

With Shanghai's nuanced COVID approach failing spectacularly, look for the return of the iron fist

Shanghai has found itself at the center of the world's most prominent – and chaotic – COVID outbreak for more than six weeks, as the Omicron variant proves what a challenge it can be to contain.

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Key takeaways

- However, the lesson learned from Shanghai's struggles is not that China's "dynamic clearing" zero-COVID policy is untenable in the face of the more transmissible Omicron variant. Nor is it that the policy needs to be rethought entirely.
- Instead, the overwhelming consensus in China is that Shanghai's fiasco – both in terms of the rapid spread of the virus and the logistical chaos that ensued once lockdowns were implemented – was entirely human-made and should have been preventable under the current playbook.
- Shanghai was meant to be the poster child for an advanced, more targeted, and more professional approach to dynamic clearing. Unfortunately, Shanghai's attempt at a more nuanced approach has led to China's worst COVID disaster since Wuhan in early 2020.
- Instead of innovating a less disruptive COVID clearing technique, Shanghai has ended up with a more drawn-out and painful crisis.
- Had Shanghai's leadership brought down the lockdown hammer in mid-March, it is likely that most of this could have been avoided. That's the lesson other cities will take from this, and that's what we can expect to see going forward.
- Significant city-level disruptions will likely be the norm over the next few months, as other localities strive not to become the next Shanghai by going harder earlier.
- That said, the path to normalcy in China is increasingly hazy. Our timeline for China shifting from pandemic management to endemic management remains in the early 2023 timeframe, but it could be longer.

Shanghai's masterclass in what not to do

In a genuinely shocking turn of events, Shanghai has found itself at the center of the world's most prominent COVID outbreak for more than six weeks. It's hard to overstate what a jarring turn of events this has been. Over the past two years, it was newsworthy any time a Chinese city reported more than a hundred cases of COVID-19 during any given flareup, but now the infection figures out of Shanghai are stretching well into the hundreds of thousands. Omicron's reality check on the hubris of local health officials has been swift and thorough.

The lesson learned regarding China's COVID containment strategy, however, is not that the "dynamic clearing" zero-COVID policy is untenable in the face of the more transmissible Omicron variant. Nor is it that zero-COVID needs to be rethought entirely. Instead, the overwhelming consensus in China is that Shanghai's fiasco – both in terms of the rapid spread of the virus and the logistical chaos that ensued once lockdowns began – was entirely human-made and should have been preventable with the current playbook.

Shanghai was meant to be the poster child for a more sophisticated, targeted, and professional approach to zero-COVID. The municipality's well-resourced and highly trained health officials were meant to show the rest of China that there was a better way of dealing with COVID than iron-fisted city-wide lockdowns brought in at the first sign of trouble.

In early March, when infections were just starting to pop up, Shanghai implemented block-by-block 48-hour testing and lockdown regimens for neighborhoods with positive cases. Then, when the numbers began to increase alarmingly, the city announced a two-phased lockdown – the eastern half of the city would close for four days, followed by a four-day closure of the western side. This decision was once again made with the goal of avoiding total disruption and completely closing the city. However, that two-phase initiative never finished because, by the end of the first four days, it was clear that the situation had spiraled out of control.

Unfortunately, Shanghai's more targeted and precision-guided approach led to China's worst COVID disaster since Wuhan in early 2020. Not only did Shanghai's attempt at a more nuanced approach not prevent Omicron's spread, but the city also ended up having to implement a far harsher brand of lockdown than most other Chinese localities have used over the past year and a half. Instead of innovating a less disruptive containment strategy, Shanghai has ended up with a more drawn-out, more painful crisis.

It's safe to say we won't be seeing the Shanghai method again.

No more messing around

Shanghai's more delicate approach not only failed to stop Omicron's spread, but it also created the conditions for the human suffering happening on the ground during the current all-encompassing lockdowns. Food and healthcare shortages have been widely reported, and social angst is running high. Respect for local government leadership has collapsed, and heads will undoubtedly roll once the situation has settled down (a few district-level officials have already been ushered out, but more dismissals are likely coming). Instead of a brief-but-painful short-term lockdown like other Chinese cities have experienced,

Shanghai ended up with weeks of chaos and misery.

The logistical chaos and quality-of-life failures that have emerged since the city went into true lockdown have arguably been a worse outcome for local officials – and for regular citizens – than the actual virus. Although the infection totals seem scary (roughly a quarter-million at the time of writing), the vast majority remain asymptomatic. Of the low tens of thousands that have been symptomatic, there are still no reported fatalities. What's more, waves of city-wide testing were always going to uncover thousands of cases that would usually just fall through the cracks.

Had Shanghai's leadership brought down the lockdown hammer in mid-March, it is likely that most of this could have been avoided. Or, at the very least, the lockdown could have been shorter, and the number of people dealing with symptomatic illness reduced, along with the inevitable economic impacts.

That's the lesson other cities will take from this, and that's what we can expect to see going forward. It's already started to some degree in Guangzhou, where just two positive cases resulted in the suspension of all in-person schooling, a city-wide testing mandate, and travel restrictions.

But where does this all lead?

Significant city-level disruptions will likely be the norm over the next few months as other localities strive to avoid becoming the next Shanghai. The good news is that zero-COVID dynamic clearing can and does still work, and most of these cities will be able to reopen quickly, as we saw with Shenzhen a few weeks ago – which went hard early but which ultimately locked down for a much shorter period. This was always going to be the tradeoff with Omicron: More severe lockdowns are the only option, given that "living with COVID" is still off the table.

That said, the path to normalcy in China is increasingly hazy. Despite most Omicron patients showing little or no symptoms, the central leadership has made it clear it will never accept a scenario where the virus is allowed to spread with few controls. However, there is no vaccine that can prevent Omicron from spreading – even with the administration of a widespread booster regime. And while improved treatment options would be a positive, most patients do not require treatment as it is. So, what scenario would lead to a relaxation of the zero-COVID mandate? It is hard to envision.

The x-factor in any analysis of this sort is public opinion. Although angry residents in Shanghai (and other locked-down cities) have little formal recourse to voice their opinions, their displeasure has certainly made its way online. Beijing is ultimately more sensitive to social stability than anything else, including COVID-19. Although it does not seem likely that the anti-zero-COVID voices in China yet outnumber the pro-lockdown voices, the division may be much closer than the leadership would like.

Finally, a simple thought experiment would make the leadership cringe: How would the people of Shanghai react when there is (likely inevitably) another outbreak and city leaders announce another shutdown? It seems unlikely that would go smoothly.

Our timeline for China shifting from pandemic management to endemic management remains in the early 2023 timeframe, but it could be longer.