Advances in Economics, Business and Management Research, volume 211
Proceedings of the 2022 7th International Conference on Financial Innovation and Economic Development (ICFIED 2022)

The Economic Situation of China and the United States under the COVID-19 Epidemic

Zheyuan Hu

Author Affiliation: Queensland University, Brisbane, Australia, 4702
Email: zheyuan.hu@uqconnect.edu.au

ABSTRACT

The COVID-19 pandemic that broke out at the end of 2019 has caused a global economic recession, which has put a lot of tests on the economic resilience and governance capabilities of countries. As the two largest economies in the world, the performance of China and the United States in this round of economic recession has an important reference role for all countries. This article will summarize the impact of external and internal factors on the economies of the two countries during the COVID-19 epidemic, analyses the economic conditions of China and the United States from the perspective of inflation, and discusses how the current policies of both governments are responding to the economic downturn.

Keywords: *COVID-19, Economic Recession, Inflation, China, The United States.*

1. INTRODUCTION

In recent years, the biggest "black swan" event in the global economy has been the outbreak of the COVID-19 pandemic. As of November 2021, the worldwide cumulative number of confirmed COVID-19 cases has exceeded 240 million, and the cumulative death toll has exceeded to 5 million [1]. The panic caused by the epidemic and the lockdown measures adopted by the government to control the epidemic disrupted the normal order of production and life and directly led to a decrease in output. This global crisis has severely impacted the world economy and stopped the global economic growth trend since 2009. According to the International Monetary Fund's "The World's Economic Outlook Report", the global economy in 2020 shrined by 3.5% from the previous year with a direct decrease of 3.07 trillion US dollars, and almost all major economies in the world are in recession [2]. As the two largest economies in the world, China and the United States play an irreplaceable role in the development of the world economy. At the same time, the two countries are also the largest developing and developed countries in the world. The economic performance of the two countries during the pandemic will largely determine the future development pattern of the world. This article will summarize the factors affecting the economies of China and the United States during the COVID-19 pandemic, analyze the economic conditions of both countries from the perspective of inflation, evaluate the guiding role of the current policies of the two countries on the economy, and finally make a summary. This article tries to analyze the different performances of the economic models of China and the United States in the epidemic, as well as the reasons for the differences, and refer for the future economic development of countries around the world.

2. FACTORS AFFECTING CHINA'S ECONOMY

2.1. The impact of the epidemic on China's economy

In December 2019, the first round of the new coronavirus epidemic broke out in Wuhan, and it spread rapidly in China following the large-scale population movement event of the " the Spring Festival travel rush". In order to control the development of the epidemic, the Chinese government implemented strict lockdown measures in the first quarter of 2020. Therefore, China's economy has suffered a lot of trauma in the first quarter of 2020, and China's tertiary industry has been greatly affected. The most severely affected industries such as transportation and storage, wholesale and retail, tourism, accommodation, catering, offline entertainment, agriculture, forestry, fishery, and animal husbandry together account for 36% of China's GDP [3]. In addition, due to the supply of essential factors needed to resume the production process has been impacted by the epidemic, the flow of people, logistics, and capital have not been completely opened, the industrial chain and supply chain cannot operate smoothly, which cause the impact of the epidemic on the economy has spread to the supply side such as manufacturing and real estate, import and export, and other fields. From the data point of view, in the first quarter of 2020, the actual growth rate of China's economy hit a record low in recent decades-compared with the same period of the previous year, after excluding price changes, it fell by 6.8% year-on-year. As a result, China's total GDP in 2020 is 15.93 trillion U.S. dollars, an increase of 2.3% compared with 2019 [4], which is China's lowest value in the past few decades. It is worth noting that due to the Chinese government's strong lockdown measures and strict immigration inspections, the COVID-19 epidemic in China was controlled within a few months. Since then, there has been no large-scale COVID-19 epidemic in China, and the epidemic situation in China is characterized by overseas importation and localized sporadic dissemination. As a result, China's economy also recovered in a short period of time, becoming the only major global economy with positive GDP growth in 2020, and GDP grew 9.8% year-on-year in the first three quarters of 2021, averaging 5.2% over two years [5].

2.2. The impact of changes in global bulk commodity prices

Since the beginning of 2021, the prices of international bulk commodities have been on the rise, especially the prices of bulk commodities such as crude oil, coal, copper, tin, and nickel have risen sharply. This round of global commodity price rises, and inflation are mainly driven by three main factors: First, the governments of major economies have introduced large-scale stimulus plans, and the market generally expects that aggregate demand will tend to be strong. Second, the global epidemic has not been effectively controlled. There are still constraints on the supply side, which make the global economic recovery in the post-epidemic era is faster than bulk commodity supply. Finally, the central banks of major economies implemented ultra-loose monetary policies, which make the global liquidity environment continued to be extremely loose [6]. The changes in global commodity prices have had a serious impact on the Chinese economy. As China is currently an export-oriented economic model, and China's local resources cannot support the scale of China's manufacturing industry, China's annual demand for commodity imports is very large. For a long time, Chinese products have relied on high-cost performance to increase their share of the global market, which has made the profit margins of Chinese products very small. The rise in commodity prices is bound to increase the production costs of enterprises, further reduce the profit margins of Chinese products, and hit the development of China's manufacturing industry. Manufacturing is an important driving force of China's economy, and the decline of manufacturing will affect China's economic growth. Not only that, the rise in commodity prices will also increase China's PPI index, which will then be transmitted to the consumer market and cause massive inflation.

3. FACTORS AFFECTING U.S. ECONOMY

3.1. The impact of the epidemic on U.S. economy

As of early December 2021, the cumulative number of confirmed cases of new coronary pneumonia in the United States has exceeded 50 million, and the death toll has exceeded 800,000 [7]. The situation is not optimistic. The impact of the COVID-19 epidemic on the U.S. economy is comprehensive and can be mainly reflected in three aspects. First, the most intuitive shock is reflected in the unemployment rate. The spread of the new crown epidemic has caused social panic, and many laborers have given up work to avoid contracting the virus. The blockade measures have also led to a large-scale decline in people's demand for the service industry, which has severely hit the U.S. job market, where the tertiary industry is developed. At the beginning of the outbreak of the new crown epidemic in the United States, the number of jobs in the United States fell by 20.5 million, and the unemployment rate was as high as 14.7% [8]. Secondly, due to the Fed adopted an interest rate cut policy before the outbreak of the epidemic and did not reserve enough room for interest rate cuts in the economic depression caused by the epidemic, the Fed can only stimulate the economy through a large-scale quantitative easing policy. Since March 2020, the Fed's two sharp interest rate cuts have consumed the final policy space, and the U.S. policy interest rate has dropped to zero. Subsequently, the U.S. government increased its national debt by $3 trillion after the outbreak of COVID-19. At the same time, the Fed began an unprecedented "unlimited" quantitative easing policy to stabilize market sentiment. During the COVID-19 pandemic, the U.S. broad money M2 increased by 5 trillion U.S. dollars [9]. Many currencies poured into the market, creating severe inflationary pressures on American society. Finally, the economic structure of the United States is unevenly distributed, and the tertiary industry accounts for a staggering 81% of GDP. The United States economy has suffered severely under the impact of the epidemic. Because the ban measures taken to stop the epidemic have the greatest impact on the tertiary industry, consumer demand for the service industry has significantly decreased during the epidemic. Therefore, the gross domestic product of the United States has shrunk severely in 2020 when the epidemic is prevalent, with a growth rate of -3.5% [10].

3.2. The impact of trade protection policies

In 2018, U.S. President Trump imposed additional tariffs on commodities from many countries and regions, including China, the European Union, and other major trading partners of the United States [11]. Although the Trump administration has stepped down, the current US government still maintains a part of its trade protection policy, especially for its largest importer, China, which has aggravated the tensions in the U.S. and even parts of the global industry chain and restricted the development of U.S. manufacturing. In today's world, the industrial chain of a product is spread all over the world, and manufacturers in each country are only one link in the industrial chain. Manufacturers in most countries in the world, including the United States, cannot independently manufacture a complete product. They rely on other parts or materials provided by the upstream of the industrial chain. The tariff policy of the United States has set up barriers for these products to enter the United States. Compared with other competitors, U.S. manufacturers must spend more costs to purchase upstream products, which weakens the competitiveness of American manufacturing. Under this circumstance, US manufacturing orders will be lost abroad, leading to a decrease in employment [12]. U.S. trade protection policy has deteriorated the manufacturing environment in the United States, undermined the development of the global supply chain, and magnified the impact of the COVID-19 epidemic. Not only that, the U.S. trade protection policy has also increased the cost of living of its citizens. China has long been the largest importer of the United States, providing the United States with a large number of low-value-added products, and these products are indispensable in daily life. Trade protection measures against China have increased the cost of Chinese goods entering the U.S. market, but it is difficult for the U.S. market to find substitutes for Chinese manufacturers in a short period of time. Because the prices of products produced in other economies are often much higher than those of Chinese products, and they also don't have enough productivity to meet the needs of the US market. Especially as the COVID-19 pandemic continues to develop, the continuous tension of the global supply chain makes this approach even more impractical. Therefore, it is difficult for the U.S. trade protection policy to effectively prevent the inflow of Chinese products. Instead, the tariffs imposed on Chinese products are transferred to the U.S. market, raising prices and increasing the cost of living of ordinary Americans.

4. CHINA'S INFLATION ANALYSIS

During the epidemic, as the top two economies in the world today, China and the United States have both suffered a certain degree of inflationary pressure. However, the level and direction of inflation in the two countries are different. After the outbreak in China (November 2020-November 2021), the growth of CPI and PPI are as follows:

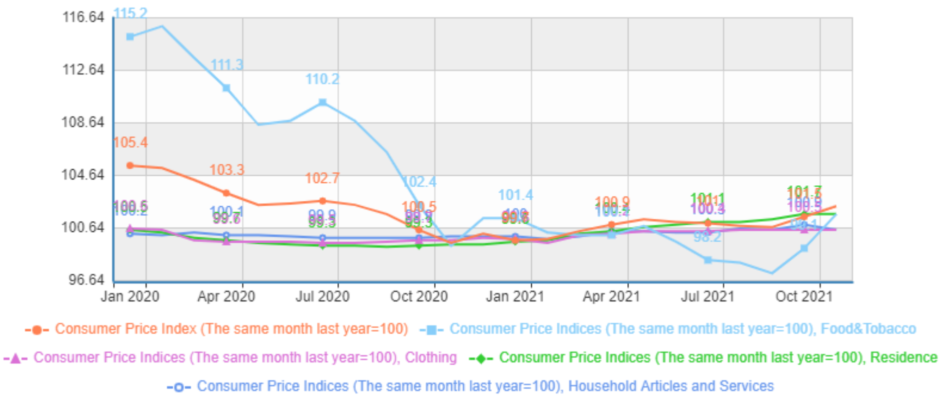

Figure 1 The trend of CPI in China during the COVID-19 epidemic [13]

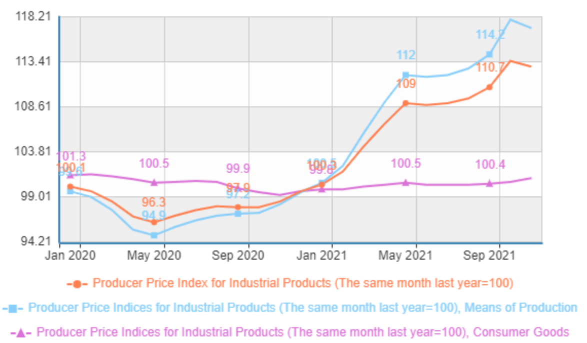

Figure 2 The trend of PPI in China during the COVID-19 epidemic [14]

The above data shows that China's inflationary pressure is mainly concentrated on the PPI, which is the producer. Looking at China's PPI data from a more microscopic point of view, it can be found that China's PPI data is mainly driven by the PPI of the means of production. The increase in the PPI of China's means of production is much higher than that of the means of subsistence. On the other hand, since the outbreak of the epidemic, products in the Chinese market that are closer to the upstream of the industrial chain have greater inflationary pressure, while products located in the downstream of the industrial chain have less inflationary pressure. This situation is mainly due to the destruction of the global supply chain by the epidemic and the rise in global commodity prices. Since the outbreak of the epidemic, the global prices of upstream raw materials such as thermal coal, iron ore, and rebar have risen sharply. China is currently the world's largest industrial country and is known as the "world factory". However, China's own resource reserves are not enough to support such a huge production volume and need to import a large amount of foreign resources. Therefore, the price increase of bulk commodities has a significant impact on Chinese manufacturers.

5. U.S. INFLATION ANALYSIS

Compared with China, inflation in the United States is comprehensive. CPI and PPI data after the outbreak in the United States (January 2020-November 2021) are as follows:

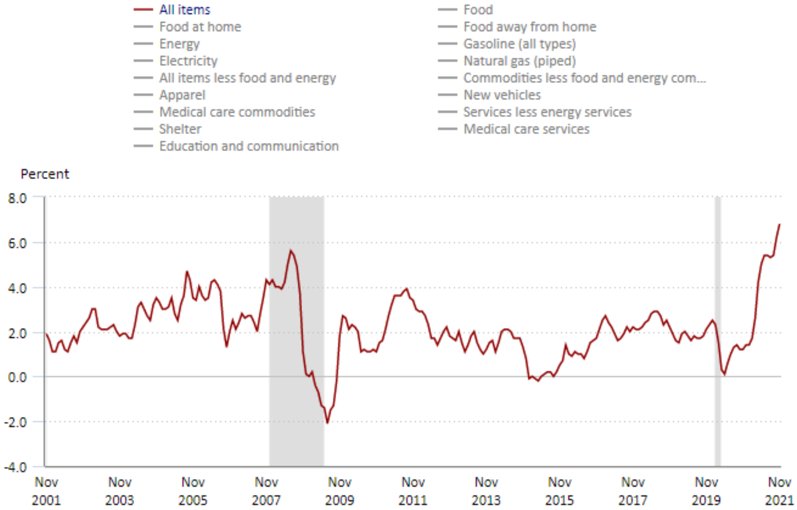

Figure 3 The trend of CPI in U.S. during the past twenty years [15]

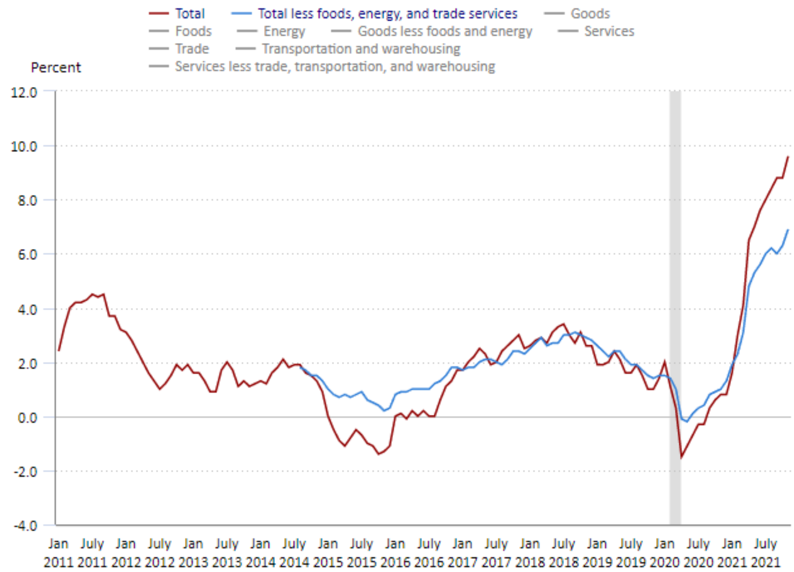

Figure 4 The trend of PPI in U.S. during the past ten years [16]

The above data shows that since the outbreak of the epidemic, the inflation situation in the United States has continued to deteriorate. Both the PPI index and the CPI index have reached their highest levels in a decade, and the rate of increase is also rare in history. The continued increase in inflation in the United States is related to its own country's policies to respond to the epidemic, economic model, and monetary policy. First of all, the US government has failed to effectively control the spread of the epidemic, which has led to the inability of the US to effectively organize the labor force to resume production, and the supply and production capacity are insufficient. Second, the United States has long relied on foreign imports for most of the basic products. In the context of the global economic recession, the supply chain and industrial chain have been severely strained, which has increased the price level of imported goods in the United States. Finally, the Fed's expansionary monetary policy has led to a decline in the purchasing power of the U.S. dollar, and the wealth of ordinary people has shrunk. Therefore, the US inflation level has fallen into a dangerous range in a short period of time.

5.1. U.S. stagflation crisis

Normally, when inflation causes currency depreciation, the employment rate will rise, and the economic situation will show an upward trend. However, the unemployment rate and household consumption index in American society are currently at a very high level, and the GDP growth is not obvious. The U.S. economy may fall into stagflation. The so-called stagflation means that the failure of the quantitative easing policy has led to the simultaneous appearance of severe inflation and severe economic depression. The large amount of currency pouring into the market failed to effectively enhance market liquidity and stimulate economic growth. Such a situation once appeared in European and American countries in the 1970s. In contrast, today's economic indexes in the United States have similar performance. First, the inflation rate in the United States has been rising since the outbreak of the epidemic. By the second half of 2021, the price of corn on the US market has risen by 44%, the price of gasoline has risen by 22%, and the price of bread has risen by 11%. The cost of living of ordinary people has increased significantly. The Goldman Sachs Group report shows that since September 2021, the US consumer price index has increased by 9.4%, maintaining a high level in the past 30 years [17]. However, high prices did not drive up the US GDP growth rate. The US GDP in the first quarter of 2021 was US$5.3678 billion, a year-on-year increase of 0.3%; the second quarter GDP was US$57118 billion, a year-on-year increase of 12.6%. The GDP in the third quarter was US$58189 billion, an increase of 4.7% year-on-year; the GDP of the first three quarters of the United States was US$16,6898.5 billion, an increase of 5.7% year-on-year [18]. Based on the 3.5% decline in GDP in 2020, in fact, the US GDP has not grown significantly in the past two years. This means that the huge amount of money injected by the Fed into the market has not been well distributed. In fact, the funds released by the Fed are mainly concentrated in the real estate market, securities market and precious metal market, rather than flowing into the hands of ordinary consumers and producers. In 2020, after the Fed’s three rounds of quantitative easing, the U.S. stock market recovered from the four circuit breakers in February 2020, returning from 18,000 to 28,000. The national average house price peaked at the end of 2020, a year-on-year increase of 10.77%. The price of gold has also continued to rise, breaking through $2,000 in August 2020 to reach a historical high. Not only that, Bitcoin, antique collections, and even some star cards in the US market have broken through unimaginable prices [19]. Although the current data of the United States has not yet reached the level of the 1970s, there are no signs of improvement, and the US economy is facing the risk of stagflation.

6. CHINA’S ECONOMIC POLICY AND CHALLENGE

At present, the worldwide pandemic of the new crown epidemic has lasted for nearly two years. With the increasing number of virus variants, the new crown pandemic will not be over in a short period of time. Under such circumstances, the global economy may continue to shut down for several years. As leaders of the world economy, whether the economic policies of China and the United States can break through the shackles brought about by the epidemic is of great significance to the development of the world. The current problems facing China's economy are related to its development model in the past few decades. Since China's reform and opening, China's economic development has relied on the system of economic globalization. With its large educated population, China has achieved a labor price advantage, and has gradually gained an advantageous position in the proportion of the world's manufacturing industry, and has become the contemporary "world factory". Since the 1980s, China’s import and export share has continued to increase as a proportion of GDP, reaching more than 60% in 2006 [20], which means that China’s economy has been deeply integrated with the world economy. However, this development model is easily affected by changes in the external environment. First, China's manufacturing industry relies on energy and raw materials supplied from all over the world. The pandemic of the new crown epidemic and changes in China's international environment have raised the cost of China's imported commodities, compressed the profit margins of China's manufacturing industry, and hindered the development of China's economy. Second, the global economic recession caused by the new crown epidemic has caused the shrinkage of the world market, which in turn affected the market's demand for Chinese manufacturing products. If sufficient market capacity cannot be found to increase demand, it will be difficult for China's economy to develop further or even stagnate. The above two issues have become the main problems facing China's economy at present and determine the future development trend of China's economy.

6.1. “Dual circulation” development pattern

On May 14, 2020, the Standing Committee of the Politburo of the Communist Party of China proposed that it is necessary to give full play to China’s super-large-scale market advantages and domestic demand potential, open up production, distribution, circulation, and consumption, and gradually form a major domestic cycle, domestic and international The new development pattern of mutual promotion of the double cycle fosters new advantages for China to participate in international cooperation and competition under the new situation [21]. In the context of the normalization of the world epidemic, the recession of the world economy is inevitable, which also makes the world's total demand drop. China's domestic and international dual-cycle policy will pay more attention to the exploration of China's domestic market. China has the world's largest population and the largest middle-income group. It has huge consumption potential and can make up for the losses caused by the decline in external consumption and protect China's manufacturing production level. This policy can bring the following benefits to the Chinese economy: First, the policy has increased the gold content of China's national economy. China's past development model actually used low labor prices to earn processing fees and labor fees. Most of the profits of the products were lost to the outside, and the economic benefits were very poor. Increasing the proportion of domestic recycling in economic activities can keep more sectors in the industrial chain in the domestic market, creating more jobs, corporate profits and taxation, which will significantly increase the value of GDP. Secondly, this policy protects the security of the national economy. The continuation of the COVID-19 pandemic and the changes in the international environment in recent years have severely affected the development of economic globalization, and the risk of global supply and industrial chain disconnection has increased. In this case, master most sectors in the industrial chain, or even the complete industrial chain, can effectively respond to the impact of global emergencies, which helps protect the security of the national economy and increase the resilience of the national economy. Finally, this policy can establish sound production and consumption factors, regulate China's domestic market, and help China's economy better integrate into the global economic cycle. Under the economic model dominated by external cycles in the past, China's commodity market was underdeveloped, sluggishly flowing, lacking market elements, and the allocation of resources was heavily dependent on the government's "tangible hands." Deeply tapping domestic demand and actively expanding the scale of the domestic market can accelerate the reform of China's market economic system, increase the position of market forces in the Chinese economy, and reduce administrative intervention.

6.2. New Infrastructure Construction

China's new infrastructure construction plans mainly include the construction of 5G base stations, UHV, intercity high-speed railways and urban rail transit, charging piles for new energy vehicles, big data centers, artificial intelligence, and industrial Internet, covering seven areas, involving many industrial chains [22]. Compared with traditional major infrastructure constructions such as railways, highways, airports, and water conservancy, new infrastructure construction not only provides large-scale infrastructure, but also combines the investment of high-end equipment, talents and knowledge and other advanced elements, which will contribute to the future of China's economy and society. The innovation and development of the company provide the underlying support. The Chinese government hopes to use this as a basis to lead a new round of scientific and technological revolution in the world and a new wave of information technology. In the short term, accelerating the construction of new infrastructure can expand China's domestic demand and increase jobs, help eliminate the output gap caused by the impact of the epidemic and hedge the downward pressure on the economy. Against the background of the global economic recession, China's economy needs major projects and infrastructure projects to stimulate a new round of economic growth. In the long run, new infrastructure construction can consolidate the foundation for long-term economic development, significantly improve the efficiency of economic and social operations, and provide strong support for the long-term stable development of China's economy.

7. U.S. ECONOMIC POLICY AND CHALLENGE

The root of the current economic difficulties facing the United States comes from the hollowing out of the manufacturing industry. In recent decades, the composition of the US GDP has been overly dependent on the service industry. In 2020, the US service industry accounted for more than 80% of GDP, which makes the United States lack of recovery force in the economic recession caused by the COVID-19 epidemic. In addition, the hollowing out of the manufacturing industry has made the United States overly dependent on imports of foreign goods, and the trade conflict with China, the largest source of imported goods in the United States, has magnified the current economic crisis in the United States. Whether the above problems can be effectively resolved determines the future direction of the US economy.

7.1. The end of the trade conflict

The new Treasury Secretary Yellen appointed by the Biden administration has repeatedly expressed in public that he is willing to restart trade negotiations with China, reduce or even exempt tariffs imposed on Chinese products during the Trump period, and ease or end the trade conflict with China [23]. For a long time, the United States has relied heavily on imports in the field of low value-added products, and most of these products are needed to support daily life. China has been the largest source of imports for the United States for a long time in the past, and it is difficult for the United States to find a trading partner that can replace China in a short period of time. Therefore, the direct consequence of this series of tariff policies of the Trump administration is the increase in the prices of imported goods in the United States. The cost of the policy was eventually passed on to American consumers. After the tariffs are imposed, American consumers must spend an additional $51 billion on imported goods each year [24]. Under the economic impact of the new crown epidemic, the income of ordinary American families has plummeted, and the burden of living has increased significantly. In this case, ending the trade dispute with China can reduce US import costs and lower US price levels.

7.2. Biden government's infrastructure plan

On November 8th, 2021, the U.S. House of Representatives passed the infrastructure plan submitted by the Biden administration, which became a formal bill after being signed by the President of the United States. The bill mainly targets the severely aging infrastructure in the United States, and maintains, transforms, and expands the old railroad network, ports, airports, highways, and public transportation systems. The Biden administration hopes that this bill can rebuild American infrastructure, strengthen manufacturing, create high-paying jobs, develop the economy, and solve the climate change crisis [25]. Large-scale infrastructure bills have a strong stimulus effect on the economy. First, large-scale infrastructure projects are the most effective means to solve the employment problem under crisis conditions, which can directly bring millions of jobs and reduce the unemployment rate. Secondly, large-scale infrastructure construction can drive a large number of upstream and downstream enterprises to restore and expand production, regain social purchasing power, gather social wealth, and activate the domestic demand market of the entire country will be activated and expanded. The restoration and expansion of domestic production capacity also laid the foundation for future economic prosperity. If the Biden administration’s infrastructure bill is steadily implemented, it will undoubtedly become a booster for the recovery of the US economy. However, it is worth noting that the Biden administration's infrastructure bill may become "the last straw to crush the camel." The U.S. government has already shouldered extremely high debts. Under the impact of the epidemic, the U.S. federal debt has soared by 4.2 trillion in 2020, and the total debt will reach about 21 trillion US dollars. The ratio to GDP exceeds 100%, and there is a huge risk of default [26]. The infrastructure bill of the Biden administration has undoubtedly deepened the debt crisis in the United States. If the United States fails to fulfill its debt contracts on schedule, which may trigger a global financial crisis.

8. CONCLUSION

In general, this article has the following findings. First, although the economies of China and the United States have been affected by the epidemic, the influencing factors are different. China’s economic influences mainly come from external, while the U.S. economic influences are mainly internal. The main factors affecting China's economy are the decline in China's manufacturing profits caused by the rise in global commodity imports, and the decline in global market demand caused by the continued deterioration of the global epidemic. The main factors affecting the U.S. economy come from the high inflation caused by its domestic trade policy and monetary policy, as well as the lack of labor caused by the failure of epidemic control. Second, the current inflation situation in China and the United States is different. China’s current inflation is mainly concentrated on the PPI, and other indicators are kept within a reasonable range, while all inflation indicators in the United States are showing an upward trend. Finally, despite the factors affecting the economies of China and the United States are different, the economic policies of the Chinese and U.S. governments both include a large-scale infrastructure construction plan led by the government. Because large-scale infrastructure plans can not only help expand domestic demand, but also strengthen the country’s industrial level and drive market development, which is exactly what China and the United States need.

For the future economic development of China and the United States, this article has the following suggestions. First, China and the United States should play the role of world leaders of both countries to unite countries to control the development trend of the COVID-19 epidemic in the world. The main source of economic problems in China and the United States is the continuation of the COVID-19 pandemic. For China, the world market will return to the original level only if the worldwide COVID-19 pandemic is brought under control, and Chinese goods can get enough demand. Not only that, when all countries, especially the major countries of raw materials and energy, return to normal production and life order, the prices of world bulk commodities can also return to normal and China's manufacturing industry will be able to obtain normal profit margins. For the United States, only if the epidemic is completely controlled, can the government completely lift the preventive measures and resume the development of its service industry. At the same time, the recovery of the global supply chain will also lower the price of imported goods in the United States and lower the price level. Second, China and the United States should reach a new trade agreement as soon as possible to restore the original trade order. For China, this approach will regain the US market share lost by trade conflict and enhance the competitiveness of its manufacturing industry. For the United States, the re-entry of cost-effective Chinese products into the market will help ordinary Americans reduce the cost of living and ease the inflation crisis. Finally, China and the United States should adjust their own economic structures and economic models. China should change its export-oriented economic model that relied too much on foreign markets in the past, tap the potential of domestic consumption, and expand the scale of its domestic market. The U.S. government should reduce its service industry’s share of GDP and strengthen the country’s manufacturing level.

REFERENCES

[1] WHO. (2021). Weekly epidemiological update on COVID-19 - 9 November 2021. *World Health organization*. Retrieved November 20th, 2021, from: Weekly epidemiological update on COVID-19 - 9 November 2021 (who.int).

[2] IMF. (2021). World Economic Outlook Update, January 2021: Policy Support and Vaccines Expected to Lift Activity. *Washington, DC: IMF*.

[3] China National Bureau of Statistics. (2021). Retrieved November 22nd, 2021, from: National Data (stats.gov.cn).

[4] China National Bureau of Statistics. (2021). Retrieved November 22nd, 2021, from: National Data (stats.gov.cn).

[5] China National Bureau of Statistics. (2021). Retrieved November 22nd, 2021, from: National Data (stats.gov.cn).

[6] Delle Chiaie, Ferrara, L., & Giannone, D. (2021). Common factors of commodity prices. *Journal of Applied Econometrics (Chichester, England)*.

[7] The New York Time. (2021). Coronavirus in the U.S.: Latest Map and Case Count. Retrieved December 9th, 2021, from: Covid in the U.S.: Latest Map and Case Count - The New York Times (nytimes.com)

[8] Topazian, Hatton, C. R., Barry, C. L., Levine, A. S., & McGinty, E. E. (2022). Public support for U.S. social safety net policies throughout the COVID-19 pandemic. *Preventive Medicine*, *154*, 106873–106873.

[9] Gu, Lv, B., Liu, Y., & Peng, G. (2021). THE IMPACT OF QUANTITATIVE EASING ON CRYPTOCURRENCY. *International Journal of Economics and Financial Issues*, *11*(4), 27–34.

[10] Translated Content Engine LLC. (2021). U.S.-U.S. keeps GDP drop estimate at 3.5% by 2020. *CE Noticias Financieras*.

[11] Fetzer, T., & Schwarz, C. (2021). Tariffs and Politics: Evidence from Trump’s Trade Wars. *The Economic Journal (London)*, *131*(636), 1717–1741.

[12] Zheyuan Hu. (2021). How Trump tariffs affect the U.S. economy. *Queensland University*.

[13] China National Bureau of Statistics. (2021). Consumer Price Index. Retrieved December 15th, 2021, from: National Data (stats.gov.cn).

[14] China National Bureau of Statistics. (2021). Producer Price Indexes. Retrieved December 15th, 2021, from: National Data (stats.gov.cn).

[15] U.S. BUREAU OF LABOR STATISTICS. (2021). Consumer Price Index. Retrieved December 16th, 2021, from: CPI Home: U.S. Bureau of Labor Statistics (bls.gov).

[16] U.S. BUREAU OF LABOR STATISTICS. (2021). Producer Price Indexes. Retrieved December 16th, 2021, from: Producer Price Index (PPI) (bls.gov).

[17] The Goldman Sachs Group, Inc. (2021). INFLATION: HERE TODAY, GONE TOMORROW?. *Goldman Sachs Research Issues, ISSUE 103*, 34-67.

[18] BUREAU OF ECONOMIC ANALYSIS. (2021). United States GDP. Retrieved December 18th, 2021, from: Gross Domestic Product | U.S. Bureau of Economic Analysis (BEA).

[19] Phil Gramm, & Mike Solon. (2021). The Stagflation Is Coming. *The Wall Street Journal. Eastern Edition*.

[20] China is the world's factory, more than ever; The greatest (trade) show on Earth. (2020). *The Economist (London)*.

[21] Huang, Yu, P., Song, X., & Chen, H. (2021). Strategic focus study on the new development pattern of ‘dual circulation’ in China under the impact of COVID-19. *Transnational Corporations Review*, 1–9.

[22] Yuanjie Zhang, & Zhun Shi. (2021). Crafting a Sustainable Next Generation Infrastructure: Evaluation of China’s New Infrastructure Construction Policies. *Sustainability (Basel, Switzerland)*, *13*(11), 6245.

[23] Alan Rappeport, & Keith Bradsher. (2021). Yellen Says China Trade Deal Has ‘Hurt American Consumers’. *The New York Times*. Retrieved December 19th, 2021, from:Yellen Says China Trade Deal Has ‘Hurt American Consumers’ - The New York Times (nytimes.com).

[24] Tom Lee, & Jacqueline Varas. (2021). The Total Cost of U.S. Tariffs**.** *American Action Forum*. Retrieved December 19th, 2021, from: The Total Cost of U.S. Tariffs - AAF (americanactionforum.org).

[25] The White House. (2021). President Biden's Bipartisan Infrastructure Law. Retrieved December 20th, 2021, from: President Biden's Bipartisan Infrastructure Law | The White House.

[26] Alyssa Fowers, & Tony Romm. (2021). How U.S. federal debt got so big. *The Washington Post*.