

Allied Social Science Association Annual Meeting
Boston, Massachusetts USA
7-9 January 2022

Covid and Recovery in Asia

American Committee on Asian Economic Studies

Chair: Michael G. Plummer, Johns Hopkins School of Advanced International Studies Europe, Italy

Covid-19 and Labor Markets in Southeast Asia: Who Was Hurt Most and What Policies Have Helped?

Presenter: Sameer Khatiwada, Asian Development Bank, Philippines

Discussant: Shaienne Osterreich, Ithaca College, USA

Covid-19, Agglomeration Economies, and Firm Recovery: Evidence from Bangladesh

Presenter: Monzur Hossain, Bangladesh Institute for Development Studies, Bangladesh

Discussant: A. Mushfiq Mobarak, Yale University, USA

e-Government amid the Pandemic: Mitigating Disease Transmission and Expediting Recovery

Presenter: Sarah Y. Tong, National University of Singapore, Singapore

Discussant: Isabella M. Weber, University of Massachusetts Amherst, USA

Covid Impact and Macroeconomic Policy in Asia

Presenter: Calla Wiemer, American Committee on Asian Economic Studies, USA

Discussant: Menzie Chinn, University of Wisconsin-Madison, USA

Title: Covid-19 and Labor Markets in Southeast Asia: Who Was Hurt Most and What Policies Have Helped?

Description: The paper analyzes the labor and socio-economic effects of the pandemic on Southeast Asian countries emphasizing differential impacts by age and gender, and assesses response measures to transition toward inclusive social protection systems.

Abstract: This paper provides an analysis of the labor and socio-economic effects of the Covid-19 pandemic in Southeast Asian countries (Cambodia, Indonesia, Laos, Malaysia, Philippines, Thailand, and Vietnam), emphasizing differential impacts across and within countries, and identifying particularly vulnerable groups. It explores the interaction of the crisis with drivers of structural transformation – particularly technology and trade – to identify which of the induced changes to the region’s economies and labor markets are temporary and which are likely to be permanent. Using Labor Force Survey (LFS) microdata and additional data from national and international sources, the paper traces the evolution of the crisis through 2020 and the first half of 2021. Specifically, we construct pseudo-panels by sex and 5-year age bands from quarterly LFS microdata to follow the progression of demographic groups across labor force statuses (transitions from employment to unemployment, exits from the labor force) and transitions within employment (sectoral labor reallocation or shifts between wage employment and self-employment, or between formal and informal employment) to understand the impact of the crisis on various population segments over time. The paper provides a decomposition of working hour losses to identify the intensive and extensive margins of adjustment at different stages of the crisis and assess the effectiveness of response policies in mitigating job and income losses. Finally, the paper discusses country-specific challenges and strategies to transition toward sustainable and inclusive social protection systems.

Keywords: COVID-19; labor markets; social protection

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Title: COVID-19, Agglomeration Economies and Firm Recovery: Evidence from Bangladesh

Description: This study analyzes performance data of firms in industrial estates in Bangladesh to test for the importance of agglomeration economies in weathering and recovering from the pandemic-induced crisis.

Abstract: Agglomeration economies may help firms to cope with the pandemic-induced crisis and speed their recovery. To test this hypothesis, we analyze data from a sample of 216 micro, small and medium enterprises from 16 industrial estates in Bangladesh. Data spanning the period of hard lockdown (March-May 2020) and subsequent periods of more limited lockdown and opening up are merged with a broader sample from 2017 that encompasses the same firms. We explore the role of the following in weathering and recovering from the crisis: (i) access to local value chains; (ii) availability of skilled labor and sub-contracting opportunities; (iii) proximity to business hubs at district or sub-district levels; and (iv) degree of urbanization. The findings suggest that agglomeration economies have provided both short-term and long-term benefits to firms during the pandemic. Such agglomeration benefits in the context of the pandemic provide insight into cluster-based industrialization in developing countries.

Keywords: agglomeration economies; COVID-19 pandemic; MSMEs recovery

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Title: e-Government amid the Pandemic: Mitigating Disease Transmission and Expediting Recovery

Description: This study examines the role of e-government in pandemic control and economic recovery for nine Northeast and Southeast Asian countries in recognition of the stepped up need for contactless activity.

Abstract: With the stepped up need for contactless activity under the pandemic, e-government has taken on new importance. This study examines the role of e-government in pandemic control and economic recovery for nine East Asian economies (China, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Thailand, and Vietnam). We begin by assessing the broad effect of e-government on economic performance by estimating a growth equation that includes e-government indices. We then conduct a two-stage estimation to clarify the channels through which better e-government has aided in mitigating disease transmission and facilitating economic recovery. Finally, we draw from the empirical analysis to broadly evaluate the diverse experiences within East Asia, a region in which some countries have moved to the cutting edge of e-government while others lag behind. We make use of data from the UN e-government survey supplemented by an original compilation of policy records.

Keywords: e-government; East Asia; economic growth

Authors:

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Title: Covid Impact and Macroeconomic Policy in Asia

Description: Fourteen Asian economies are compared regarding the macroeconomic impact of Covid-19 and the fiscal and monetary policy response with attention to differing constraints on policy space.

Abstract: The macroeconomic story of Covid policy begins with efforts to control disease transmission. Some Asian economies have succeeded in containing the spread with effective testing and carefully targeted quarantine at low cost to economic activity (e.g., Taiwan) while others have imposed extensive lockdowns for a heavy toll (e.g., the Philippines). On top of the impairments to health and restrictions on mobility, most Asian economies have suffered export declines including large losses in tourism for some (e.g., Thailand). The adverse economic shocks have been countered with fiscal and monetary policies under constraints on policy space. The fiscal response must take into account existing government debt levels and interest rates. The monetary response is to some extent induced by pressure on interest rates caused by the fiscal response. US policy also shapes the monetary policy environment through its effects on global capital flows and exchange rates. The full story will take years to play out and be fully analyzed. The next element to be absorbed into the calculus will be vaccination progress. At this stage the analytical strategy involves graphical methods to frame the diversity of macro policy conditions and approaches. Fourteen economies are compared: Bangladesh; Hong Kong; India; Indonesia; Japan; Korea; Malaysia; Pakistan; Philippines; Taiwan; Thailand; Singapore; Vietnam.

Keywords: Covid-19 impact; macroeconomic policy space; Asia

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