## The Telegraph

## A lack of state capacity cannot explain our Covid failures

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Jan 7, 2021

"You are going to learn more about your government and your society in the next few months than you learned in the last couple of decades." Those words were written by Hong Kong-based journalist Mike Bird on March 11 last year, just before western governments started taking Covid-19 seriously.

So what have we learned? It's evident the pandemic has gone badly in the UK. With the exception of Belgium and Italy, we have the highest Covid death rate relative to population of any major country, beyond even the much-maligned United States.

Those deaths have coincided with one of the largest, <u>ongoing GDP collapses worldwide</u>, making a mockery of the supposed trade-off between the economy and public health. But why? With vaccines offering an end to the pandemic soon, commentators seek a narrative to answer that question.

Former *Economist* editor John Micklethwait says our failures arise because of decades of not taking government power seriously, unlike east Asian countries. Economist Chris Dillow similarly thinks that our poor performance reflects a "lack of state capacity" – a hollowing out of the capabilities of the state to deliver public goods or projects, worsened by austerity. Hence, calls for new investments in the state.

The problem is, looking across OECD countries, there's no obvious correlation between measures of pre-pandemic "state capacity" and Covid deaths. Yes, New Zealand, South Korea, Japan, and Australia have higher measured "state capacity" scores than the UK and have performed better. But Turkey, Chile, and Greece have performed better too, despite weak state capacity.

There is little correlation between the World Bank's government effectiveness index and Covid death rates either, and none at all between day-to-day government spending and pandemic performance.

It's alluring to assume what we've seen must be explained by some overarching problem with our government's capabilities. But we should beware circular thinking. Saying "state capacity determined our Covid performance" and then assessing state capacity by a country's Covid performance amounts to tautology. For "state capacity" to be meaningful it must be something we can identify beforehand and affect.

The truth is the Global Health Security Index ranked the US and UK the best prepared of 195 countries for a global pandemic prior to it hitting. Boris Johnson's government has, in fact, been

able to deliver wide-ranging economic support programmes, including furlough, swiftly and from scratch.

It has credibly closed swathes of the economy at the drop of a hat, built emergency hospitals, and eventually ramped up testing to extraordinary levels. It's difficult to see this and argue that the UK state has been hemmed in by an inability to harness resources to public health ends.

An alternative explanation, then, is that it's been the strategy, policy, and public guidance decisions that have been faulty. The Conservative Government began with a herd immunity strategy that was quickly abandoned. That and a failure to simply allow early private sector testing meant the virus got a foothold. At that stage, the suppression methods available when prevalence is low, such as border control or detailed contact tracing, as used in New Zealand and South Korea, were not feasible.

After a disastrous spring, the long lockdown and summer led to a relative Covid lull. But this time was not used to get buy-in from the public for an effective test-and-trace system. Instead, ministers became sanguine about the Covid threat. They subsidised indoor dining, told people to go back to work and oversaw kids flooding back to schools and universities, densifying social networks just before the change of seasons led to more time indoors.

As a result, the virus resurgence means we've had to resort to stop-go restrictions that have become increasingly unsuccessful in keeping the reproductive rate of the virus below one. Even after hearing about mutations elsewhere, the UK <u>never really attempted to assess whether people entering the country were infected</u>. The new strain of the virus now leaves us in a situation graver than even last spring.

For sure, we must question how much control governments can truly assert over complex human interactions and viruses. But few would doubt most of those decisions outlined were errors, and ones that owe little to inadequacies in state capacity.

Some reflect a failure of robust economic reasoning. Little thought was given, for example, to people's financial incentive to engage with track-and-trace, or to how on-off lockdowns and urging normality in late summer would affect perceptions of risk.

Some reflect simply bad decisions or dithering. <u>Eat Out to Help Out</u> - subsidising indoor dining during a respiratory pandemic - was baffling. And the major mistake with <u>the most recent lockdown</u> stemmed not from an inability to implement it, but in delaying its announcement. With rapid growth in the numbers of infected, delay even by days costs lives.

Of course, some decisions look worse in hindsight as knowledge evolves. Policymakers have faced radical uncertainty. At times, children were thought less likely to spread the disease and the virus was thought to spread predominantly by touch or droplet.

But, even here, guidance has failed to keep up with scientific knowledge, despite this putting minimal demands on state capacity. This week's lockdown guidance, for example, reiterates the "hands/face/space" message. This surely contributes to public ignorance, given scientists now believe this virus spreads through the air, meaning prolonged exposure indoors at a distance, even with masks and clean hands, fails to prevent exposure.

A lot of bad judgment calls have made this crisis worse than it needed to be. Very few, however, reflect the state's inability to deliver programs, but rather highlight faulty priorities, bad

reasoning, or feet-dragging by incumbent interests in government bodies. Understanding how these decisions were made will perhaps indicate the real lessons from the pandemic.

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