



The Daily Dish

COVID and the Economy – What's Next?

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The Centers for Disease Control and Prevention (CDC) announced that it is reviewing its vaccination protocols and the administration is “[urging](#)” that all Americans aged 50 and older receive the fourth shot of vaccine – i.e., a second booster of the Pfizer or Moderna vaccine. So, Eakinomics knows that is in store for this weekend! But it raises anew some longstanding issues in economic and public health policy.

The new variants of the coronavirus are quite transmissible, if not as virulent as in the past. This hardly means their impact is zero, as infections cause countless workers to be unavailable for work, and for extended periods of time. This is the prototypical “supply shock” in the pandemic era, and it disrupts the delivery of goods and services, and raises the costs of delivering them in a timely fashion. In the face of such supply shocks, economic policy should be recalibrated to be more supply-side and growth oriented. This means keeping taxes, especially those on the return to innovation and investment, as low as possible; restraining government spending to assure a lower tax burden in the future; and keeping the regulatory burdens to a minimum.

The administration’s economic agenda is the antithesis of what is needed.

From the public health perspective, the urgency to receive the current vaccine seems odd, since the administration just authorized the vaccine manufacturers to create modified vaccines that combat the Omicron variants prevalent in the United States at this time. What is the urgency in getting a vaccine that has been overcome by events? And the excessive reliance on vaccines is a reminder of the comparable lack of urgency in developing and distributing effective therapeutics (with Paxlovid being a notable exception). If workers who contract COVID-19 can be more quickly and safely returned to the workplace, the overall economic costs of the virus will be reduced.

The COVID-19 pandemic continues, and will do so for the foreseeable future. Despite this, the economic policies continue to be designed in a public health vacuum that does not recognize the need to offset its impact and allow the economy to operate in the face of the virus. And the public health strategy remains a tribute to a vaccines-or-bust mentality.