

**And now for some good news...**

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My last few [blog posts](#) have felt unremittingly gloomy. So I thought I'd post something upbeat for a change. I have previously pointed out that lifting lockdown measures is unlikely to lead to a full economic recovery whilst a significant Covid risk remains.

A large portion of society will (rightly) feel that social interaction and close contact remains unsafe. Moreover, many of the recommended mitigations for household visits are either impossible or extremely uncomfortable. It's difficult to remain over 1 metre away from people when visiting someone in their home, and most of us feel a degree of discomfort at having to wear a mask around close family members every time we visit them. I can well imagine that such advice will be widely flouted.

Nevertheless, I think there are substantial grounds for optimism in the medium term. Firstly, there are a great number of vaccine projects underway and a number of them seem to be meeting with some success.

Now, even if the world's first vaccines do not fully protect against infection, they should help change Covid-19 from a potentially life-threatening illness with the ability to do long-term damage into a comparatively mild one in cases where it is not already. That would, of course, be a complete 'game changer'. Even if we still sought to avoid the illness wherever possible, the risk/reward calculus for many economic activities would be substantially altered.

However, even in the absence of a vaccine in 2020, we are likely to see more effective treatments emerging over the course of the remainder of the year. Already there is some evidence that death rates of hospitalised patients are falling and there have certainly been improvements in treatment regimens. There are now two drugs that are clinically proven to help in severe cases. That, again, is likely to change the risk/reward calculus, although caution is needed: this is a novel virus whose long-term impacts remain unknown.

Nevertheless, the number of active cases has now fallen – the latest estimates put it at something like 25,000 cases in England with 3,500 new infections per day<sup>[1]</sup>. The figures for Scotland in particular<sup>[2]</sup> are likely to be much lower (on a per capita basis).

Moreover, however poor the current "test, trace and isolate" programme might be (at least relative to world-leaders such as South Korea), we do appear to be finding a much greater proportion of cases than previously. There is a great deal more work that can be done here: aside from improvements to the programme itself that should be made (however incrementally) over time there is also huge room for improvement on the institutional side. Statutory Sick Pay gives many a strong incentive to break isolation requirements (it is insufficient to cover even a modest rent, let alone to feed a family).

It would be relatively inexpensive for the government to reimburse those who have been ordered to isolate their full pay. There is no moral hazard issue here because the test-and-trace programme selects individuals (there is no self-selection). We have little control over our exposure.

Moreover, once infections are at a low level, we can do a huge amount to limit "social exposure" without shutting down the economy. Summer is a good time to drive infections down to very low levels because many social interactions can take place outdoors where risks are much lower. For those able to work from home, there is absolutely zero reason to risk an office-based outbreak.

Even for jobs with client-facing roles, a significant portion of work should be undertaken at home (consider the administrative work associated with community medical teams, for example). Such measures should also help dramatically reduce the use of public transport, which is another major risk-vector. Social distancing is helpful in unavoidable (indoor) situations, as is mask-wearing.

Whilst I understand the totemic importance of opening pubs, I would tentatively suggest that similar venues (e.g. cafés) that don't involve alcohol might be more sensible to experiment with opening first. Pubs make an enormous contribution to the social and cultural fabric of the UK.

However, their overall economic importance is modest (the entire food and beverage service sector contributes around 2% of GDP and pubs will be just a part of this) and government support can become much more targeted as the job retention (furlough) scheme winds down. We can ensure that no pub, theatre or cinema goes bankrupt in the next 12 months at costs that appear modest compared to the money already spent.

In other words, providing infection levels are low enough, it is easily possible to dramatically reduce risk at modest economic cost. There are many other measures that can be taken: routine tests for all those entering the country, for example. If there is spare testing capacity (which there allegedly *is*) then we can conduct regular tests on all those who work in higher risk environments etc.

Similarly, if flare-ups can be geographically isolated then we can isolate individual areas as is the case in Leicester at the moment. We might never get to be New Zealand, but with proper preparation it *is* possible to effectively eliminate the disease over the summer and ensure that infection levels stay low through the winter at a very modest economic cost to all of us.

[1] <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronaviruscovid19infectionsurveyypilot/2july2020>

[2] *The situation in Wales is more complicated, with certain specific flare-ups largely confined to certain workplaces. This suggests that, as long as such outbreaks are kept on top of, community transmission outwith these cases should be somewhat lower than in England, as should be expected given its relatively stricter lockdown relative to England.*