

[Close navigation](#)

topics

- [All](#)
- [Academics](#)
- [Research](#)
- [Arts](#)
- [Medicine](#)
- [Campus](#)
- [Global](#)
- [Athletics](#)
- [Opinion](#)
- [University Statements](#)
- [Listen](#)

- [Working@Duke](#)

Search

[Submit](#)

Phase 4 of Duke's *Return to Campus* effort is in effect. Please visit [Duke United](#) for more information.

PUBLISHED August 13, 2020 IN [Campus](#), [Medicine](#)

Prioritizing Economy Over Public Health the Wrong Approach, Scholars Say

That strategy won't work because public health and the nation's economy are inextricably linked, they told reporters Thursday

[Part of the From Health Care to Child Care, the Impact of COVID-19 Series](#)
[View Series](#)



Eric Ferreri

As the country attempts to rebound from the COVID-19 pandemic, the prioritizing of the economy over public health – or vice versa – is a fool’s errand destined to fail, three Duke scholars said Thursday.

That strategy won’t work because public health and the nation’s economy are inextricably tied to each other, the scholars said during a virtual briefing with journalists. You need to fix both, not one or the other, they said.

Watch the briefing on [YouTube here](#).

Here are excerpts:

ON THE LINK BETWEEN PUBLIC HEALTH AND THE ECONOMY

Sarah Bloom Raskin, law professor

“These crises are linked. To think about solving the economy without solving the underlying health situation is really a grand waste of effort. We are never going to get a full recovery if we don’t address the underlying spread of the pandemic. If it takes testing, that’s what we need to be investing in. If it takes tracing, that’s what we need to be investing in.”

“There is no certainty. There’s no sense of how to reduce the uncertainty. People are really flailing at the business level, at the household level, at the individual level. The health side needs to be addressed and until it is addressed and addressed sufficiently, we are not going to have a full economic recovery.”

ON THE NEED FOR TESTING

Campbell Harvey, finance professor

“We’re throwing money in the wrong places. We’re supporting businesses, which is fine. We’re supporting people, which is fine. But there’s another priority. The priority is to basically halt the spread of the disease. The way to do that is fairly simple – and that is massive testing. It is inexplicable to me that we’ve had six months – this is well known in public health – that we should be testing everybody. We’re testing the wrong people. We’re testing the people who already have COVID-19. We’ve had six months to do this and we’ve made very little progress. If we want to mitigate the spread of this disease before we get a vaccine, this is the way to do it.”

“The priorities are totally backwards to me. This is a historic failure in public health policy. The number one thing we should be doing is investing in testing. The cost is enormous.”

“It can be done but we’re not doing it. It’s frustrating. This is not just about economic policy. It’s about public health policy. Both of them are intertwined. We can substantially mitigate the economic risk, we can substantially mitigate the uncertainty ... with a testing policy.”

ON HELPING PEOPLE PAY THE RENT

Connel Fullenkamp, economics professor

“We’re at a point in history where we really shouldn’t be paying as much attention to the purse strings as we normally try to do. If we really had the will to do more testing, we shouldn’t worry about the cost too much.”

“The looming problem with evictions and foreclosures – we have a stopgap measure in place for some government-supported mortgages. But we have millions upon millions of families who are going to be threatened with foreclosure and eviction because of the cessation of the employment support payments.”

“People just don’t have that much in terms of rainy-day funds. People just don’t have the savings to support continued rent payments when they don’t have jobs. I would add a comprehensive package to address the whole rental economy. And we have to address it from both sides because for many individuals, a rental income is an important source of income for them.”

ON AN EVENTUAL ECONOMIC RECOVERY

Campbell Harvey

“I have characterized this as a great compression. We’ve seen unprecedented bad news. But the nature of this particular episode is so different than what we’ve seen in modern history. During

the global financial crisis, we had no idea when the crisis would end. It was dated over in 2009, but unemployment continued to go up into 2010 and it took nine years to get back to where we started.”

“This recession is short. It’s a biological recession, and the solution is a biological solution. There’s a widespread belief that we will have a vaccine. So, all of the bad news is compressed, and we will have unprecedented good news.”

“However, I think it’s naïve to think it will be exactly V shaped, that by the end of the year of the first quarter, we’ll be back to where we were. That doesn’t make any sense.”

“If you do the math – if you start at 100 percent and drop 50 percent, you’re at 50. Then you gain 50 percent, you’re back to 75 percent. So I think it’s naïve to think we’re going back to where we started. It’s naïve to think there won’t be any structural damage. No permanent damage? I think it’s naïve to think we can brush it over and we’ll be back exactly where we started.”

“And what is puzzling to me is that’s exactly the belief of the stock market right now. The stock market has effectively discounted the entire COVID-19 crisis and we’re back to where we started.”

“That to me is very worrisome and I think reflective of a sort of bias people have right now. I call it rose colored glasses. We’re looking at this crisis and discounting it and basically saying it’s going to be gone and we’ll be back to where we were.”

Sarah Bloom Raskin

“The current state of the economy is quite fragile. We are experiencing very slow growth. Job losses have become permanent. More than 16 million people are still looking for jobs. Bankruptcies are soaring, and businesses are not recovering evenly. The economy is at a quite fragile point.”

“We have here a linked pandemic and health care crisis with an economic crisis. They are highly dependent and intertwined with each other. The tragic flaw here is the absence of a public health recovery plan. Without a public health recovery plan, the ability to move to a full economic recovery is jeopardized. We will not get there at the rate we are going without a plan.”

“In the very short term, we have to restore and improve economic support. There needs to be something more than this elusory, meager, ephemeral set of executive orders that have come out. We need to restore and improve the support. You’ve got to remember the support ended July 31. Over. Households do not have the support they need to move into the next couple of months. There has not been a deal.”

Connel Fullenkamp

“We have this compressed recession, we have a lot of problems going on in the economy. One of the big reasons is uncertainty. Because consumption is driven by people’s sentiment ... it will play a big role here. People have been living in fear for months now.”

“People need to know what the real risk is of their different daily activities. We still don’t really understand how transmission works very well and what the risks are of meeting in groups, going to restaurants, going into stores. We’re getting more and more data and it would be really helpful if the government could give us a better understanding of what the risks really are. I feel confident that if people could move from uncertainty where they don’t understand or know anything that could possibly happen, to a picture of risk ... they would feel more confident about everyday activities. I think that’s a big part of getting the economy moving again.”

“The government also needs to give us a much better picture of what’s really happening with the evolution of the pandemic. In the past month, for example, we’ve had a lot of cold water thrown on a nascent recovery because of an increase in cases. But we really don’t know what the increase in cases is? Is it an abnormal re-blossoming or second wave of the pandemic? Or is it the natural progression of a biological phenomenon going through the population?”

“At the very beginning of the pandemic we talked about flattening the curve. But the curve still goes up and has a steep part. So if the government came out and said this was a natural part of the progression ... that could possibly help.”

ON THE GLOBAL IMPACT OF US PANDEMIC**Sarah Bloom Raskin**

“The U.S. economy is part of a global economic system. We depend on exports and imports in order to actually move to our potential economic state and economic growth. You can’t ignore the effects of what is happening in other countries. And to the perception that other countries might have of our ability to actually move through this pandemic and get the pandemic in a place where it can be eliminated.”

“Already, just a very simple economic effect, is that Americans can’t go to other countries. Aren’t permitted into a lot of other countries because we are perceived as contaminants. Essentially, you’ve got to get the pandemic on the run before you can start to think about how the economy is going to come back.”

“In short, global perceptions matter.”

ON A NATIONAL RELIEF PROGRAM FOR RENTERS

Connel Fullenkamp

“We came out with a package, a mishmash of half-efforts to paper things over because back in March we thought this thing would be over by the end of the summer. We need to go back and say, ‘OK, this is a long-term situation.’ People are going to be hurting because they exhausted their long-term resources. It really is a matter of thinking about how do rental payments percolate through the system. How do mortgage payments percolate throughout the system? How do we deliver relief there?”

“It would take a little time to look through it, but what we need to do is apply some targeted relief that will percolate through the system.”

“It’s got to go way beyond temporary forgiveness or postponing rental or mortgage payments to some real relief packages. This really isn’t these folks’ fault so we shouldn’t hold them accountable as if they are. We need to make sure that everyone that has a stake in these ecosystems – the rental ecosystem and the mortgage ecosystem – can make it through this and come out on the other side and still be whole and still have a decent place to live.”

Sarah Bloom Raskin

“The economy is this complex, dynamic organism where every piece of it really matters. I really like this idea of a comprehensive relief package for renters. That’s spot on. It would have a very strong return on investment. Those would be dollars very well spent.”

“You can spend a lot of money and just have a sugar high. But you want to combine an understanding of where the structural weaknesses are, where the needs are greatest, and spend the money in those places.”

“What we do need to do is understand whether this money is being spent effectively. If you essentially create programs that are bailing out industries but you don’t actually tie that money to hanging on to jobs or doing something that is going to make the value of that dollar spent meaningful, I think you’re missing something. We do have to look at all this spending very judiciously.”

ON THE FUTURE**Campbell Harvey**

“It is naïve to think that after we’re through this, we can safely think we’re going to wait 102 years for the next pandemic. So, 102 years ago we had the Spanish Flu and it was much more serious than what we’re going through. I consider what we’re going through – and I certainly

hope our policymakers will also have this view – I consider this a fire drill. The next one is not 100 years away. It could be much closer.”

“It is crucial that we learn from this episode. We don’t brush it away and say, ‘Well, that’s for the next generation or the generation after that.’ ”

“The next pandemic could be much more serious. It could be sooner rather than later. I certainly hope our policymakers learn from the catastrophic failure we’ve seen in public health response. We need a system ready to deploy very quickly in terms of widespread testing. That has to be ready to go immediately.”

Meet the scholars

Connel Fullenkamp

[Connel Fullenkamp](#) is a professor of the practice and director of undergraduate studies in the Department of Economics at Duke’s Trinity College of Arts & Sciences. He studies financial market development and regulation of financial markets.

Campbell Harvey

[Campbell Harvey](#) is a professor of finance at the Fuqua School of Business at Duke. He is a research associate of the National Bureau of Economic Research, a past-president of the American Finance Association, and a founding director of the Duke CFO Survey.

Sarah Bloom Raskin

[Sarah Bloom Raskin](#) is a visiting professor of the practice at the Duke School of Law, where she is also a distinguished fellow at the Global Financial Markets Center. Raskin is a former deputy secretary of the U.S. Department of the Treasury.

--

Duke experts on a variety of topics related the coronavirus pandemic can be [found here](#).

Tagged with

[Campus News](#), [Fuqua School of Business](#), [School of Law](#), [Economics](#) [View all tags](#)

© 2020 University Communications
614 Chapel Drive, Box 90563, Durham, NC 27708-0563
(919) 684-2823



Link to this page

Copy and paste the URL below to share this page.

<https://today.duke.edu/2020/08/prioritizing-economy-over-public-health-wrong-approach-scholars-say>

Select URL

© Copyright 2020 Duke University. All rights reserved.