The Government Plays a Critical Role in the Containment of COVID-19: Lessons from China

Authors: Wenchao Li[1], Jing Li[2]*, Junjian Yi[3]*

Affiliations:

[1]School of Business and Management, Shanghai International Studies University, Shanghai, China

[2]School of Economics, Singapore Management University, Singapore

[3]Department of Economics, National University of Singapore, Singapore

*Corresponding authors: lijing@smu.edu.sg (J.L.); junjian.yi@gmail.com (J.Y.)

Abstract

Better understanding of the dynamics of the COVID-19 (2019-novel coronavirus disease) pandemic to curb its spread is now a global imperative. While travel restrictions and control measures have been shown to limit the disease spread, the effectiveness of the enforcement of these measures should depend on strength of the government. However, whether, and how, the government plays a role in fighting the disease has not been investigated. Here we show that government management capacities are critical for the containment of the disease, by conducting a statistical analysis based on cross-city comparisons within China. China has undergone almost the entire cycle of the anti-coronavirus campaign, allowing us to trace the full dynamics of the outbreak, with homogeneity in standards for statistics recording. We find that better government management—as measured by government efficiency, capacity for law enforcement, transparency of laws and policies, and an aggregate management index—is significantly associated with both reductions in case incidence and increases in recoveries; government organization size, in comparison, has an insignificant effect. Our findings demonstrate the important role of government in controlling COVID-19, and contribute to discussion of the need for strong states as revealed by the pandemic.

Introduction

COVID-19 outbreaks have raced around the world and exploded into a pandemic. About 5.5 million infections have been confirmed in nearly 200 countries and territories. It becomes a global imperative to better understand the dynamics of this pandemic in order to limit its ongoing spread.

China, which was the first country exposed to the coronavirus, has almost completed the full cycle of the anti-coronavirus campaign. Since the middle of March 2020, daily new cases in China have been reduced to near-zero levels (Figure 1). This result is substantially attributed to the strict travel restrictions and containment measures—such as suspending public transport, closing entertainment venues, and banning public gatherings—implemented by Chinese authorities (*1-5*). The World Health Organization has repeatedly praised China for its effective response to the COVID-19 outbreak.

Yet China's response is not free of controversy—in particular, whether the government, and the measures it has taken, have succeeded in fighting the disease. For instance, skeptics point out that other places, such as Singapore, have imposed similar containment measures but still experienced an enormous outbreak (*6*, *7*).

The effectiveness of the enforcement of control measures should depend on strength of the government, as indicated by the notion of state capacity. State capacity is shown to be crucial for economic development and technological change (*8*, *9*). The rapid economic growth in East Asian economies, in particular, can largely be accounted for by states with a great deal of capacity (*8*). During this pandemic, heated discussions have centered on responses by different countries, which are said to "reveal the need for a strong state" (*10*). These discussions echo the notion of state capacity, or government management capacity. Anecdotal evidence indicates that within China, there are fewer COVID-19 cases in cities that implemented control measures more preemptively (*1*), which highlights the importance of the management capacity of local governments for containing the disease.

Whether, and how, the government plays a role in fighting the disease, however, has not been formally investigated. Here we show that government management capacities are critical for the containment of the disease, by conducting a statistical analysis based on cross-city comparisons within China. China has undergone almost the entire cycle of the anti-coronavirus campaign, allowing us to trace the full dynamics of the outbreak while being consistent in standards for statistics recording. We find that better government management—as measured by government efficiency, capacity for law enforcement, transparency of laws and policies, and an aggregate management index—is significantly associated with both reductions in case incidence and increases in recoveries; government organization size, in comparison, has an insignificant effect.

These findings demonstrate the important role of government in controlling COVID-19 and, thereby, help political leaders and health authorities around the world better understand the dynamics of the pandemic. They also contribute to discussion of the need for strong states as revealed by the pandemic (*10*).

Government management capacity

In epidemiology, compartmental models suggest that the implementation of effective public health measures lowers the infection rate and reduces the case incidence (*11*, *12*). The implementation of public health measures, in turn, is related to the notion of state capacity—or more specifically, government management capacity—in economics (*8*, *9*). In order to examine its role in the containment of COVID-19 in China, we draw a spectrum of measures from the 2019 Global Urban Competitiveness Yearbook:

(i) **Government efficiency** measures administrative procedures and time lags in the local government's functions.

(ii) **Capacity for law enforcement** measures the local government's ability to enforce the rule of law.

(iii) **Transparency of laws and policies** measures how well laws and policies stipulated by the local government are known to citizens.

(iv) **Government organization size** refers to the number of employees in government agencies and organizations as a percentage of total population.

(v) **An aggregate government management index** measures the overall management level and public policy environment of a city.

The four sub-indicators and the aggregate index are closely related to the management capacity of local governments. All of them are on a 10-100 scale. A large value indicates better management of the local government. (See supplementary information for details about the construction of these measures.)

The study design

Our study design is based on three unique contextual features. First, as noted above, China is in the final stage of the COVID-19 outbreak, which allows us to trace the full dynamics of the outbreak. Second, a within-country analysis ensures homogeneity in the national response, institutional background, and, more importantly, standards for COVID-19 statistics recording. Third, China banned travel to and from Wuhan city—the epicenter of the outbreak—on January

23, 2020, which impeded the growth and limited the size of the epidemic elsewhere in the country and, as a result, allowed local governments to undertake effective control measures (*5*).

Specifically, we conduct a statistical analysis, in which we exploit variations in a spectrum of city-specific government management capability measures and examine how they are linked to variations in the effectiveness of COVID-19 control. The estimation sample contains 332 prefecture-level cities in China and spans a period of 3 months, from January to late March. This period immediately followed the Wuhan lockdown, when local governments began to implement various measures in order to curb the further spread of infections (*1*). We use ordinary least squares regressions to examine the effects of government management in different phases of the outbreak, on a weekly basis. The statistical analysis is carried out using Stata 16.

In the regression models, outcome variables are the number of new cases and the number of new recoveries in a city. These numbers have been recorded daily by the National Health Commission of China since January 2020, which we aggregate into weekly data. Recovery rate, defined as cumulative total recoveries over the cumulative number of closed cases (recoveries plus deaths), has been more than 95%.

Explanatory variables include a set of city-specific, time-invariant determinants of the spread and control of COVID-19. The above-mentioned government management capability measures are of our particular interest. We also examine other important determinants: population age structure, connection with Wuhan, and the local health system's capacity. Data on population age structure (the elderly, children, and working-age population as a percentage of total population) are from the 2015 China population mini-census. Based on an index of the size of daily population flow that proxies for the total intensity of migration out of Wuhan to other cities, provided by Baidu Migration, we construct a variable by calculating the average of the migration index over 14 days before the lockdown of Wuhan. We also consider the share of Wuhan-origin residents in the city, using data from the census. Health system capacity is proxied by the total number of hospital beds in the city and the total number of hospital employees, based on data from the 2019 China City Statistical Yearbook. (See Table S1 in supplementary information for definitions and summary statistics of these variables.)

Results and interpretation

Figure 2 displays the estimated coefficients on the key determinants from regressions of the number of new cases (in panel A) and new recoveries (in panel B) in a week at the city level. Orange vertical bars are 90 percent confidence intervals. The first bar in each plot of panel A, for example, regresses the number of cases in the week ending January 28 on city-level factors; the second bar regresses the number of cases in the week ending February 4 on the same city-level factors, etc. Additional control variables include the share of Wuhan-origin residents, total population, employment rate, percentage of population with a college degree, and an indicator variable for municipality. For recoveries, regressions also control for the number of closed cases in that week. Conditional on these variables, estimated coefficients from the regressions reflect the effects of the determining factors of our interest during the coronavirus outbreak.

Population age structure

As the first column of Figure 2 shows, the proportion of people age 65 and above is closely related to the morbidity and mortality of COVID-19, especially in the initial phase of the outbreak. Specifically, a larger share of the elderly in the local population is associated with more confirmed cases and fewer recoveries. This is in line with our expectation that old people observe higher

COVID-19 infection rates and death rates, and more old people predict a larger chance of infection among high-risk populations. In panel A, the small negative effects at the tail of the curve are in line with the interpretation that the elderly realize that they are particularly vulnerable, and therefore pay closer attention to protecting themselves from the virus. (See Tables S2-1 to S2-10 in supplementary information for regression results.)

In comparison, the share of children (age 0-15) does not have a clear relationship with the spread of the virus; the share of working-age population (age 16-55) is negatively associated with the number of new cases and positively associated with the number of recoveries, as expected. (See Figure S1 and Tables S3-1 to S3-10 in supplementary information).

Connection with the epicenter

The second column of Figure 2 indicates that connection with Wuhan—where the infections were first detected—is a crucial determining factor. A larger index of population flow from Wuhan to the destination city is associated with more infected cases and fewer recoveries. This is in line with the interpretation that population flow out of the epicenter of the outbreak increases the likelihood that people who are infected will come into contact with people who are not. We observe that the effects on new cases vanish at the end of February, while the effects on recoveries appear strong across different stages of the outbreak and last to mid-March.

Health system capacity

The third column of Figure 2 shows that during early phases of the outbreak, health system capacity—as proxied by the total number of hospital beds—is negatively associated with the number of new cases and positively associated with the number of recoveries. A local health system's capacity to effectively admit those who are already infected is crucial for reducing transmission among local residents, and the capacity to respond to the needs of the infected, who often require admission to an intensive care unit, is vital for increasing the chance of recovery.

During later phases of the outbreak, however, the effects of health system capacity become insignificant. At the end of March, the effects on new cases turn positive. This is partly due to China's patient-reallocation strategy: Some patients were transferred by the central government from cities where local health systems were overwhelmed to nearby cities with greater availability of medical resources. However, this may result in more coronavirus transmission in destination cities. (Using the number of hospital employees as a proxy for health system capacity yields similar conclusions; see Figure S1 and Tables S3-1 to S3-10 in supplementary information.)

Government management index

The last column of Figure 2 shows that the government management index is an important determining factor of the spread and control of COVID-19. Better government management is significantly associated with reductions in case incidence, with the largest effect observed from early through mid-February, when the outbreak was at its peak. This pattern is similar to the effects of local health system capacity shown in the third plot of panel A. The small positive effect at the end of March can also be attributed to the patient-reallocation strategy, whereby patients tend to be transferred to cities with better government management.

In addition, better government management is associated with increases in the weekly number of recoveries conditional on the number of closed cases, as panel B shows. The effects appear to be largest in mid-February, and are stronger and longer lasting than the effects of health system capacity.

A closer look at government management capacities

To gain a more comprehensive understanding of the government's role in curbing the coronavirus outbreak, we further regress the number of new cases and recoveries on a weekly basis on the four sub-indicators of government management capabilities separately, plus a range of control variables.

Figure 3 displays the estimated coefficients on these sub-indicators and the confidence intervals. We find that government efficiency, capacity for law enforcement, and transparency of laws and policies exhibit similar patterns of effects as the aggregate index: They are negatively related to the number of new cases and positively related to the number of new recoveries. The effects of government organization size, in comparison, are insignificant on both new infections and new recoveries. (See Tables S4-1 to S4-10 in supplementary information for regression results.)

These patterns demonstrate that the containment of COVID-19 depends on the effectiveness of the enforcement of control measures designed for this purpose, which in turn depends on the local government's management capacities. Specifically, government efficiency determines the local government's competence in implementing containment measures; capacity for law enforcement determines how well the government is able to strengthen and effectively enforce containment measures; the transparency of laws and policies determines how interim measures are understood, supported, and cooperated with by citizens. Therefore, they significantly reduce COVID-19 prevalence and increase the likelihood of recoveries. The organization size of the government, which is not closely related to its capacity for management, has a limited role.

Conclusion

We have discussed, and formally investigated, the role of government in the containment of COVID-19, based on cross-city comparisons within China. We show that government management capacities are vital for controlling the disease.

Our analysis neither speaks to the feasibility of specific containment measures—whether they can be replicated outside China—nor to the suitability—whether they are violations of human rights (*13*). With that caveat, our analysis shows that government management capacities are strongly associated with the containment of COVID-19. This could help political leaders and health authorities around the world better understand government's role in controlling the outbreak. In particular, governments that are slow and inefficient in response to the outbreak may contribute to its continuing spread worldwide (*10*). This could have important implications for future epidemics and public health emergencies.

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Code availability: All codes are available upon request.