Economists spanning spectrum say recovery depends on containing virus

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A panel of economists from across the political spectrum on Tuesday testified that controlling the coronavirus was the most important step to boosting the economy.

"Normally economists would propose economic policies, but I think most of the economists are proposing public health policies, like getting more mask wearing, getting more testing and tracing," said Austan Goolsbee, who chaired the White House Council of Economic Advisers for President Obama, at a Joint Economic Committee hearing on COVID-19 and the economy.

Only 34 states and the District of Columbia require face coverings in public, he noted.

Ashish K. Jha, the dean of Brown University's School of Public Health, took aim at the common narrative that steps to control the virus were necessarily going to take a bite out of the economy.

"There is no trade-off between controlling the spread of this virus and economic health," he testified.

"Indeed, much of the evidence suggests that nations who did a better job controlling the virus have had smaller hits to their economies and are currently suffering less than those countries who have done a poorer job," he added, pointing to Germany, South Korea, Japan and New Zealand.

More conservative economists, such as Adam Michel of the Heritage foundation, agreed about the primacy of fixing the public health crisis.

But when it came to other forms of economic response, Michel spoke out against the economic stimulus and recovery that others have widely credited with keeping the economy afloat.

"The federal government cannot keep the U.S. economy on life support forever," he said.

Federal Reserve Chair Jerome Powell on Tuesday kicked off a series of hearings urging Congress to pass additional COVID relief. Treasury Secretary Steven Mnuchin also testified to the need for further action, though he has disagreed about the size and scope of a response with Democrats in negotiations.

Economists at Tuesday's hearing seemed to agree on key issues, among them the importance of wearing masks and ramping up testing, contact tracing and isolation for positive cases.

They even seemed to agree that lockdowns, though logical early on, were no longer the best remedy given more recent insights into how the virus spreads.

"There's no excuse for it," said the Cato Institute's Jeffrey Singer.

Jha largely concurred, noting that "even without a full lockdown, limiting large indoor gatherings provides considerable value in limiting viral transmission."

Goolsbee said the focus on lockdowns largely missed the point because people in areas with high levels of COVID avoided going out anyway.

"As long as people fear that they will bump into contagious people who do not know they have the disease, economic activity is going to be depressed," he said. But he pointed to data showing that lockdowns only added 7 percent to economic loss, while fear of the virus depressing demand had nine times the effect.

"It's why in the data you see that when places repeal their lockdown orders, activity doesn't shoot back up. It basically comes back only about 7 percent, just like we estimate it went down," he said.

The experts seemed united in their dissatisfaction with the federal response to the virus, which has left over 200,000 Americans dead. Had America's response been as good as the average rich country, it would have experienced half that number of deaths and saved 9 million jobs.