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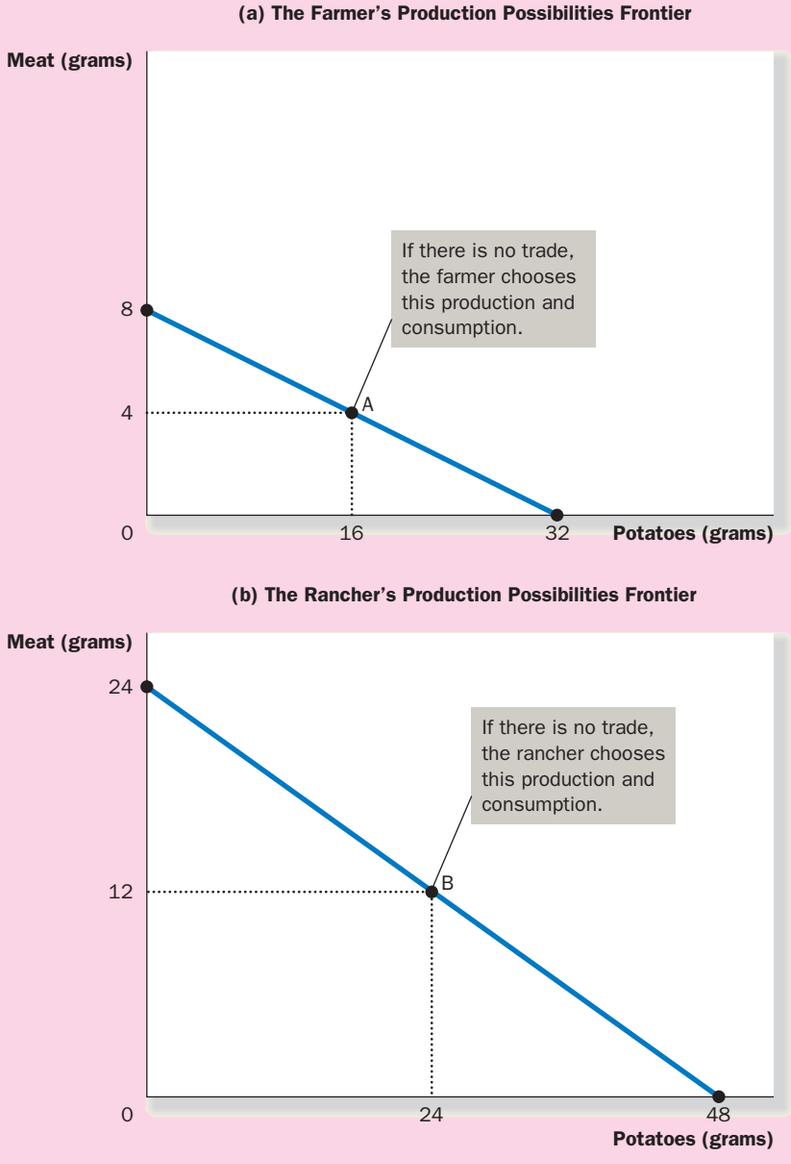
TABLE 1

The Production Opportunities of the Farmer and the Rancher

	Minutes Needed to Make 1 Gram of:		Amount of Meat or Potatoes Produced in 8 Hours	
	Meat	Potatoes	Meat	Potatoes
Farmer	60 min/~~oz~~ g	15 min/g	8 g	32 g
Rancher	20 min/~~oz~~ g	10 min/g	24 g	48 g

FIGURE 1



The Production Possibilities Frontier

Panel (a) shows the combinations of meat and potatoes that the farmer can produce. Panel (b) shows the combinations of meat and potatoes that the rancher can produce. Both production possibilities frontiers are derived from Table 1 and the assumption that the farmer and rancher each work 8 hours a day.

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spread to Hong Kong, Singapore, and Toronto, and subsequently affected more than two dozen countries in North America, South America, Europe, and Asia before the outbreak was finally contained.

A total of 8,096 people worldwide were estimated to have become sick with SARS between November 2002 and July 2003, of which 774, or approximately 10 percent, died (see Table 3). The incidence of the disease, however, varied considerably with more than 80 percent of the cases being reported in China and Hong Kong alone. Canada and Singapore were also badly affected because of the large numbers of ethnic Chinese who travel back and forth from China and Hong Kong to these two countries.

The disease was very disruptive in the worst affected countries. Schools were closed in Hong Kong and Singapore, airline passengers were screened on arrival, and suspected cases were quarantined in Hong Kong, Taiwan, Canada, and Singapore. In Singapore, for example, there was a ten-day mandatory quarantine for all who had come in contact with SARS patients, and severe penalties were imposed for non-compliance. In China, the venue of the 2003 FIFA World Cup for Women was transferred to the United States. But how serious were the economic consequences of the SARS epidemic?

One way of viewing the SARS epidemic is that it was an unexpected "shock" to the economy, with both supply and demand effects. On the supply-side output, productivity and exports would decline from a reduction in the workforce as a result of death, illness, or absenteeism. The latter could be the result of a voluntary decision to stay at home to look after sick members of the family or relatives, or

TABLE 3

The Impact of SARS on Selected Countries in 2003

This table shows the estimated numbers of people who became sick and died of SARS in the Asian region, as well as in Canada and the United States. Visitor arrivals to these countries fell as a result, causing a decline in GDP, as shown in the last column.

Source: World Health Organization, http://www.who.int/csr/sars; Jong-Wha Lee and Warwick J. McKibben, "Globalization and Disease: The Case of SARS," Lowry Institute for International Policy, Working papers, in *International Economics*, August 2003.

Country	Cases[1]	Fatalities	Visitor arrivals (in millions)	Fall in GDP (percentage change)[2]
China	5,327	349	33.2	–1.05
Hong Kong	1,755	299	13.7	–2.63
Taiwan	346[3]	37	~~37.0~~ 2.25	–0.49
Canada	251	43	–	–
Singapore	238	33	6.7	–0.47
Vietnam	63	5	1.4	–
USA	27	0	–	–0.07
Philippines	14	2	1.8	–0.10
Thailand	9	2	10.1	–0.15
Malaysia	5	2	12.8	–0.15
Korea	3	0	5.1	–0.10
India	3	0	2.5	–0.04
Indonesia	2	0	5.2	–0.08
Global	8,096	774	696.5	–

Notes: [1]Probable cases between November 1, 2002 and July 31, 2003.
[2]Estimated impact in 2003.
[3]Since July 2003, 325 Taiwanese cases have been discounted.