

Opinion

Cost, benefits of fighting COVID-19

By Dr Bjorn Lomborg and Prof. Peter Quartey

ACROSS the world, countries have imposed social distancing regulations to avoid overwhelming their healthcare capacity during the COVID-19 pandemic — the so-called

'flatten the curve'. Such a policy can be sensible.

The first peer-reviewed cost-benefit analysis of the US shows just that. It looks at moderate social distancing, an approach similar to Sweden's. Here, social interaction is reduced about 40 per cent, allowing schools and work to stay open, but dramatically reducing contacts in all other public areas.

Had this been done across the US, it would have cost \$7 trillion more in lost GDP, but more than half the death toll would have been avoided compared to a scenario in which no regulations were put in place.

The social benefits of saving these lives add up to about \$12 trillion, meaning each dollar in cost achieves \$1.70 in social benefits. The study uses rather optimistic assumptions, especially assuming a second wave of infections, meaning the real social return is likely lower.

Long-term

A long-term lock-down policy during which schools and work are also shut down, however, would cost much more but save fewer additional lives. This would likely leave society worse off.

But most of the current conversation has been focused on the response in the rich world. That, despite the fact that four-fifths of the world's population lives outside the rich world, and many nations, including in Africa, have engaged in dramatic and strict corona policies. Is this the right decision?

For poorer countries, the benefits of COVID-19 policies are sharply lower as documented by researchers at the Yale University.

First, developing nations have substantially fewer old people who would benefit from social distancing.

Second, developing nations already have low hospital capacity, so flattening the curve will help little and still see hospitals overwhelmed.

Third, poorer people face several challenges and die from many other,

preventable causes. This means that they value any risk reduction from COVID-19 much less.

Ghana priorities

As part of the Ghana priorities project, which seeks to identify the smartest solutions to Ghana's biggest challenges across all sectors of government, we conducted what is one of the first cost-benefit analyses on COVID-19 policies for a developing country. Its findings are stark.

Models show that along with limiting COVID-19 deaths, moderate social

distancing will also improve treatment of some diseases, such as, HIV, but reduce the effectiveness of other treatments, such as, those for malaria and tuberculosis.

It will also lower the number of traffic deaths, but increase the number of malnourished children.

In total, the study finds that the policy can avoid almost 16,000 deaths in Ghana. That is encouraging.

Significant costs

However, there are significant costs.

While a COVID-19 epidemic inevitably creates an economic cost, moderate social distancing will have a somewhat higher economic impact. The total economic loss for Ghana runs to GHe 262 billion, almost equivalent to two-thirds of an entire year of GDP.

Ghana had its schools shut down to help tackle COVID-19, but this will have long-term impacts. More than seven million school children will learn less and end up less productive in their adult lives.

Given that the productivity increase for a year of extra schooling is estimated at 12.2 per cent, the total loss over the coming generations for Ghana could be worth GHe14.9 billion today.

Put bluntly, moderate social

distancing and school closures over a period of nine months can save 16,000 lives at the cost of GHe282 billion in lower life quality for its future. Is that worthwhile? Many well-meaning people will argue that lives should be saved at any cost.

But clearly, that doesn't happen. Ghana each year sees about 16,000 people die from tuberculosis, almost all of whom could have been saved at surprisingly low cost.

Research for Ghana Priorities shows that every cedi spent on smart TB solutions can yield up to GHe190 in social benefits.

We could avoid 16,000 deaths for just GHe35 million. For the amount Ghana would spend on saving one life through COVID-19 policies, it can save 8,000 lives through smart TB policies.

Analysis

Therefore, the new analysis shows that in Ghana, each cedi spent on a hypothetical future scenario of moderate social distancing to tackle COVID-19 will deliver just five pesewas of social benefits.

Faced with the specter of COVID-19, initial frenzied action is understandable. But for Ghana, moderate social distancing will do more harm than good.

Ghana should, of course, continue a series of sensible low-cost social distancing measures the government has already implemented, which likely represent the best balance of costs and benefits in the fight against corona.

These include cocooning the elderly, no large gatherings and handwashing. It should keep health services for tuberculosis, malaria and

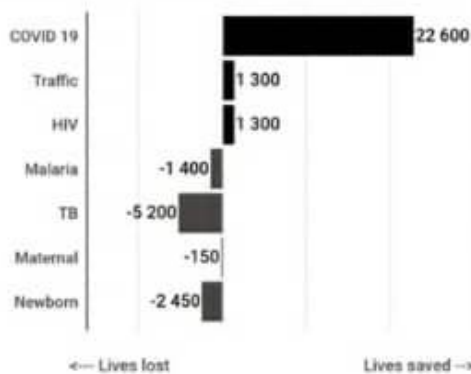
vaccinations running. It should provide masks for health personnel.

But crucially, Ghana — as likely most other developing nations — should not shut down its schools or its economy to tackle corona because the damages will vastly outweigh the benefits.

The writers are President of the Copenhagen Consensus and Professor in the Institute of Statistical, Social and Economic Research at the University of Ghana, respectively.

Effects of hypothetical corona lockdown

Lives saved and lost from moderate social distancing



Immediate and future economic and social costs



More lives could be saved from other policies



Source: Authors paper, and other Ghana Priorities papers assuming 8% discount rate