

Prepared Testimony on “The Urgent Need For Accelerated Global Coronavirus Vaccination Efforts”

Katheryn Russ
Professor of Economics, University of California, Davis
Non-Resident Senior Fellow, Peterson Institute for International Economics

Good afternoon, Honorable Chair Clyburn and Members of the Select Subcommittee.

Thank you for the opportunity to testify that in addition to the humanitarian urgency, ensuring vaccination against Covid-19—*globally* and with the most effective vaccines available—is critical to the U.S. economy. Here are four reasons why.

First, leaving large pools of people unvaccinated overseas increases the risk that new variants will sweep through the U.S. workforce. As we saw this fall, each new wave has a direct and serious [impact](#) throughout our economy, including the service sector where [4 in 5 Americans are employed](#).

Second, failing to vaccinate the world as a whole creates a host of supply chain problems. The lack of availability of effective vaccines overseas has worsened some of the biggest hang-ups that U.S. businesses and consumers are experiencing now.

Perhaps the most visible example is the plight of the U.S. auto industry in the third quarter of this year. A Covid-19 outbreak in Malaysia triggered public health restrictions that curtailed the already short supply of [semiconductors](#) for U.S. auto makers. The acute shortage forced massive shutdowns in U.S. auto plants. Monthly [domestic auto production dropped](#) below 100,000 units by September, the only time on record this has happened in the last 28 years other than our lockdowns in spring 2020. The shutdowns helped keep [prices elevated](#) in domestic car markets, a key driver of the overall inflation facing American consumers over the last few months.

Malaysia’s vaccination rate has reached [80 percent](#), but the [first 15 million shots](#) they got were a vaccine that is much less effective at preventing infection than the ones you and I have received. Countries across Southeast Asia, and throughout the world, have had to use vaccines from China and Russia, which are much less effective than our mRNA vaccines. This increases the chance of outbreaks that can cause supply chain disruptions.

Other examples are the Covid-related shutdowns affecting two major ports in China over the summer, [Yantian](#) and [Ningbo](#). China is quick to resort to [lockdowns](#) to prevent spread of the virus, partly because the vaccines there are not as effective as vaccines in the U.S. These two ports are so large that the closures generated shipping delays for a wide array of products headed for the U.S. and other countries. The closures are also a reminder that shutdowns could suddenly interrupt the supply of many of the products that the U.S. sources from China.

Third, failing to ensure global delivery of vaccines can lead to labor market disruptions, causing additional supply problems for the U.S. economy. Because there are large pools of people who have not been vaccinated, some countries have resorted to restrictions on workers' movement to reduce spread. Resulting labor shortages are affecting production in a broad array of agricultural and manufacturing industries worldwide—like [footwear and textiles](#) in Vietnam, [wine](#) and other agricultural products in Europe. These restrictive measures might be mitigated or avoided were all workers properly vaccinated and tested.

Finally, due partly to lack of access to vaccines, emerging markets and low-income countries are [unlikely to return](#) to the growth path that they were on pre-pandemic for some time. This lower growth abroad threatens jobs in U.S. export industries. [More than 10 Million American jobs depend on exports](#) of goods and services to the rest of the world. Close to half of these exports are purchased by developing countries, where the most effective Covid-19 vaccines are harder to come by than here. Risks of lockdown-induced slowdowns also loom in many high-income U.S. trading partners where vaccination is incomplete, including [Australia](#), [Austria](#), and [Germany](#).

We must wage a global war on Covid-19 due foremost to the immense humanitarian need, but also to reduce economic volatility and uncertainty for American business and consumers. Whether it is [\\$50 Billion](#) or double that, it would be a bargain compared to the cumulative injury to the U.S. economy and influence abroad were we to delay any longer.