



The Daily Dish

Rising COVID-19 Cases and Public Policy

DOUGLAS HOLTZ-EAKIN | AUGUST 24, 2021

Eakinomics: Rising COVID-19 Cases and Public Policy

According to [AAF's COVID-19 tracker](#), weekly cases are at the second-highest level since the tracker began in January. There are numerous reports of the capacity of hospitals and health systems being strained, and the real time data on household spending, inflation, and employment are troubling as well. What is to be done?

It is important to remember that we have seen this all before, beginning in March of 2020 and then again in the late fall and winter of this past year. It is possible to learn from those episodes. Indeed, one of the most important lessons is to avoid the silver bullet approach to policymaking.

On the economic front, this means avoiding another round of pointless demand stimulus such as checks. The problems in the economy have stemmed from the inability to spend because of fear of the spread of the virus and supply constraints. In those circumstances, huge demand-side errors such as the American Rescue Plan simply created sharp asset and consumer price inflation.

On the public health front, the answer is not “lockdowns or bust.” We have learned that most of the benefits can be achieved by masks, social distancing and, especially, vaccines. Lockdowns do too much economic damage. Similarly, it is important to avoid an exclusive focus on vaccines. There is a lot to be said for using a portfolio of prevention (vaccines), detection (rapid tests being a key; for a recent controversy see [here](#) and [here](#)), and [therapeutics](#). Most important, these measures should be deployed with an eye to having them in place over the foreseeable future. Framing the problem as either COVID-19 is here or it is gone has been misleading and unhelpful. The reality is that COVID-19 is here and will continue to be here. The issue is simply the magnitude of the risks.