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OPINION

The Data Are In: It's Time for Major Reopening

By David R. Henderson
And Jonathan Lipow

Early in the Covid-19 pandemic, an influential economic analysis from the University of Chicago concluded that the likely benefits of moderate social distancing would greatly exceed the resultant costs. The New York Times and the Washington Post recently cited that study as evidence that the use of strict lockdowns to control the virus's spread has been justified, and that current efforts to "open up" social and economic activity around the U.S. are dangerous and irresponsible. That is seriously misleading; the Chicago study is already out of date. More recent research supports the idea that the lockdowns should end.

Four new analyses of actual results show how the initial projections overestimated the value of lockdowns.

The Chicago study came out in early March and was the first truly rigorous economic analysis of the pandemic. It estimated that a three- to-four-month regime of mitigation, "combining home isolation of suspect cases, home quarantine of those living in the same household as suspect cases, and social distancing of the elderly and others at most risk of severe

disease," would save 1.76 million lives between March 1 and Oct. 1, resulting in benefits of \$7.9 trillion, a number that far exceeds any conceivable cost of the mitigation strategy.

They reached the \$7.9 trillion figure by assuming that each life saved was worth \$4.5 million on average. That number is an example of what economists call the value of a statistical life, or VSL. Used often by government agencies to evaluate proposals and projects, VSL is estimated by observing how much extra pay workers require to accept dangerous jobs.

But as the Chicago team carefully noted in their paper, "the particular benefits estimates are only as reliable . . . as projections on Covid-19's spread and health risks." Unfortunately, their analysis relied on projections for Covid-19 from Imperial College of London that by now have been shown to be full of analytical and even coding errors, and its estimates of Covid-19's impact were too high—by more than an order of magnitude. Inevitably, this meant that the Chicago estimates were also way off.

Fortunately, economists no longer have to rely on inherently flawed projections. We can use real data. In what might turn out to be the best paper on the economics of Covid-19, a team of economists from the University of California, Berkeley carefully evaluated empirical data on social distancing, shelter-in-place orders, and lives saved. To measure the impact of social distancing, they gathered data from



A street in Rapid City, S.D., April 23.

cellphones on travel patterns, foot traffic in nonessential businesses, and personal interactions.

Their findings? Social-distancing measures reduced person-to-person contact by about 50%, while harsher shelter-in-place rules reduced contact by only an additional 5%. Then, using data on Covid-19 infection and mortality, they estimated that these measures saved 74,000 lives. Finally, after using demographic data to adjust the VSL—which is lower for older people, who have fewer years to live—the study found that the gross benefit of social distancing has been a mere \$250 billion.

That finding casts major doubt on the value of lockdowns and even social distancing as a method of reducing the spread of Covid-19. While we

can't yet estimate a specific figure, the economic cost of social distancing and lockdowns will likely be more than \$1 trillion. And that's an understatement of the costs when you consider increased suicides and other social losses not captured in gross domestic product. For example, parents of young children have widely noted their kids' gloomy outlook when not allowed to be with friends.

An even more recent study from economists affiliated with Germany's IZA Institute of Labor Economics suggests that the Berkeley estimate of 74,000 lives saved over the past four months is best understood as an upper bound. The reason is that shelter-at-home policies don't so much reduce Covid-19 deaths as delay

them. Delaying deaths will reduce them if a vaccine or cure is found in time. But we can't be sure that an effective vaccine will be produced and available any time soon.

Rather than validating draconian lockdown orders, the latest economic research on Covid-19 suggests that social-distancing efforts in general, and shelter-in-place measures in particular, have done more harm than good. That doesn't mean that all such measures should be abandoned. "To socially distance or not to socially distance" is not the question. The question should be, what policies actually make sense?

To address that, a team of economists from the Massachusetts Institute of Technology recently published the results of a study that compared various alternative strategies for limiting the spread of Covid-19. They concluded that twice as many lives could be saved if governments focused limited resources on protecting the most vulnerable people rather than squandering them on those who seem to face almost no risk, such as children.

These four analyses honestly capture the evolution of economists' understanding of Covid-19 and public responses to it. The emerging consensus on costs and benefits supports the view that populationwide lockdowns should end.

Mr. Henderson is a research fellow with Stanford University's Hoover Institution, Mr. Lipow is a professor of economics at the Naval Postgraduate School in Monterey, Calif.

Anarchy in the Streets of Philadelphia

By Jillian Kay Melchior

chance on." Mr. Feibush's critics say he took advantage of the area's

well as "slashed tires, paint on cars, graffiti on buildings." Masked activ-

that capitalism is destructive and that police, prisons and immigration

"highly controversial/politically motivated developer." (Mr. Feibush un-