

Opinion **UK business & economy**

Maintaining the lockdown and saving the economy are mutually compatible

It is not a matter of protecting people 'or' the economy but of protecting people 'and' the economy

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Not only would lifting lockdowns be unlikely to bring the economy roaring back to life if the disease were still prevalent. Worse, a reopening followed by rising infections and a lockdown would devastate the economy © Getty

Martin Wolf APRIL 24 2020

“We can’t have the cure be worse than the problem.” [Thus did Donald Trump](#) capture a widely-shared worry. Such a supposed trade-off between the economy and lives is also present in the [debate within the British government](#) on when and how to release the country’s lockdown. Michael Gove, cabinet office minister, argues for early reopening. Matt Hancock, health secretary, argues against. Mr Hancock is right: suppressing the virus is the best policy for both health and the economy.

Yet, understandably, policymakers are beginning to wonder whether there will soon be much of an economy left to reopen. In a recent forecast, the [Office for Budget Responsibility](#) sees a decline of 35 per cent in UK gross domestic product in the second quarter. This is worse than the already-frightening estimates of the [initial impact of the shutdowns by the OECD](#).

Yet a short-term reaction of terror does not make for good policy. Everything would not be fine economically if lockdowns were lifted. The implicit assumption is that we would then return to where the economy was before the coronavirus. But that is impossible. The real question is what would happen to today's economy in the absence of today's lockdowns. The answer is that, if the virus were to run rampant yet again, a large part of face-to-face economic activity would again cease to exist.

True, if lockdowns ended and support for people without a job was also withdrawn, many might be compelled back to work. That might even raise economic output. But it would reinforce the inequality already created by the disease between those who can survive at home and those who cannot.

Not only would lifting official lockdowns be unlikely to bring the economy roaring back to life if the disease were still prevalent. Worse, a reopening followed by a wave of rising infections and a lockdown, or even a cycle of reopenings and lockdowns, would devastate the economy — quite apart from the credibility of policymakers.

The point that the degree of economically-costly social distancing depends on the prevalence of the disease is crucial. But, as an important [new paper](#) from the University of California Berkeley shows, there is far more to the policy decision than this. The paper analyses two strategies: “short-term control”, which tries to keep the rate of infection within limits; and “long-term control”, which seeks to limit the total number of infections, ultimately bringing the flow to very low levels.

These strategies are related to “mitigation” and “suppression”, as discussed in an influential [paper from Imperial College London](#). In the UK political debate, they correspond to reopening when the reproduction rate of the disease is close to one (a constant rate of infection, at its peak rate) or when the rate is close to zero (which implies near elimination).

The paper analyses four sorts of costs: the costs of lost lives; the lost work days of the sick; the medical costs associated with higher incidence of disease; and the costs (primarily economic) of social distancing, both officially imposed and spontaneous. The overall conclusion is overwhelming. The least costly option is strong suppression: it saves lives, massively reduces medical costs and even lowers the economic costs of social distancing over the course of the epidemic.

This lower overall economic cost flows from there being a smaller and thus more manageable prevalence of the disease in the population. Provided there are well-established systems for testing, tracing and quarantining the relatively small number of new cases, people will then go out freely, and there will be no risk of further shutdowns. This would not be true if the disease was still widespread and likely to resurge.

This detailed analysis of the entire course of the epidemic provides compelling support to one side of the British debate. Yes, persisting with the lockdown until the disease has been brought to really low levels imposes big economic costs now. But it must also be seen as an investment, whose fruits will be a more tolerable future. This extra time now must also be used to put in place the systems needed to keep the disease suppressed.

This strategy is not just the right one economically for the country. It must also be the right one politically. People will resent weeks in lockdown now. But such resentment will not compare with what would happen if premature opening led to a resurgence of the disease and new lockdowns. In the longer term, the right thing to do is also going to be the least politically unpopular thing to do.

Crush Covid-19 and keep it crushed. The government has made enough mistakes. It cannot make another huge one.

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