

PLAGUE OR JUST A PANIC?

Closing Australia's borders and schools for a month is the only way to get ahead of an infection that's growing exponentially, urges **Richard Holden**. Statistics say that a pandemic is improbable and drastic action would be an unjustified economic disaster, argues **Les Coleman**.

Why we must lock out COVID-19 right now

Urgent action

Richard Holden



As the COVID-19 crisis continues its irrepensible march towards a global pandemic, Australia is being almost completely reactive. And the economic costs of being reactive are likely to be much larger than the costs of being decisive.

As of yesterday evening there were 93 confirmed cases in Australia, including three deaths. We have a ban on travel from China, Iran and South Korea. Bizarrely, while Italy has locked down a quarter of its population, Australia only has "advanced screening measures" for those arriving from Italy. People coming to Australia from Italy are asked a few questions and have their temperature taken. Really?

We are not taking the crisis nearly seriously enough. Getting ahead of the crisis and acting decisively might look like this. Australia would lock down its borders – not from some countries, but from every country – right now and for an initial period of one month. Australian citizens returning from overseas would have to go into mandatory, government-approved quarantine for 14 days. Foreign nationals would be immediately banned from entry.

One doesn't need to be an epidemiologist to understand the logic of exponential growth. When one infected person can spread the virus to multiple other people, and they then spread it to multiple other people, the number of those infected grows like compound interest. But a lot faster and with much less pleasant results. Unlike any other country in the world Australia has real control over its borders, and this is the time to exercise that control. By dramatically limiting the number of infections coming into Australia we can, if we act right now, slow the spread of the virus in Australia.

But given the number of cases already present we also need to act decisively to slow community transmission domestically. That likely means shutting all schools and universities for four weeks. This would cause significant disruption, but could be achieved by simply moving holiday periods forward and contemplating a different school calendar for the rest of the year if the threat can be contained.

Businesses will need to expand the ability for as many workers as possible to work remotely. This isn't possible for everyone, but the more we do the slower the spread of the virus. These measures might seem radical, but we're going to end up there anyway. Japan has closed its schools – but too late. Italy has locked down a quarter of the country – but too late. China shut down Wuhan – but too late.

Why are we, as a country, waiting to experience all the pain of dramatic containment measures without getting any of the benefits of those measures? For the pain, economic and social, will come.

The government has yet to announce a stimulus package targeted at the most affected sectors of the economy, like universities and tourism. That will have to happen, and it is welcome. But what the government really needs to accept is that, to prevent mass contagion and panic, we need to acknowledge a pre-emptive hit to the economy north of \$100 billion. That's roughly 5 per cent of annual GDP.

By shutting major parts of the economy down for a month we might be able to stem the outbreak, and gain valuable time to

prepare a public health response. That's more time for hospital beds to be made available, more time for treatment measures to come available, and more time for a vaccine to become feasible.

Prime Minister Scott Morrison has tried to be reassuring, telling people to go about their everyday lives as usual. That's a mistake. Unlike during the Great Depression, we have a lot more to fear than "fear itself". We have mass contagion to fear. We have decisions about who lives and who dies in rationing access to ventilators to fear. And "going to the footy" is a recipe for disaster until the virus is contained.

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There are hours, not days, for the federal government to act decisively. It's a shocking thing to contemplate, but the only option we have left is to fortress Australia.

John Howard famously hoped Australians would feel "comfortable and relaxed". It's worth remembering that the, as prime minister, was willing to act decisively to help achieve that. He did so with gun buybacks in the wake of the Port Arthur massacre, and he did it economically by introducing the Goods and Services Tax.

There is a difference between panicking and acting decisively when necessary. It's called leadership. And this is Morrison's time to lead. **AFR**

A Beijing bus station is disinfected. China and other countries have been striving hard to restrict the spread of the virus. PHOTO: GETTY



Fear has gone viral and that is certainly a worry

Uncertain prognosis

Les Coleman



Coronavirus gives interesting insights into high-risk, low-frequency phenomena. My research has shredded any faith in "experts". The topics of interest – such as markets, demography and disease – wax and wane inexplicably, so it is hard to build a good model or decent theory. This has two consequences.

The first is that the world's scarcest commodity is knowledge about the future: uncertainty makes it risky. Second, lack of future knowledge frees commentators to make their own predictions, and – with each no more than an informed guess – they have equal merit. When guesses shape forecasts, incentives become important.

Unfortunately, the scariness of stories is rewarded with more clicks and funding. In the case of the coronavirus outbreak, there is no shortage of fearful stories and authoritative warnings of worst-case scenarios, but what do we actually know?

First is that global pandemics are infrequent: they occur only every few centuries, and the last was the 1918 Spanish flu. Predictions of such low-frequency events have a high rate of false positives. Assume global pandemics occur every century and experts have 90 per cent accuracy in predicting them in any year.

We do not know enough about modern disease as health researchers have failed us.

Over a century, then, experts will probably call the pandemic that occurs, but will be wrong in 10 per cent of the other years. Thus even a highly accurate predictor will only make one correct call in 11, which explains why other threatened pandemics – such as bird flu, Ebola, MERS, SARS, swine flu and Zika – spluttered out.

Second is that evidence supports no more than normal caution. Most potential pandemics originated in central Africa or China; they soon collapsed, admittedly after establishing far flung infection sites. Exactly this is happening again.

There have been little more than 100,000 cases of coronavirus, affecting just 0.001 per cent of the world's population. Most are in China and its neighbours, or pockets like the cruise ship Diamond Princess and north-east Italy. Australian cases are small relative to the 1200 flu deaths in 2017. Most cases seem mild.

The rate of disease progression is also low. The original graph of new cases by day followed a wave-like pattern as they built up in China, then slowed to near zero. Now they are showing a similar pattern as infections occur outside China. There is no dramatic escalation. Because disease data is based on the 80 per cent of cases in China, with different sources and definitions, most statistics have unworkable relevance.

Third is that the disease seems contained by socialising prudently. Don't go to areas with people exposed to coronavirus hot spots; avoid confined spaces; and keep your distance. This is hard on recent visitors to, and residents of, affected areas; and on airline and cruise companies. But medically based concerns are otherwise not too disruptive.

The real worry about coronavirus is the worry about coronavirus. Sharemarkets have dropped sharply, which leaves investors poorer and the wealth effect slows their expenditure.

The media – and many less-scrupulous commentators, including some politicians and doctors – are promoting scare stories. Supply chains, communications and travel are disrupted by preventive buying, travel bans, and self-exclusions. The knock-on effects of unjustified fear are causing economic – not medical – disaster.

Coronavirus is testing our media, medical authorities and political leaders, too: they should be communicating better, with more balanced commentary. In the face of all the reports of panic stockpiling, it is a pity that retail distributors and outlets don't better explain their capability. Nobody will be rewarded for ignoring the risk, but appropriate actions build resilience by complementing existing healthcare programs such as flu prevention.

To sum up, a global coronavirus pandemic is statistically improbable and has no supporting evidence; authoritative predictions are unreliable. Among the disease's implications for future public policy, one stands out: we do not know enough about modern disease, because health researchers have failed us.

Australia spends \$2 billion annually on scientific research and has little to show for it in predictive capability. Once governments lose interest in coronavirus, they should blowtorch Australia's research councils and demand more practical research to better position future government and corporate strategy and decisions. **AFR**

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