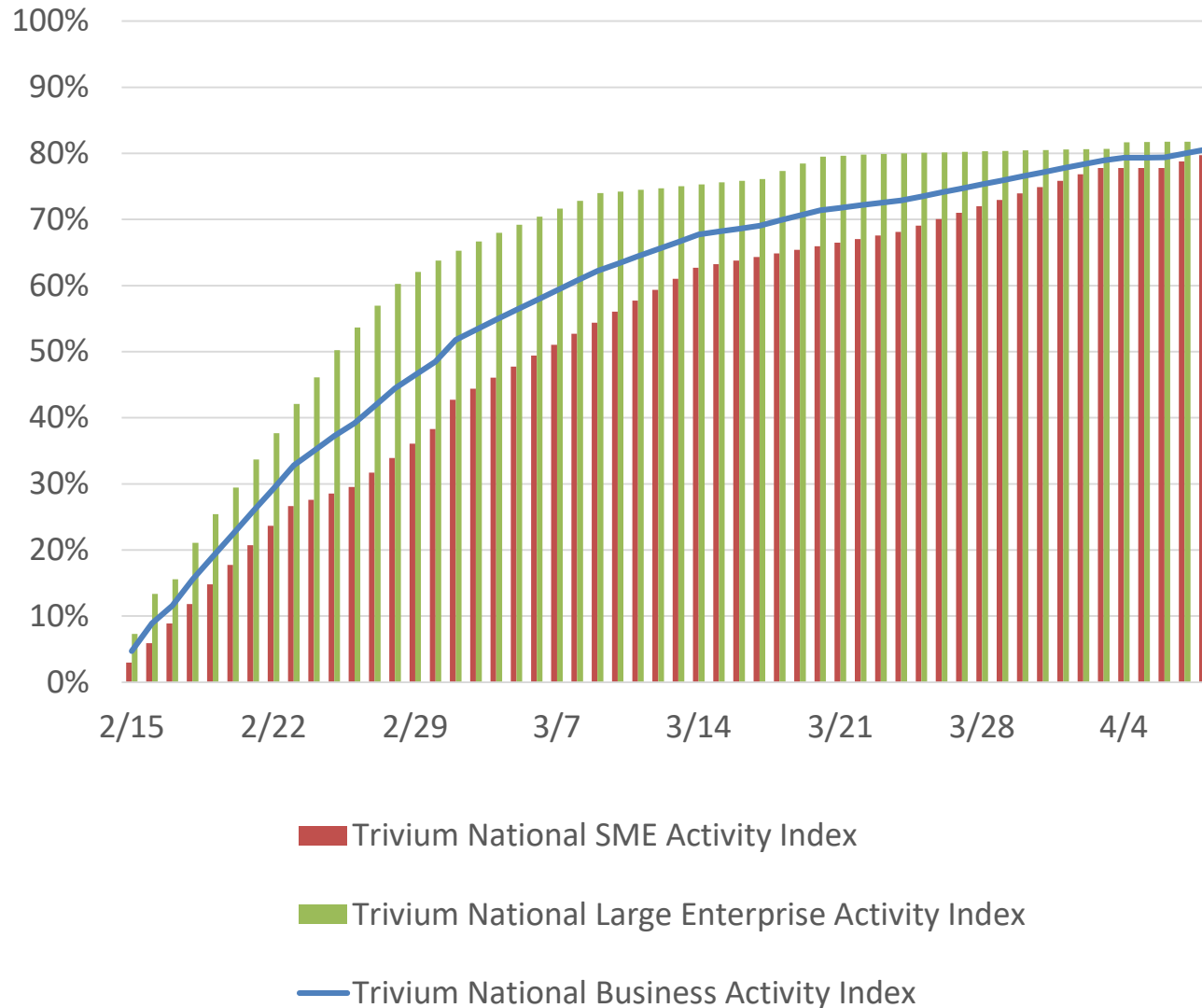


Note: underestimates by 30-50% due to combination of normal January with locked down February

Source: Caixin, SCMP, CBC



China's Recovery Stuck at ~80%

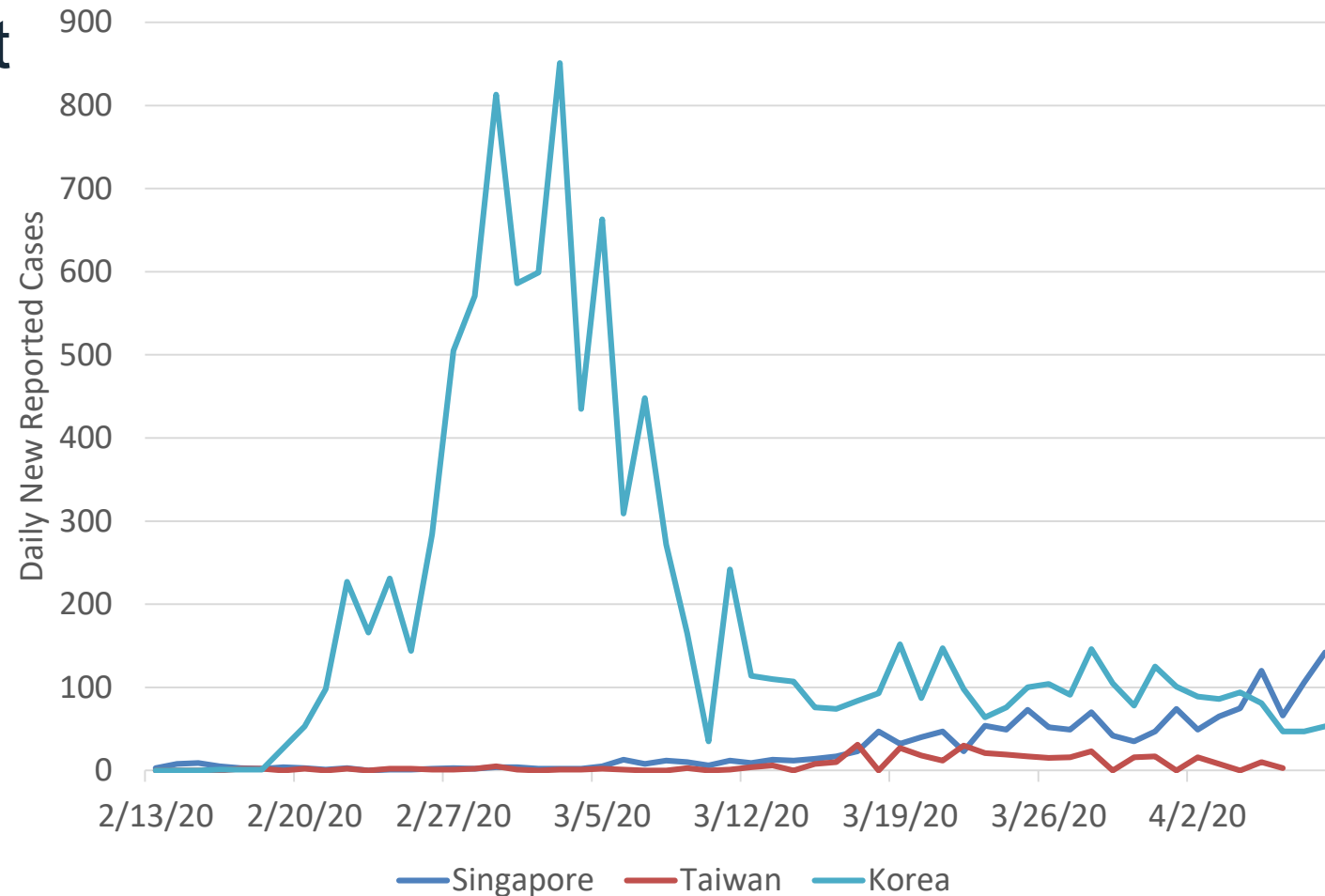


- Draconian quarantine eased significantly but unevenly
- Despite some packed places, holiday tourism revenue down 80% from last year
- Wrong QR code? Stuck at home.
- Major stimulus coming much later than most of the world

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

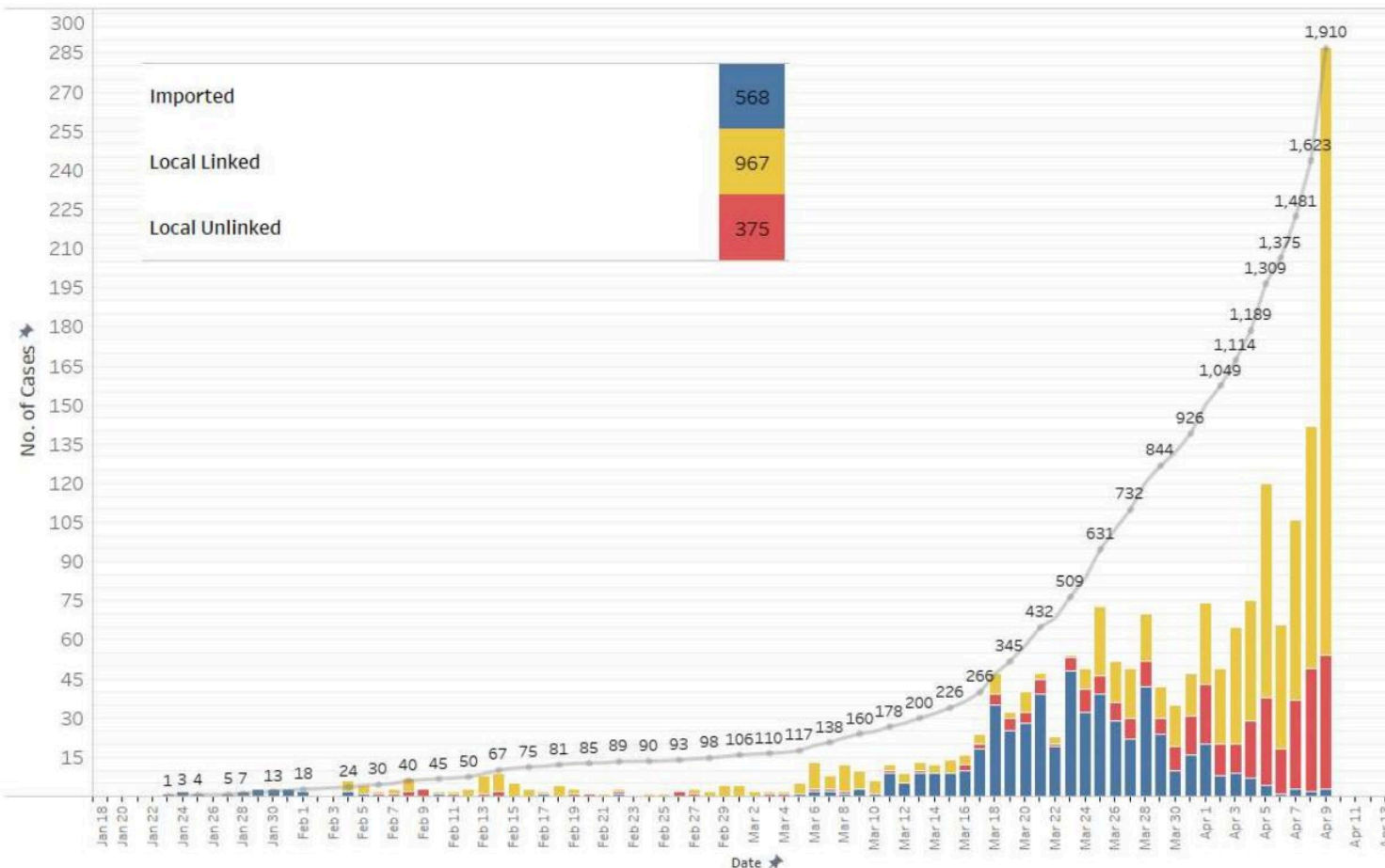


Source: Our World in Data



Recovery is Fragile and Subject to Reversals

Singapore: Second Imported Wave Creates New Clusters

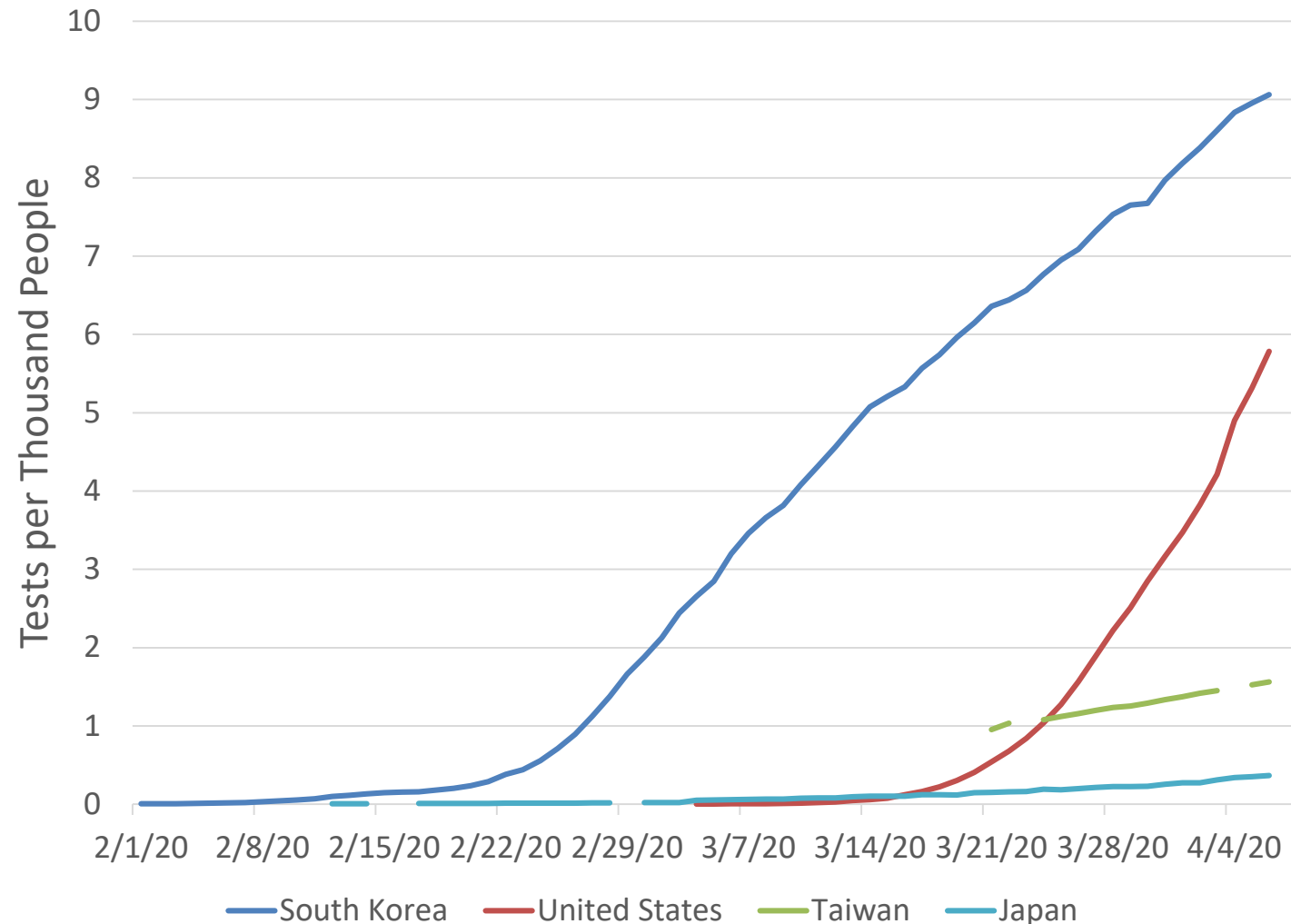


- Second wave of often imported cases fought off in Korea, Taiwan, HK, but not fully back to normal
- Singapore (Apr. 7) and Vietnam (Apr. 1) recently imposed first lockdowns
- China: one county and city pushed back into lockdown in April
- Resumption of work and travel raises risk



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"?