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Polarisation of Policy Responses to COVID-19 Among ASEAN Countries

Polarização das Respostas Políticas ao COVID-19 entre os Países da ASEAN

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Abstract

COVID-19 pandemic effects are heterogenous in nature due to the differences in policy responses among the nations, with no exception to Association of Southeast Asian Nations (ASEAN). COVID-19 responses undertaken by individual member countries of ASEAN have been tremendously diverse and have ranged from strict lockdown conditions in the highly regulated city-state of Singapore to 'business as usual', especially in rural areas of developing countries with large informal economies such as Laos and Myanmar. Studies on the nexus between concerted regional effort and the consequences of the pandemic appear to be limited; thus, this study aims to investigate the polarisation of the policy responses among the individual ASEAN countries. Examining the polarisation trend offers an insight on the responses of the nation towards handling the COVID-19 pandemic. This study employs Philips and Sul method to test the convergence of the polarisation of ASEAN countries.

Keywords: Convergence club, ASEAN, COVID-19, Government Support

JEL Codes: E6, H5, O5

Resumo

Os efeitos da pandemia do COVID-19 são de natureza heterogênea devido às diferenças nas respostas políticas entre as nações, sem exceção à Associação das Nações do Sudeste Asiático (ASEAN). As respostas à COVID-19 empreendidas por países membros individuais da ASEAN foram tremendamente diversas e variaram de condições estritas de bloqueio na cidade-estado altamente regulamentada de Cingapura a 'negócios como de costume', especialmente em áreas rurais de países em desenvolvimento com grandes economias informais, como como Laos e Myanmar. Os estudos sobre onexo entre o esforço regional concertado e as consequências da pandemia parecem ser limitados; assim, este estudo visa investigar a polarização das respostas políticas entre os países da ASEAN individuais. Examinar a tendência de polarização oferece uma visão sobre as respostas das nações para lidar com a pandemia do COVID-19. Este estudo emprega o método Philips e Sul para testar a convergência da polarização dos países da ASEAN.

Palavras-Chave: convergência, ASEAN, COVID-19, Apoio governamental

Códigos JEL: E6, H5, O5

1. INTRODUCTION

COVID-19 pandemic is declared as the first human tragedy by World Health Organization (WHO, 2020) and the intensity of the pandemic is presence throughout the regions; no exception to Southeast Asian region. This impact is experienced more severely among developing countries (Walker, 2020), largely underpinned by weaker health and economy systems. The pandemic hampers the growth in all sectors of economic activity; supply and trade disruption from China, drop in domestic and international tourism as well as lockdown and social containment measures contribute further to the impacts on economy. The aftereffect of this virus is also having a severe impact on Association of Southeast Asian Countries (ASEAN) economies, caused by decline in demand due to uncertainties and policy interventions such as lockdowns, social distancing and travel restrictions. To name a few, these negative impacts include loss of employment or reduced working hours, loss of business sales and income of households. Vulnerable groups are likely to be susceptible due to a lack of resources they can earn on during periods of reduced income (Morgan & Trinh, 2021). Indeed, COVID-19 is fuelling panic in the developing markets and in the context of ASEAN, the effect is heterogeneous in nature due to the differences in policy responses among member countries.

Across the globe, taskforce teams have been established to specially coordinate and oversee efforts to monitor, prevent, contain, and mitigate the spread of COVID-19. The catastrophic impact of the pandemic calls for high level of government intervention in managing the crisis and containing socio-economic consequences. Before the pandemic, ASEAN governments responded in a somewhat synchronous manner to political and economic challenges (Purnomo et al., 2022). However, in the advent of COVID-19, governance has significantly changed, given the differing views on the appropriateness of policy responses (Pramanik et al., 2020; Saud et al., 2021). Policy collaboration and coordination is integral in maintaining balance between pandemic related containment measures while ensuring the facilitation of essential services. Priority areas include a functioning healthcare system, education availability, continuity of businesses and jobs and maintaining stable financial markets (Organisation for Economic Co-operation and Development OECD, 2020).

ASEAN member countries have been hit hard by COVID-19 ripple effects which has seen the double-edged sword of health and economic crisis unfold since last year. As of April 4, 2022, ASEAN have confirmed 25,913,640 cases, with 274,471 deaths and counting. The pandemic has dampened tourism in the region with many flights suspended; disruptions of supply chain, driven by the negative sentiment on trade, investment and output hampers the growth of the nations. Singapore, Malaysia, and Thailand are engaged in a regional supply chain where COVID-19 pandemic is affecting them the most (Oikawa et al., 2021). Within ASEAN, domestic demand declines and slower economic growth. COVID-19 is fuelling panic amongst consumers, investors as well as governments. The spread of the virus is evolving in an unpredictable way that has disrupted the travel and tourism sectors and first to affect the airlines and hotels (Menon, 2020). COVID-19 hampers the effort to reduce the Gini coefficient gap in the countries as the regional response is the key to recovery from the pandemic (Khanna & Nixon, 2021). As of January 2022, most countries in the region have received two-vaccine supplies, and in many countries, governments are beginning to ease up restrictions, indicating a slow and steady transition to endemicity.

Despite tireless efforts, an inconsistency in confirmed and recovered cases has been observed especially among individual countries. For instance, in terms of severity of the infection, Indonesia has 168 deaths per 1 million of its population while Singapore has 5 deaths over 1 million population. In terms of policy implementation, COVID-19 responses by ASEAN countries have been diverse and varied in terms of intensity (Djalante, et al., 2020a). The effect is heterogeneous in nature due to the differences in policy responses among individual ASEAN countries. For instance, the Singaporean and the Malaysian government imposes strict lockdown and movement control conditions while its rural areas of Lao PDR and Myanmar has relatively subdued restriction mechanisms. The nationwide lockdowns and community quarantine are gradually being relaxed in most of ASEAN countries and economic activities are starting to open; nevertheless, due to the new variant of the virus namely Omicron, travel restrictions for foreign visitors are still enforced.

Based on the abovementioned discussion, it is interesting to investigate the polarization of individual countries responses towards the COVID-19 pandemic. This study aims to answer the question whether a concerted regional effort could mitigate the consequences of the pandemic. The remainder of this study is arranged accordingly: background of the study is offered, and review of past studies