

## Home of Science by Shazir Mucklai

### **As Georgia and South Carolina start reopening for business, question hangs in air: Can the economy be saved without sacrificing lives?**

How do you strike a balance between the country's economic life and actual human life?

Businesses, including gyms, hair salons, tattoo parlors and movie theaters, are reopening in Georgia, despite the state's not demonstrating a downward trajectory of cases over 14 days, as had been laid out among the White House's benchmarks for states reopening. Nor has South Carolina, which has begun reopening beaches and department stores. Colorado, Florida, Idaho, Indiana, Iowa, Louisiana, Mississippi, Montana, North Dakota, Ohio, Tennessee, Texas, Utah and Wyoming have also said they would start opening certain nonessential businesses.

In Georgia and South Carolina, Macy's M, +3.51%, the Gap GPS, +7.37%, Starbucks SBUX, -1.69% and Best Buy BBY, +3.35%, among others, have said they will not participate in the early reopenings of these states, citing concerns over the public health as well as uncertain customer demand. They'll rely, they've said, on both state and local guidelines, plus their own market analyses. Dick's Sporting Goods DKS, +6.41% has opened some stores in about a half-dozen states, but it said this in a statement on its website: "We want to assure you that we are taking preventative measures to keep our stores clean and safe." Not everyone, however, is convinced.

'If it's public health versus the economy, the only choice is public health. You cannot put a value on human life. You do the right thing. That's what Pop taught us.'

— Gov. Andrew Cuomo

New York Gov. Andrew Cuomo said reopening is both an economic question and a public health matter. He won't choose between lives and dollars, he said. He called for more testing and more precautions when the valve of economic activity is slowly turned on, but he said you can't turn on the economy without turning on the transportation system. "Open the valve slowly, advised by experts," he said. "If you see that infection rate start ticking up, then you know you've opened the valve too fast. That's the delicate balance we have to work through."

But President Donald Trump has repeatedly warned that efforts to stem the rapid spread of COVID-19, the disease caused by severe acute respiratory syndrome coronavirus 2, or SARS-CoV-2, are spiraling the U.S. economy into another Great Recession; the impact has sent the Dow Jones Industrial Index DJIA, 2.63% ricocheting wildly; it's down 14% in 2020 even accounting for a recent rebound, while the benchmark S&P 500 SPX, 3.01% is down a bit less than 10%. Trump said he will decide when to reopen the economy, but several state governors said the decision is theirs. "When somebody is president of the United States, the authority is total," Trump said as recently as mid-April.

Cuomo, a Democrat, has resisted calls to restart the economy and open up businesses: "My mother's not expendable," he said recently on Twitter TWTR, +7.45%. "If it's public health versus the economy, the only choice is public health. You cannot put a value on human life. You do the right thing. That's what Pop taught us." He recalled his late father Mario Cuomo's definition of government: "The idea of family, mutuality, the sharing of benefits and burdens for the good of all, feeling one another's pain, sharing one another's blessings."

The numbers keep climbing. As of Tuesday, 5.6 million people had been tested in the U.S. for SARS-CoV-2. There were 1,004,908 confirmed cases, and 57,812 deaths, of which 17,682 were in New York City, the epicenter of the pandemic in the U.S. Worldwide, there were 3,094,829 confirmed cases and 215,461 deaths. Cuomo said 335 people had died of the virus over the previous 24 hours. However, there may be a clearer road map to reopening the economy in New York. He said Tuesday that 335 people had died of the virus over the previous 24 hours, a significant drop on recent weeks.

“We want to reopen, but we want to do it without infecting more people or overwhelming the hospital system,” he told reporters at his daily press briefing in Albany, N.Y. “Government is not about spouting philosophical or political opinions, government is about delivering services.” He added, “Separate the emotion from the logic.” Cuomo said he won’t be swayed by protesters in the capital, adding that the CDC set reopening guidelines for states. “The health-care system cannot go over 70% capacity. There’s a two-week lag. At 70%, bells should go off.”

Is putting America back to work sooner rather than later a Sisyphean task, the equivalent of rolling a rock perpetually uphill while up to 2 million people in a worst-case scenario die of COVID-19? Or does Sisyphus’s task involve waiting while millions more people lose their livelihoods, only to find themselves among the long-term unemployed or underemployed, eventually succumbing to substance abuse and chronic depression, and even, perhaps, as the president has forecast, suicide?

The debate over the ramifications of a months-long shutdown of the American economy has been at times both emotive and sobering. Anthony Fauci, the director of the National Institute of Allergy and Infectious Diseases for more than three decades and one of the leading experts in the U.S. on infectious diseases, has pleaded with people to “socially distance” and, thus, prevent coronavirus from spreading unchecked.

But the economy’s survival vs. the public health emergency highlights, as well, the chasm between left and right on the American political spectrum. The left generally believes that strong social structures beget a stronger economy for all. The right traditionally follows the idea that a strong economic system begets strong social structures for all.

Bill Gates, the co-founder of Microsoft MSFT, +3.66% and now a mega-philanthropist whose foundation focuses in large part on fostering global health, said recently. “There really is no middle ground, and it’s very tough to say to people, ‘Hey, keep going to restaurants, go buy new houses, [and] ignore that pile of bodies over in the corner,’” Gates said in a TED interview. “We want you to keep spending because there’s maybe a politician who thinks GDP growth is all that counts.”

‘Unprecedented levels of deaths of despair’

The Centers for Disease Control has warned that in a worst-case scenario 2.4 million to 21 million people could require hospitalization, potentially, should they take ill within a condensed time frame, crippling the country’s health-care system. U.S. hospitals have just over 924,000 staffed hospital beds, according to the American Hospital Association.

“People get tremendous anxiety and depression, and you have suicides over things like this when you have terrible economies,” Trump said recently. “You have death. Probably and — I mean, definitely — would be in far greater numbers than the numbers that we’re talking about with regard to the virus.”

“It is not a foregone conclusion that we will see increased suicide rates,” Christine Moutier of the American Foundation for Suicide Prevention told the Associated Press.

George Loewenstein, professor of economics and psychology at Carnegie Mellon University, said it’s not as simple as making a choice between the human lives of Americans and the long-term health of the American economy. “I think it might be a false dichotomy because we don’t have a very good understanding of what the impact of a severe [economic] depression would be on human life,” he said. “It will dramatically decrease the quality of human life, and it will certainly kill people as well.”

“We’ve already had unprecedented levels of deaths of despair, and, if we lose a generation as a result of the coronavirus pandemic, that’s going to have mortality consequences,” Loewenstein added. “They’re just going to be more difficult to discern from the statistical victims. If you ignore the impact on quality of life — which is potentially an immense thing that should be taken into account — we don’t really understand what the impact of the economy on mortality.”

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— George Loewenstein, Carnegie Mellon

Anne Case and Angus Deaton, economists at Princeton University, first chronicled these “deaths of despair” among middle-aged non-Hispanic Caucasians since 1999. They include deaths by suicide, alcohol poisoning, overdoses of opioids and other drugs, and cirrhosis of the liver. The CDC estimates that such deaths of despair have almost doubled since 1999, reaching 150,000 in 2017, with one-third of that figure accounted for by suicide. The Trump campaign of 2016 may have had the victims and potential victims of such outcomes in mind when it spoke of “the forgotten people.”

While COVID-19 fatalities are understandably the main focus now, Loewenstein said those who would ultimately lose their lives as the result of another Great Recession or, worse, a new Great Depression, are sometimes left out of the current economy-vs.-human life conversation. “The Identifiable Victim Effect is the idea that identified victims get much more attention and help than much more statistical victims that will predictably emerge in the future,” he said.

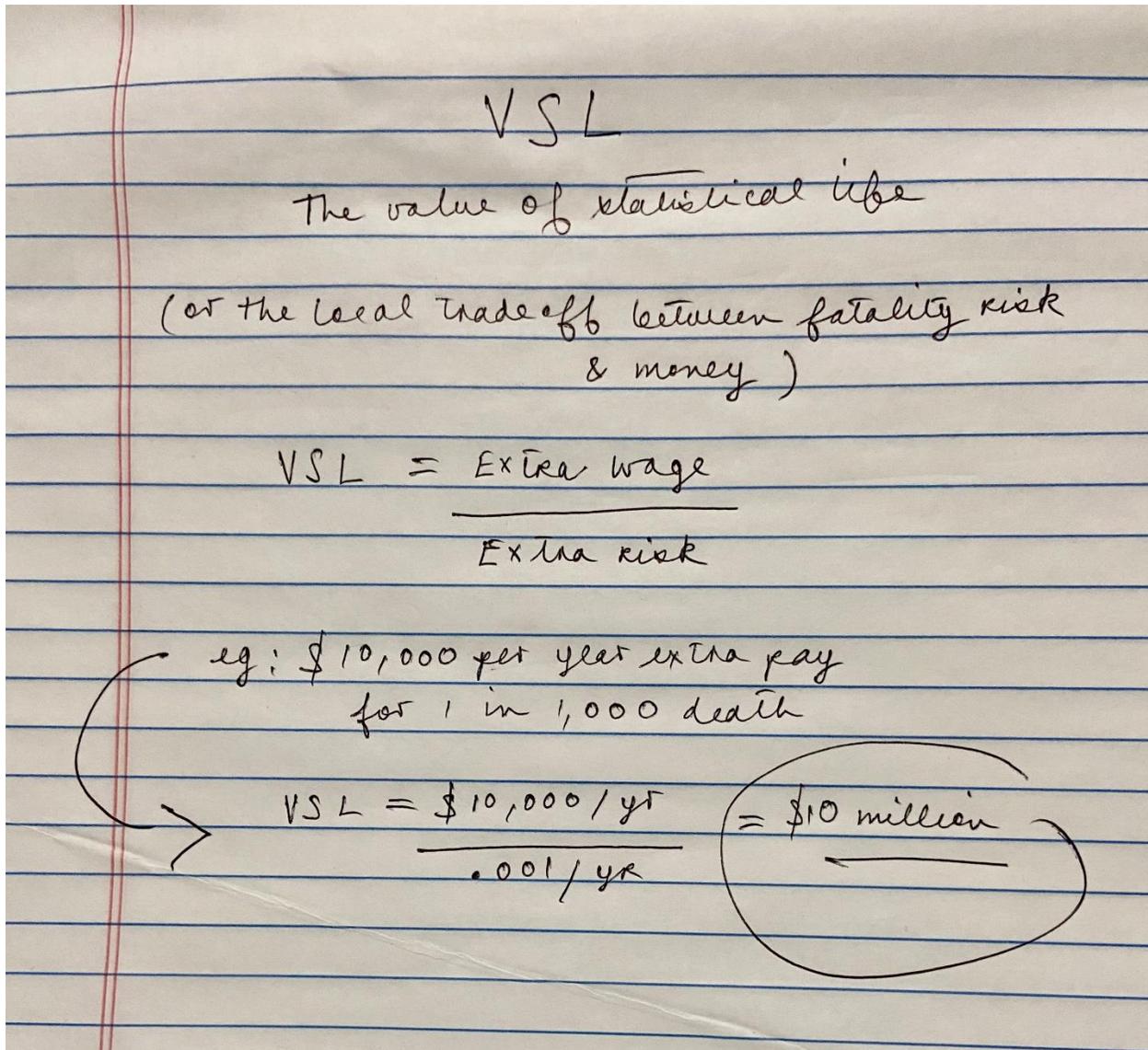
He cites the case of “Baby Jessica,” the 18-month-old girl who fell down a well in her aunt’s backyard in Midland, Texas, in 1987. “The world was fixated on this girl who fell in the well,” he said. Donations of up to \$800,000 poured in. She was rescued after 2½ days. “It’s a sign of our humanity. If we ignored such events, we would have a hard time looking at ourselves in the mirror.” Loewenstein added. “At the same time, it creates an immense distortion in policy making.”

Loewenstein argues that Americans are caught between these two events now: start the economy too soon and an avoidable number of people will likely die; wait too long and it could also lead to untold long-term suffering. “I don’t think people have thought efficiently or carefully about smart strategies that would get the best of both, and make a better trade-off between the two. I say that as someone who is 64, and who might be — as part of a smart strategy — isolated,” he added.

Another thing to consider: Given the age profile of fatalities in the U.S. and other countries, elderly people would die in far greater numbers if the economy were restarted earlier. Paul Zak, a neuroscientist and author of “The Moral Molecule: The Source of Love and Prosperity,” said a trade-off

between the economy and allowing (older) people to die of COVID-19 reflects that society values people on their economic output, which ignores a multitude of other factors.

"It's a very difficult trade-off," Zak said, "and there's no way of doing that without putting a price on someone's happiness and that's very hard to do." Humans are the only animal on the planet that have fully developed moral sentiments, he added. "If you are around unhappy people, you tend to be more unhappy. Unhappiness is a stress response. That's how we process it, and that affects the immune system and could, potentially, make you more susceptible to COVID-19."



The Value of Statistical Life.

Colin Camerer/Quentin Fottrell

'We're very comfortable with making these trade-offs'

“It’s appalling to attach a dollar number to a human life — for non-economists,” said Colin Camerer, a behavioral financier, and professor of behavioral finance and economics at the California Institute of Technology in Pasadena. “You can never make things perfectly safe with zero risk. We do have limited time, health-care staff, ventilators and money. What is the curve of transmission? How many people are going to die, if you open up the economy? No one is really too sure.”

“We’re very comfortable with making these trade-offs,” Camerer said. “Without even thinking about it, we do make these trade-offs. You may pay less attention crossing the street if your parking meter is about to run out. You are endangering your life in a tiny way to avoid getting a parking ticket. Such decisions that involve an implicit trade-off, but they’re almost invisible.” However, he said such decisions involving other human beings are obviously far more morally complicated.

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— Colin Camerer, Caltech

Economists use the Value of Statistical Life. It measures the value placed on changes that increase likelihood of death, not the value on a human life to avoid death. “It’s used in court cases when assigning damages,” Camerer said. I could make a highway a little safer at a very high cost. This is one reason economics is called the dismal science. People are typically paid more money to do risky jobs in timber and fishing. We call that a compensating differential.”

VSL is used in court and by governments. Guidance on the amount varies by state agency and can run up to \$10 million. “Imagine volunteering for a dangerous mission, and there’s a 10% chance you’ll get killed, and you’re going to be paid x,” Camerer said. “The implicit value of a life is x divided by 0.10. If the boss offers \$1 million and the guy says no, he’s acting like his life is worth more than \$10 million. If he says yes, he’s acting like it’s worth less.”

What if there are not enough ventilators and you, as a doctor, have to choose between a young child and an elderly patient? And what if you have two people who are exactly the same age and both have an equal chance of survival? Would the minutes between when the patients were admitted to the hospital be the deciding factor? Or would it be who required ventilation first? “You have to go outside of the labor-market framework into an ethical domain,” Camerer said.

Fauci said 100,000 Americans could die from coronavirus, if people do not continue to stay home in an effort to flatten the curve of new cases. However, he said that one thing will decide when people go back to work — and he did not cite estimates by politician or economists, or even health professionals. “You can’t make an arbitrary decision until you see what you’re dealing with. You need the data,” Fauci said, adding, “The virus will decide the timeline.”

Fauci said a proven vaccine will determine when it’s over and that will happen in 12 to 18 months, although others say even that timeline optimistic. Fauci said a second wave is likely in the fall. Cuomo, meanwhile, said that he, like many people, is tired of worrying about his mother, his brother, and not being able to touch people, but he also said the economy cannot be opened overnight where everyone is smiling and waving at each other. “It can’t happen that way.”

“There will be no headline that says, ‘Hallelujah, it’s over,’ ” Cuomo added.

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