

On the Economics of Not Dying

What good is increasing G.D.P. if it kills you?



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May 28, 2020

America is now engaged in a vast, dangerous experiment. Although social distancing has limited the spread of the coronavirus, it is far from contained. Yet despite warnings from epidemiologists, much of the country is moving to open up for business as usual.

You might think that such a momentous move would come with elaborate justifications — that politicians pushing an end to social distancing, from Donald Trump on down, would at least try to explain why we should take this risk. But those calling for quickly reopening have been notably silent about the trade-offs involved. Instead, they talk incessantly about the need to “save the economy.”

That is, however, a very bad way to think about economic policy in a pandemic.

What, after all, is the economy’s purpose? If your answer is something like, “To generate incomes that let people buy things,” you’re getting it wrong — money isn’t the ultimate goal; it’s just a means to an end, namely, improving the quality of life.

Now, money matters: There is a clear relationship between income and life satisfaction. But it’s not the only thing that matters. In particular, you know what also makes a major contribution to the quality of life? Not dying.

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And when we take the value of not dying into account, the rush to reopen looks like a really bad idea, even in terms of economics properly understood.

You might be tempted to say that we can’t put a price on human life. But if you think about it, that’s silly; we do it all the time.

We spend a lot on highway safety, but not enough to eliminate every preventable fatal accident. We regulate businesses to avoid lethal pollution, even though it costs money, but not tightly enough to eliminate all pollution-related deaths.

In fact, both transportation and environmental policy have in the past been explicitly guided by numbers placed on the “value of a statistical life.” Current estimates are around \$10 million.

True, Covid-19 deaths have been concentrated among older Americans, who can expect fewer remaining years of life than average, so that we might want to use a lower number, say \$5 million. But even so, doing the math says that social distancing, while it reduced G.D.P., was well worth it.

That’s the conclusion of two studies that estimated the costs and benefits of social distancing, taking the value of a life into account. Indeed, we waited too long: A Columbia University study estimated that locking down just a week earlier would have saved 36,000 lives by early May, and a back-of-the-envelope calculation suggests that the benefits of that earlier lockdown would have been at least five times the cost in lost G.D.P.

So why are we rushing to reopen?

To be sure, epidemiological forecasts are highly uncertain. But this uncertainty calls for more caution, not less. Open too late, and we lose some money. Open too soon, and we risk an explosive second wave of infections, which would not only kill many Americans but also probably force a second, even more costly lockdown.

So why isn’t the Trump administration even trying to justify its push for reopening in terms of a rational analysis of costs and benefits? The answer, of course, is that rationality has a well-known liberal bias.

After all, if they really cared about the economy, even ardent reopeners would want people to keep wearing face masks, which are a cheap way to limit viral spread. Instead, they’ve chosen to wage a culture war against this most reasonable of precautions.

And the White House has dealt with expert warnings about the risks of reopening by — surprise! — accusing the experts of conspiring against the president. Asked about that Columbia study suggesting that earlier action would have saved many lives, Trump responded that “Columbia is a liberal, disgraceful institution,” and he falsely claimed to have been ahead of the experts in calling for lockdown.

Did I mention that Trump and his officials have drastically underestimated Covid-19 deaths every step of the way?

The point is that the push to reopen doesn't reflect any kind of considered judgment about risks versus rewards. It's best seen, instead, as an exercise in magical thinking.

Trump and conservatives in general seem to believe that if they pretend that Covid-19 isn't a continuing threat, it will somehow go away, or at least people will forget about it. Hence the war on face masks, which help limit the pandemic but remind people that the virus is still out there.

One way to put it: Trump and his allies don't want us to wear face masks but do want us to wear blinders.

How will this exercise in denial end? Again, there's a lot of uncertainty in epidemiological projections. Trump and friends could get lucky; their insistence that we should quickly go back to business as usual might not lead to a large number of deaths.

But it probably will, because the push for reopening rests on a foundation of willful ignorance. Never mind G.D.P.; the most fundamental job of any leader is to keep his people alive. Unfortunately, that's a job Trump doesn't seem interested in doing.

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A version of this article appears in print on May 29, 2020, Section A, Page 26 of the New York edition with the headline: On the Economics of Not Dying