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What Is It About Epidemics that Business Leaders Don't Understand?



<https://www.citylab.com/design/2012/06/what-pittsburgh-looked-when-it-decided-it-had-pollution-problem/2185/>

The picture above shows Pittsburgh in the early 1940s. They had a pollution problem. It wasn't one company's doing. Too many companies using too much fossil fuel for the air shed to assimilate. It looks bad now, and it was really bad for health. The site above notes that in 1941, influenced by a similar policy introduced in St. Louis four years earlier, Pittsburgh passed a law designed to reduce coal production in pursuit of cleaner air. The new policy ended up not being fully enacted until after World War II. The air got better and Pittsburgh became a poster child for clean-up. But it took a long time ... and it cost a lot of jobs in coal and steel.

Your blogger is a resident of Michigan where Governor Gretchen Whitmer has gotten major pushback from the business community about shut-downs to stem the COVID-19 epidemic. "LOOK AT THE COSTS OF FOREGONE OUTPUT? Why can't a small manufacturer in the 'Thumb' keep working?" Said manufacturer is isolated and will not infect someone else. To borrow from a previous blog, it is like lighting a cigar in the desert – it won't bother others. And it won't.

The problem is that the large part of employment in Michigan, and elsewhere in the US is in BIG places, with BIG factories, and lots of workers coming and going. They are with each other, and their families. Until we have safeguards in place, they should not be working because the total cost of the

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disease is related to the total amount of infected people and their contacts. In economic terms the foregone costs equal the foregone output MINUS the disease costs prevented by keeping people from infecting each other. Many who are saying that the costs of mitigation and shut-down outweigh the benefits are seriously overestimating the costs.

Your blogger has been following plans from Europe. This morning's French news feed (<https://www.thelocal.fr/20200413/frances-coronavirus-lockdown-what-next>) talked about the French need for testing. To paraphrase:

[President] Macron outlined a three-pronged strategy for ending the lockdown – (1) testing, (2) masks and (3) technical tracking solutions. From May 11th, France will begin testing everyone who has coronavirus symptoms.

The country has been massively expanding its testing program from previously testing only healthcare workers and people in high risk groups, and Macron said that from May 11th, there would be sufficient capacity to test everyone who has symptoms, even mild ones.

Anyone who tests positive will be quarantined, but the president did not specify how that would be organized.

This is what testing looks like. This is what will be necessary in Michigan and elsewhere. Anything less is just blowing smoke.

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