

Global economic impact of lockdowns

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My Cup Of Liberty

By Bienvenido S. Oplas, Jr.

To make an assessment of the global economic impact of lockdowns, I surveyed the gross domestic product (GDP) performance in 2020 of the top 40 largest economies in the world – in 2019, No. 1 was the US with \$21.43 trillion; No. 2 China, \$14.73 trillion; No. 3 Japan, \$5.08 trillion... No. 34 Philippines, \$377 billion; and, No. 40 Vietnam, \$330 billion. As of this writing, 31 countries have reported their Q4 GDP and hence, have full 2020 data, the other nine have data until Q3 only and I did not include them in this review.

PHILIPPINES ECONOMIC MELTDOWN 2020

Two important results emerged: one, when it comes to 2020 GDP performance, the Philippines was the third worst performing country in the world, and was the worst performing among major Asian economies. And, two, in terms of the growth dive from 2019 to 2020, the Philippines had the worst dive, -15.5 percentage points.

The Department of Health-led Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF) and the Office of the President (OP) should be ashamed, very ashamed, of their strict and indefinite lockdown policies.

Why the lockdown policies and not the virus effect itself?

The Google COVID-19 Community Mobility Reports (GCCMR) measures the mobility changes of people and goods from the baseline, the median value from the five week period from Jan. 3 to Feb. 6, 2020.

I chose the areas on Retail and Recreation (R&R – restaurants, cafes, malls, museums, cinemas) and Transit stations (TS – subway/MRT stations, seaport, taxi stand, highway rest stops, car rentals) because they capture major commercial activities and mobility (or lack of it) of goods and people.

For dates and periods, I chose April 1 to June 30, 2020, a time where about half of the 40 economies had double-digit contractions in Q2. Then I compare this with the period from Dec. 1, 2020 to Feb. 23, 2021 (the latest data covered by GCCMR as of this writing).

STRICT LOCKDOWN POLICIES

It is very clear: the Philippines had such a deep economic contraction because the Philippine government had among the worst, most draconian lockdown policies, especially in R&R and Transit Stations, shown in Q2 2020.

In contrast, Vietnam and Taiwan, which managed to have growth in 2020, have mobility declines that are about 1/3 to 1/4 of the

Philippines' in Q2 of 2020. South Korea, which contracted only -1% in 2020, had mobility declines of only about 1/10 of the Philippines.

By December 2020 to February 2021, the Philippines had mobility declines that are two to four times those of its neighbors Singapore, Japan, Indonesia, South Korea, Vietnam, and Taiwan (*see Table*).

GDP growth of Top 40 largest economies with full 2020 data, and GCCMR

Country/ Economy	GDP growth, %			2019-20 Dive	April-June 2020		Dec. '20-Feb. '21	
	2018	2019	2020		R&R	TS	R&R	TS
Spain	2.6	2.0	-11.0	-13.0	-62	-58	-39	-35
United Kingdom	1.4	1.4	-9.9	-11.4	-67	-60	-54	-59
Philippines	6.2	6.0	-9.5	-15.5	-71	-72	-35	-47
Italy	0.9	0.3	-8.8	-9.2	-52	-54	-38	-44
Mexico	2.0	-0.3	-8.3	-8.0	-53	-55	-31	-36
France	1.7	1.5	-8.2	-9.7	-53	-55	-38	-35
Austria	2.4	1.6	-7.4	-9.0	-42	-42	-57	-46
India	6.8	4.9	-6.8	-11.7	-73	-53	-26	-11
Belgium	1.4	1.4	-6.3	-7.7	-47	-47	-41	-39
Thailand	4.1	2.4	-6.2	-8.6	-32	-45	-10	-39
Hong Kong	3.0	-1.2	-6.2	-5.0	-19	-26	-27	-25
Malaysia	4.7	4.3	-5.6	-9.9	-57	-57	-36	-50
Singapore	3.1	0.7	-5.4	-6.1	-56	-58	-15	-25
Germany	1.5	0.6	-5.3	-5.9	-33	-35	-53	-45
Japan	0.8	0.7	-4.8	-5.4	-24	-38	-15	-31
Saudi Arabia	2.4	0.3	-4.1	-4.4	-54	-73	-16	-38
Netherlands	2.7	1.7	-3.8	-5.5	-27	-50	-49	-55
US	2.9	2.4	-3.5	-5.8	-28	-39	-23	-39
Denmark	2.4	2.3	-3.4	-5.8	-14	-33	-33	-49
Russia	2.5	1.3	-3.2	-4.6	-30	-32	-21	-17
Sweden	2.3	1.3	-3.0	-4.3	-12	-29	-28	-46
Switzerland	2.7	1.2	-2.9	-4.1	-43	-34	-43	-35
Poland	5.3	4.1	-2.7	-6.8	-32	-43	-32	-39
Israel	3.5	3.4	-2.2	-5.6	-45	-30	-44	-39
Indonesia	5.2	5.0	-2.0	-7.0	-34	-52	-20	-33
Nigeria	1.9	2.2	-1.9	-4.1	-40	-37	-10	10
South Korea	2.7	2.1	-1.0	-3.0	-7	-7	-19	-18
Norway	1.3	1.2	-0.8	-1.9	-16	-30	-23	-48
China	6.6	6.2	2.0	-4.3	--	--	--	--
Vietnam	7.1	7.0	2.8	-4.2	-28	-21	-15	-12
Taiwan	2.6	2.7	3.1	0.4	-10	-18	-11	-15

SOURCES: IMF WEO DATABASE OCTOBER 2020; TRADING ECONOMICS; GOOGLE; AUTHOR COMPUTATIONS

China has no data, meaning it disallowed Google from collecting data on mobility changes, likely because their narrative of “low COVID deaths, high growth recovery” will be debunked and belied and will show them as dishonest again.

In a lecture, “Philippines and Vietnam: Through the eyes of foreign investor,” at the UP School of Economics Alumni Association (UPSEAA) on Feb. 24, fellow *BusinessWorld* columnist Andrew Masigan highlighted the fact, among many other things, that Vietnam has overtaken the Philippines in per capita GDP in 2020 – \$3,500 vs. our \$3,373 – largely because they grew while we contracted last year.

SEC KARL, GOV GWEN, SP TITO, CDC PH

National Economic and Development Authority (NEDA) Secretary Karl Chua gets my respect and admiration for his bravery and persistence in saying that the government should further open up the economy, at least move from general community quarantine (GCQ) to the less strict modified GCQ (MGCQ) by Q4 2020. He persisted in trying to convince his fellow Cabinet officials at the IATF to open up the economy by January, by February, by March. But the DoH-led IATF or OP are adamant in resisting the opening of the economy until mass vaccination is done.

Cebu Governor Gwen Garcia is another government leader that I respect and admire. Gov. Garcia has repeatedly argued that she will never impose a strict lockdown in the province again and she recently issued an order removing the mandatory swab test for Cebu-bound plane passengers.

Senate President Tito Sotto delivered a powerful speech two weeks ago, Feb. 22, at the Senate floor, proposing the use of preventive prophylaxis and early-treatment medicines to avoid hospitalization and deaths of symptomatic COVID-19 (coronavirus disease 2019) patients.

That afternoon, the Concerned Doctors and Citizens of the Philippines (CDC PH) led by Dr. Iggy Agbayani and Dr. Allan Landrito held a face-to-

Zoom meeting with Senator Sotto. A few hours after the meeting, Senator Sotto delivered his speech at the Senate plenary and narrated the information he got from CDC PH doctors.

Greater economic freedom, greater mobility of people and goods across the country, lifting the strict lockdown, is the single most important measure to reverse the Philippines' economic meltdown last year. The use of preventive prophylaxis and early treatment protocols, cheap and generic medicines, will significantly reduce cases and deaths, with or without the vaccines.

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