

**There is an alternative, but it's not cheap**  
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The logic of the covid-19 pandemic remains relentless. In recent weeks, the daily number of newly reported cases in the Czech Republic has roughly doubled every two weeks. So, like a train that passes a station but doesn't stop, we reached the level of 50 new infections per 100 000 citizens per week -- which will, among other things, lead to restricted travel to Germany. Maybe another week, and relative numbers will be comparable to the United States. The costs will be considerable -- for the Czech tourism industry, for Czech trade relations, and simply for the millions of Czechs who were planning to travel or receive friends from abroad. Not to mention the reputation of the Czech Republic and its government, which were internationally admired for their crisis management early in the pandemic.

These costs could have been avoided with measures similar to neighboring countries -- like Germany, where case numbers remain much lower and are not rising quickly. Of course this would not have come for free. Like in most Western European countries (which mostly started from a worse position than the Czech Republic), it would have meant public investments into testing and tracing capacity, and more vigilance and mask-wearing throughout the summer. In June, the CERGE-EI IDEA AntiCovid Initiative set out a list of recommendations of how to prepare for a second wave with a set of relatively low-cost options. The government decided against such measures. This fall, we will pay the price, and we will be able to ask whether it was worth it.

**Doing nothing also has its costs**

As economists, we do not treat patients or develop a vaccine. But we have expertise in thinking about the trade-offs involved in making political and economic decisions. It is by now clear to everyone that the pandemic has enormous economic and social costs. But it is important to ask where these costs come from. Experiences around the world show that no government can simply choose normal economic life by doing nothing. Once hospitals get overwhelmed and deaths dominate the news, the economy will shut down on its own. The real choice is between measures against the virus (with economic costs but benefits in virus reduction) and the economic costs of virus spread, which can be enormous. A study by Danish economists, recently published in the prestigious Proceedings of the National Academy of Sciences in the US, suggests that more than 6/7th of the drop in Danish consumption in March and April was due to the virus' impact on economic life itself, and less than 1/7th was due to the Danish government's lockdown. The long-term effects are even more striking: Sweden, which never had a lockdown but where many remain afraid of the virus, has had a much larger drop in GDP than neighboring countries, where many activities could restart after a successful lockdown.

**Seeing the world as it is**

As scientists, we also believe in seeing the world as it is, not as we wish it to be. The idea that the virus has somehow changed (say, mutated) so as to be less dangerous may be popular among Czech media experts, but the international scientific community sees little evidence for any such development. Making national policy based on such wishful thinking would be foolish and dangerous, as is the argument that lower hospitalization and mortality numbers during the

summer mean we can stop worrying. These numbers can plausibly be explained by the fact that in the beginning of the current second wave, mostly younger people got infected, and more infections took place outside (where viral load is smaller).

### **The Czech Republic faces a tough fall and winter**

Neither of these things will remain true in the fall and winter. Hospitalizations have slowly started rising and will likely follow the rapid ascent of case numbers soon. A significant proportion of those who enter hospital will never leave it again. Hard-hit areas such as the North of Italy or New York saw significant increases in total deaths (from all causes, including Covid-19) this spring, in all adult age groups. In some Italian towns, at the end of March four times as many people had died as in a normal year. This means it is a meaningless distraction to discuss whether people die "with" or "of" covid: The virus is extremely dangerous, and if it spreads widely it can easily overwhelm the health system and kills thousands of people, in the Czech Republic just like in any other country. The Czech Republic has escaped such "excess mortality" so far, but will not be able to get through the fall without significantly more deaths after the current rise in case numbers.

The most likely scenario at the moment seems a development like in Israel. In late May, the country had an even lower number of cases than the Czech Republic. But then, things gradually got out of control, and the government is now fighting the virus with curfews and school closures, while hospitals are collapsing and deaths rise.

Research by Daniel Prokop and PAQ shows that vigilance against the virus has gradually lessened over the summer in all age groups in the Czech Republic. This has contributed to a nascent economic recovery but opened the door for a renewed spread, especially as the government removed even low-cost countermeasures such as mask-wearing. Rising case numbers, followed by hospital strain and possibly dozens of deaths per day, will soon shock the economy into another freeze, regardless of what the government does at that time.

### **Decisions made now have wide-ranging consequences for the future**

While the logic of the pandemic is relentless, no outcome and no choice are without alternatives. The time has passed in which the government could have prevented the situation we are in today with relatively low-cost interventions. But even now it would be possible to reign in the growth in case numbers. The cost would be higher: it would involve a crash program to train thousands of contact tracers and reintroduce effective contact tracing as well as wide-ranging restrictions on bars, clubs and other gatherings. Those who balk at such measures should consider whether the alternative could be much costlier. It seems likely, for example, that the covid outbreak at the club Tectle Mechtle alone sped up the introduction of travel restrictions on the Czech Republic by a fraction of a day -- thus costing the tourism industry far more than such a club will ever contribute to the country's economy.

The choices of the coming days and weeks will set the course for the coming months: Resignation in the face of rising numbers, with all the economic and personal pain they will bring -- or a costly attempt to keep numbers under control until a vaccine or treatment arrives -- according to most experts, this is still likely to be early next year. Different countries have chosen different paths. In Germany and New Zealand, where governments have been willing to make hard decisions to keep cases down, Angela Merkel and Jacinda Ardern have historically high

popularity and approval ratings. In Israel and the US, where cases are out of control, leaders are paying the price in opinion polls. And in the Czech republic, too, voters will figure out whom to hold responsible when they see the consequences.