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The next crisis will not be like Covid

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After almost 130,000 Covid-19 deaths and the crushing disruption to lives and liberties, public inquiries will soon seek lessons to ensure something like this “never happens again”. That the pandemic is fresh in voters’ minds, in fact, provides an unusual opening to prepare for future threats. This might include reforming institutions that track such risks or enhancing the capacity of industries whose output helps fight deadly pathogens.

On the face of it, this opportunity for error-correction is clearly desirable. Politics exacerbates under-preparation for high-risk, low-probability crises. Despite disaster prevention spending returning payoffs of 15 to one, economists Neil Malhotra and Andrew Healy have found that US voters, for example, do not reward politicians for investing against hurricanes, earthquakes, and tornadoes, because electors do not observe the spending’s benefits when it works. What wins electoral support is throwing vast relief around when disasters strike.

The aftermath of a more pervasive crisis like this, when the issue is still pertinent, therefore provides a rare window of opportunity for reform, which South Korea shows can be very valuable. Having suffered the Middle East Respiratory Syndrome threat in 2015, political criticism of Korea’s government response created the environment for rewriting the country’s infectious disease legislation. When Covid-19 hit, the country was ready: rolling out smart “containment” measures quickly, including monitoring arrivals, incentivising quarantine, switching-on tracking infrastructure and waiving regulations on diagnostic tests.

Whatever the trade-offs for civil liberties, the results speak volumes. Since mid-April 2020, the Oxford Stringency Index shows Korea has had less coercive Covid-19 mitigation measures than the UK. Yet the country has seen just 35 Covid-19 deaths per million people, compared with 1,867 here. By more effectively targeting the infected and their contacts, normal life continued for most Koreans. GDP fell just 1pc in 2020, against the UK’s 10pc. Economists Alexandra Fotiou and Andresa Lagerborg have found that other countries who were hit with Sars and Mers performed better with Covid-19 too.

But there’s a danger of using recent experience to guide your future plans, which may be hidden by Covid-19 being similar enough to Sars or Mers. The same incentives that encourage reforms to make us nimbler to future shocks can also push politicians to simply “fight the last war”. Governments worldwide, for example, have claimed the pandemic proves the desirability of repatriating vast manufacturing capacity to ensure the ready supply of particular medicines,

masks, and PPE. Such efforts are expensive, but may prove useless in the face of a very different crisis.

Historian Niall Ferguson's excellent forthcoming book, *Doom: The Politics of Catastrophe*, reminds us we have no crystal ball for predicting the contours of the next crisis, or pandemic. Faced with such radical uncertainty, we'd be better focusing on curing the origins of bureaucratic dysfunction that slow down responsiveness generally, rather than devising very specific plans to reorient our healthcare industry or manufacturing capacity towards a permanent Covid-19 war footing. Previous US hospital pandemic plans were based on a disease like Ebola, after all; the UK's initial strategy last year was famously tailored for influenza.

As I wrote in my own book, *Economics In One Virus*, if we knew well what the next crisis would require, we could probably prepare efficiently through stockpiling, or taking out options for production, or diversifying trade links to lessen dependence on certain countries' producers. We could buy up all the inputs for the necessary vaccines or therapies, having them ready for the inevitable disaster.

The problem, of course, is that we don't know what the next crisis looks like. That is why retrospectives on the pandemic shouldn't overly focus on, say, what particular PPE was ordered or which very specific vaccine inputs were in short supply. Instead, there's value in thinking more broadly about how and why decisions were made, and how better processes could insulate us from the unexpected.

In fairness, key members of the Government understand this. Last September, Boris Johnson outlined how trade barriers and "sicken-thy-neighbour" export controls are a general problem that make everyone worse off in a pandemic. He has been vocal in seeking a global agreement to end these damaging practices.

Both he and Health Secretary Matt Hancock have learnt too how a pandemic with periods of exponential infection growth makes speed essential – not just in identifying new or emerging threats, but also in terms of not slowing down tests, treatments, or vaccines with unnecessary hurdles. Brexit provides an opportunity to shift further away from the EU's precautionary principle on medical innovation. In a crisis, waiting for certainty when the balance of risks is heavily favourable can be very costly.

The problem is, some in Government are so scarred by this experience, that they seek something different: to have the Government intervene in industry and health surveillance to such an extent that they can assure themselves and voters that something like Covid-19 could be easily defeated next time. These ministers talk in terms of having the domestic "self-sufficiency" to fight this pandemic. But self-sufficiency in what? What value is investing in all the right kit for Covid-19 when the next crisis could be radically different?

In a world in which it is impossible to assign probabilities to unknown threats, Ferguson concludes that a prerequisite to being prepared for future emergencies is to "strive to imagine them". The problem is that the easiest thing for voters to imagine is the event they've just lived through.