

## Slouching Toward A Market Vaccination Solution

According to [Worldometers](#), as of this past week, the US death toll from COVID-19 has now passed 600,000. Although a lot of the numbers have become numbing, at an average value of a statistical life of \$5 million, we have suffered a loss of over \$3 trillion dollars. Your blogger has often noted that a new hospital costs about \$1 billion to build. In 14 months, since the first COVID-19 identified deaths, we have lost (in human life) capital that would be equivalent to the physical destruction of over 3,000 hospitals. We have lost over 40,000 lives per month.

As we enter Summer 2021, what is the end game? YB has advocated for a vaccination passport. Swipe the code and enter! No code – no entry? The political solution has become far messier than that. Many have piously intoned that they have the “right” not to get vaccinated, and that we don’t have the right to ask. Many politicians have agreed with them. The road to a vaccine passport, at least, within the United States, is littered with potholes. Internationally, where passports are required, there may be a vaccine bar code. Those with the “right” not to get vaccinated won’t have the right to fly to Paris, or drive to Toronto. This does not look like it will happen here.

YB sees a market solution emerging in the US with a number of features:

- Private colleges may (as many have) require all to get vaccinated.
- Elite public colleges (with long waiting lists) may also require all to be vaccinated. Those who want to exert their rights not to be vaccinated, need not attend.
- Some restaurants may not require people to be vaccinated – others will. Customers will be able to choose their restaurants based on perceived risk.
- The same with cinema and live theater venues, the same with concerts, and the same with sporting events.
- The same with retail outlets, and shopping malls where large numbers of people gather.

Customers who prefer more safety will choose safer venues. Risk-lovers will choose riskier ones.

If we are fortunate, as we slouch toward this market solution, we will find that we have largely beaten the contagious nature of the virus, and economic activities will bump along for the next many months until we have approached some form of herd immunity. If we are less fortunate, then we will have experienced a form of “market failure” where the we have taken on too much risk,

May 23, 2021

and older, as well as newer, strains of the COVID-19 virus will make a lot of people sick again. We may have to close down parts of the economy again.

COVID-19 is an unpriced negative economic externality that can lead to large number of people getting sick. In other cases of negative externalities, we accept positive levels of traffic congestion, and air and water pollution, because they don't kill too many people.

The political economy of the US is leading to a market solution where people will sort themselves into risk categories. We must hope that under this market solution, our guesses about how easily we will reach herd immunity, where not too many people will die, are right. We must also fear how badly COVID-19 will spread yet again, if we are wrong.

Allen C. Goodman  
Professor of Economics