

IIPPE Annual Conference 2023 – The Chronicles of Multiple Crises Foretold

Pre-Conference Workshop: **The Political Economy of China's Development in the 21st Century**

5 September 2023, Madrid

**China and the COVID-19 Pandemic Crisis**

Dic Lo

SOAS, University of London

[diclo@soas.ac.uk](mailto:diclo@soas.ac.uk)

## Theme

- The pandemic crisis has offered fundamentally important political lessons, and food for thought for political activist forces. It reveals the orientation and conduct of national governments across the world – and, ultimately, the nature of their underlying political-economic regimes – in coping with the crisis.
- China is the first country in the world to have discovered and openly reported the outbreak of COVID, in January 2020. It is also probably the last country to terminate systematic efforts to cope with COVID, in December 2022.
- During this three-year period, China adopted an anti-pandemic strategy that stands in contrast to neoliberal capitalist countries. The strategy, known as “dynamic zero”, is diametrically opposed to that of “living with the virus” – the latter being characteristic of political-economic regimes that prioritise profits over public health.
- The fact that China in the end had to abandon “dynamic zero” does not imply that China, after all, is neoliberal. Note that China made this drastic turn only at the time of Omicron and with almost complete vaccination of the population, as opposed to that of neoliberal countries that largely give up anti-pandemic efforts early on at the time of Alpha-to-Delta and with almost no vaccination.

- Still, the somewhat abrupt and chaotic termination of the anti-pandemic endeavours does reveal the limit of China's deviation from neoliberalism – or, more precisely, its uneasy position in the neoliberal capitalist world.

### The Epidemic Strikes: First Two Years

- **Worldwide:** as of 20<sup>th</sup> January 2022, two years after China confirmed the outbreak of COVID-19 and almost 22 months after the WHO declared it a pandemic, the number of confirmed infections worldwide exceed 311 million and the number of deaths reached 5.5 million.

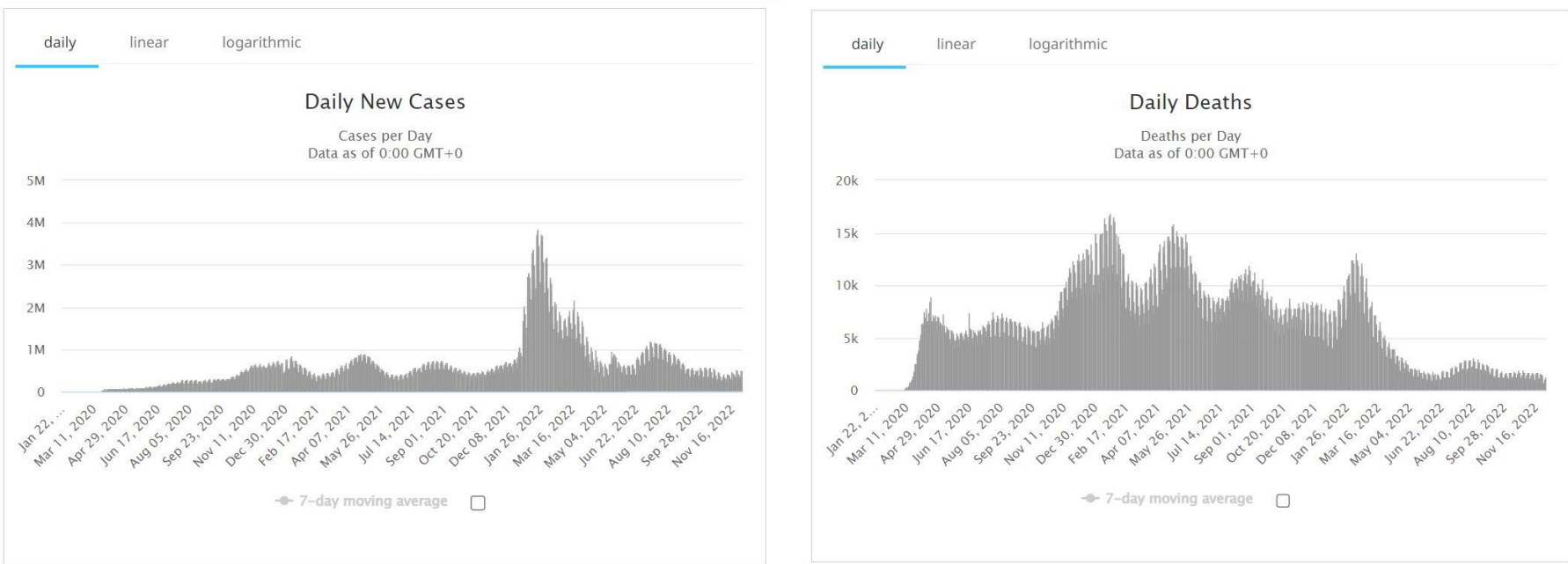
No sign of the pandemic subsiding at that time: the prevalence of the Omicron variant, which first emerged in November 2021, largely increased the number of daily new cases while still causing a significant number of daily deaths in the subsequent months ([Figure 1](#)).

- **The China-US comparison:** as of 30<sup>th</sup> November 2022, the US's number of infections and deaths was 315 times and 211 times, respectively, of China's.

The number of confirmed infections in the US reached 101 million while that of deaths reached 1.11 million – accounting for 15.5% and 16.7%, respectively, of the world totals.

The corresponding figures for China were 319536 and 5233, which accounted for 0.05% and 0.08%, respectively, of the world totals (Table 1).

**Figure 1. World Totals of Daily New Cases and Daily Deaths**



Sources: *Worldometer*, accessed on 2<sup>nd</sup> December 2022, <https://www.worldometers.info/coronavirus/>

**Table 1. Confirmed Cases and Deaths of COVID-19**

	China	US	World	China/ World	US/ World	US/ China	US/China adjusted for income levels
<b>As of 20<sup>th</sup> January 2022</b>							
Total cases	103776	62718004	31176648	0.03%	20.16%	604	
Total cases/per m population	72	187797	39921	0.00	4.70	2608	9800
Total deaths	4636	861723	5512958	0.08%	15.63%	186	
Total deaths/per m population	3	2580	707	0.00	3.65	860	3231
<b>As of 30<sup>th</sup> November 2022</b>							
Total cases	319536	100703565	648077188	0.05%	15.54%	315	
Total cases/per m population	221	300782	83142	0.00	3.62	1361	5113
Total deaths	5233	1106149	6641270	0.08%	16.66%	211	
Total deaths/per m population	4	3304	852	0.00	3.88	286	3103

Sources: <https://www.worldometers.info/coronavirus/>, accessed on 2<sup>nd</sup> December 2022.

According to World Bank, *World Development Indicators*, accessed 13<sup>th</sup> March 2022), for the year 2020, the Gross National Income per capita at purchasing power parity (current international US dollar) was 17090 for China, 64210 for the US, and 17051 for the world average.

China's population is 4.35 times of the US's. [Adjusted for population size](#), the scale of infections and deaths in the US would then become 1361 times and 826 times, respectively, of that in China.

Put in the broader context, the US's number of confirmed infections and deaths per million population is 3.62 and 3.88 times, respectively, of the world average – compared with China's which, in both counts, approach zero.

- The US's GNI per capita (at PPP in 2020) is 3.76 times of China's, and 3.77 times of world average in 2020. Thus, [further adjusted for income level](#), as of 30<sup>th</sup> November 2022, the US's rate of confirmed infections and rate of deaths could be 5113 and 3103 times, respectively, of China's – and is 14 and 15 times, respectively, of world average.
- Income levels reflect [the material conditions](#) available to different countries for fighting the epidemic. In the 2019 *Global Health Security Index* report, the US was ranked number one (score 83.5) regarding its preparedness for health emergencies, while China was ranked the 51<sup>st</sup> (score 48.2). In general, rich countries score high: the average of high-income countries is 51.9, compared with the world average of 40.2.
- The US-China contrast of performance in controlling the epidemic is likely due to [policy-institutional reasons](#), far more than the difference in the necessary material conditions.

Hitherto, China has clearly out-performed the world average, while the US has clearly under-performed.

- **Economic cost.** In the three-year period of 2020-2022, the average annual economic growth rate was 4.5% for China, and 1.7% for the US.  
(In comparison, in the preceding three-year period of 2017-2019, the average annual economic growth rate was 6.5% for China, and 2.5% for the US.)
- **Social cost:** the overall social cost is likely to have shown up in the indicator of Life Expectancy at Birth: a decrease by 0.04 year for China, and 1.39 for the US, in the three-year period of 2020-2022.  
There is also the issue of the balance between individual rights and collective values, which is related to the broader context of the collective-individual, and hence state-people, relationship.
- **China:** discernible resentment to excessiveness caused by the “tough model” of contact tracing and social distancing does exist, but, on the whole, anti-state and anti-establishment feelings have been modest – not really of a systemic scale.  
**US:** the anti-lockdown and anti-racist movements exhibited a strong anti-state, anti-establishment character, reflecting resentment to the “lax model” where the poor and vulnerable of the society bear the brunt of the epidemic.

## The Two “Models”

- China is the first country to have discovered and reported the outbreak of the coronavirus. Its response to the initial outbreak, before 20<sup>th</sup> January 2020, has remained a topic of controversy. Still, it is defensible to say that:
  - (a) There were certain degrees of malfeasance on the part of the bureaucratic system, both local bureaucrats and public health professionals;
  - (b) There was a parallel process of functioning by the public health system as a whole – in terms of scientific investigation and state action – that basically fulfilled its duty; and
  - (c) The functioning of the health system was insufficient for preventing and controlling the epidemic, and this was worsened by the malfeasance of the bureaucratic system.
- Once the epidemic was confirmed, the state-society adopted tough measures in response. Mobilisation of healthcare resources was systematic – to provide testing and medicating for free for everyone (deemed) in need.

For two months, major cities and regions of the country were virtually locked down, in order to suppress the spread of the virus.

There were comprehensive testing and medicating, together with almost universal contact tracing and social distancing.

(Post-lockdown, these measures remain readily available to apply if needed.)

A state-led system of supply of basic necessities for people under lockdown was basically adequate to sustain their living.



- The US was in a state of inaction for almost two months after the detection of the first in its territories on 22<sup>nd</sup> January.  
When the epidemic did subsequently strike, the US's response was erratic. Testing, tracing and social distancing practices were slow to catch up. The lockdown measures were then largely loosened whilst the epidemic was still in full swing.  
There have been no reasonable alternatives – other than testing, tracing and distancing – in place to combat the epidemic.
- The immediate cause of the mishandling is the (mis)behaviour of the Trump presidency. If anything, it has been mostly to undermine the efforts needed for controlling the epidemic. Whatever the adequacy, or otherwise, of the existing public health system, it has been curtailed in capability and obstructed in functioning by the presidency.
- The fact that this (mis)behaviour has been allowed to persist, without corrective forces setting in, suggests the failure of the relevant governance structures.
- The epidemic is now an “expected quasi-known” in character, in the sense that knowledge has been built up about its rate of transmission and mortality whilst the precise mechanisms of transmission remain uncertain.

China was mainly confronting an “unexpected unknown” in the initial outbreak, before acquiring the knowledge to turn it into an “expected quasi-known”. In contrast, the US has been confronting an “expected quasi-known” all the way from the start.

The comparative performance in controlling the epidemic should have been in favour of the US, as opposed to what have actually happened.

### “Exit, Voice, and Loyalty”

- Theoretically, the three options:
  - (a) “Exit”: pure market relationships that are arm’s-length in nature. The product being traded is well-defined and clear to both sides.
  - (b) “Voice”: long-term relationships that are still market exchange. They are necessary to safeguard the exchange, when information incompleteness or asymmetry could fundamentally undermine the exchange.
  - (c) “Loyalty”: also long-term relationships, but requires co-operation, not competition, for yielding the desirable outcomes. The problem with defining the product is one of lacking knowledge, rather than information.

The “product” refers to state/collective-led endeavours, based on sufficient information flows and/or knowledge acquisitions, for combating the coronavirus crisis as initially an “unexpected unknown” and later an “expected quasi-known”.

- What has happened in the US is the predominance of the “exit” options exercised by both the state and individuals – existing from the endeavours of combating the epidemic.  
“Exit” is a non-option, in the face of the epidemic as an objective existence entailing compulsoriness for individuals, rather than an ordinary good or service where individuals are free to choose.  
But why did it happen? The lack of trust – between the state and the people, and among individuals – is the immediate answer, if only superficially.
- What has happened in China is two-fold.  
The initial bureaucratic mishandling suggests certain degrees of blocking information flows (“voice”) and/or knowledge acquisitions (“loyalty”).  
The subsequent drastic measures that succeed in controlling the epidemic can be interpreted as embodying the “loyalty” option – the measures would not have been effectively implemented, let alone achieving the objectives, without the co-operation between the state and the people.
- The experiences in both cases point to the issue of the accountability of the state to the people, and the representativeness of the state for the people. Ultimately, the prevailing view on “democracy vs. authoritarianism” is in question. It needs to be examined in connection with the alternative view on “liberal democracy vs. people’s democracy”.

## Into Year 3: Omicron, Social Fatigue, and the Challenge of Exit

- Omicron: high transmission rate, low mortality rate – thus substantially undermining the effectiveness of the “tough model”.
  - These characteristics also largely raise the economic and social costs – economic growth in 2022 was 3%, well below the government target of 5.5%.
  - The rest of the world have almost fully ended their COVID-fighting measures, and this has further undermined the Chinese state-society’s capability and incentive of sustaining the “tough model”.
  - Social fatigue: protests of significant scales erupted in early December 2022, followed by significant relaxing of the “tough model” on the part of the government.
  - China is likely to follow the footsteps of advanced countries in exiting the strivings of controlling COVID based on the safeguard of comprehensive vaccination ([Table 2](#)).
- 
- Omicron giving rise to two issues: (1) “dynamic zero” vs. “living with the virus”, and (2) exit strategies.
  - The rising social-and-economic cost of “dynamic zero” in the face of Omicron, and the rising demand for state capabilities.
  - The looming uncertainties for “living with the virus”: the future prospect of virus mutations, the effectiveness of vaccines, the question of the “long COVID”...

**Table 2. Total number of COVID-19 vaccine doses administered (% of population)**

	as of 30 <sup>th</sup> November 2021	as of 30 <sup>th</sup> November 2022
China	174%	242%
USA	141%	197%
UK	170%	224%
France	162%	224%
Germany	147%	228%
Italy	160%	241%
Canada	160%	248%
Japan	157%	283%
<b>G7</b>	<b>151%</b>	<b>225%</b>
<b>World - G7 - China</b>	<b>78%</b>	<b>135%</b>

Sources: <https://ourworldindata.org/covid-vaccinations?country=>, accessed 2<sup>nd</sup> December 2022.

Note: UK data are as of 4<sup>th</sup> September 2022.

## Remarks

- The comparative performance of China vs. the US, and in comparison with the world average, in controlling COVID-19 has been stark. This calls for explanations. One line of investigation is to focus on comparative political economy – i.e., the nature and functioning of the respective governance structures, and therefore of the basic political-economic systems.
- The issue of information transparency has been highlighted ([Amartya Sen...](#)). Yet, in the perspective of the theory of “exit, voice, and loyalty”, these views might have confused information with knowledge ([Albert Hirschman...](#)). They have failed to recognise the far more important role of active co-operation in the endeavours of coping with the epidemic.
- Regarding governance, it can be argued that China’s “tough model” of coping with the epidemic is associated with a virtuous circle of the state-people interaction, whereas the US “lax model” entails a vicious circle.
- Pointer for comparative political economy: the accountability-representativeness of the state vis-à-vis the people needs rethinking. The “democracy vs. authoritarianism” dichotomy needs to be scrutinised in conjunction with the rival theory of “liberal democracy vs. people’s democracy” ([Lenin...](#)).