
Yunjong Wang Comments on **COVID-19 in Korea: Success Based on Past Failure**

Yunjong Wang, Kyunghee University: As the paper's title indicates, the authors would like to praise the Korean quarantine model, or "K-quarantine," as a global standard for government responses to COVID-19. Yes, the K-quarantine was partly successful, but it also revealed errors in some respects.

First, Korea's past traumatic failure to successfully deal with MERS in 2015 offered a valuable lesson in terms of emergency response not only for hospitals but also the nation's public health system. After MERS, the Korean government revised the Contagious Disease Prevention and Control Act and granted public agencies the right to collect, profile, and share certain categories of personal information at the outbreak of a serious infectious disease. Many other countries have also introduced similar measures to track, trace, and contain the spread of COVID-19 by using digital technologies for effective front-line responses. While such exceptional measures prove to be an effective control measure in the early stages of COVID-19 when there are a limited and manageable number of cases, the approach may hamper privacy and other fundamental rights of citizens.

In Korea, once an individual is confirmed to be infected with COVID-19, local officials have the full authority to look through mobile phone information, credit card history, and closed-circuit camera recordings of recent visits as part of the contact tracing process. The Personal Information Protection Commission (PIPC) identified 435 cases (until mid-September) in which local governments failed to follow the guidelines to protect the privacy of patients. In this sense, there is a growing recognition of the need for a balance between public health safety (through authoritarian power) and privacy protections (or liberal democracy). In mid-September, upon the request of the PIPC, the Korean government introduced additional measures to protect private information. For quarantine purposes, high-risk facilities and most business establishments like cinemas, cafes, and restaurants, require customers to submit either a QR code-based entry log or a handwritten one. But privacy concerns have been raised with the latter, as visitors are often required to write down their personal information—a name and a phone number—on the same sheet of paper.

Second, the public health system in Korea offered free treatment for all patients infected with COVID-19, including foreigners. This meant that the pressure of medical costs did not become a barrier for low-income groups to undergo testing. But in July, the government

decided to revise regulations to prevent foreign nationals from abusing Korea's medical system to be treated for COVID-19 at no cost. Charges will be made on principles of reciprocity, but exemptions will be made for nationals of poor countries. The United Kingdom, Australia, Sweden, and Norway also provide free treatment (or assistance for medical costs) to foreigners. But in many countries including the United States and China, there is no free treatment for foreigners. As newly confirmed cases were often found from overseas entrants (or foreigners), the Korean government tried to strictly regulate those foreign entrants, but some foreign entrants violated quarantine restrictions. As such, public attitudes toward those foreigners became quite hostile and led to mounting pressure on the government to apply the reciprocity principle for free treatment to foreigners. Free treatment for COVID-19 is desirable regardless of the nationality of the individual, but it depends on the sustainability of the country's public health budget. If the pandemic recurs again and again through several waves, huge medical costs could be a big burden to the government. In terms of free treatment, there is no universal agreement on the choice between national treatment and reciprocity. In the age of global human mobility, a country's health care system is naturally domestically oriented due to fiscal issues. Further cooperation in relieving the global disparities of medical services is desperately needed at times of a global pandemic such as this.

Third, there is still a big divide on the necessity of a national lockdown. While some countries (interestingly, including North Korea) introduced a lockdown, the Korean government never introduced such comprehensive restrictions. The authors seemed to regard Italy as a "failure case" by saying that its lockdown stopped population mobility and paralyzed the economy. But it is difficult to say whether lockdown measures introduced by the Chinese government were another case of failure. Proponents of lockdowns argue that the Korean government should completely block all entry from foreign countries, particularly at the early stage. While China maintained restrictive measures on foreign entry, Korea maintained an open-door policy for all foreigners.

With regard the economic effects of COVID-19 on the Korean economy, the analysis and discussion made by the authors are quite relevant. I would like to discuss two points.

First, we have observed setbacks in the supply network during the crisis. Some core components required for production could not be supplied in time from China. While such temporary disruptions have returned to normal, there exists a growing recognition of the need to diversify such supply chain networks. Pursuing a reshoring policy could be an option, but the domestic environment to encourage relocation does not seem enticing. The authors said that the reshoring of high-tech industries to Korea still holds promise. However, it is unclear to me which high-tech industry in Korea is promising. Also, the authors state that the Digital New Deal policy announced by the Korean government in July is timely—but this policy was hastily designed without any specific projects. If implemented without

due consideration of sound economic justifications, that policy would eventually leave the fiscal burden to the future generations.

Second, serious concerns abound regarding the absence of any prudential assessment of the fiscal stimulus packages introduced by the Korean government. As correctly pointed out by the authors, there is no consideration of any fiscal consolidation plan in the future. The government of the day tried to justify this fiscal expansion on the basis of the COVID-19 pandemic, but this increase in fiscal expenditure is at an unprecedentedly high speed. Future governments will end up having to bear the heavy burden of resolving the country's ever-worsening fiscal malaise. Furthermore, the authors also pointed out that if the Korean government faithfully followed the IMF's Government Financial Statistics Manual, Korea's real national debt is actually expected to exceed 100 percent. A real danger here is the absence of checks and balances mechanisms in Korea's national assembly. Historically in Korea, conservative parties always pushed for fiscal soundness, but today even the conservative People's Power Party has proposed a "Korean-style basic income" with other progressive policies as a centerpiece of its new economic policy slogan. Although the expansion of populist policies is a worldwide trend amid the prolonged COVID-19 crisis, the government should prepare a plan to mitigate the rapidly rising national debt. Otherwise, the country faces a difficult path to return to fiscal soundness, as deleveraging the national debt would be a painful process.

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