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# William Watson: Carrots, sticks and sledge-hammers

*What's your COVID policy preference?*

William Watson

Dec 01, 2020 • December 1, 2020 • 4 minute read • [Join the conversation](#)





Don't think of it as a mask. Think of it as an anti-lockdown device. PHOTO BY PETER J. THOMPSON/NATIONAL POST FILES

If you want to gather in large groups with like-minded folk, whether to praise your Lord or to drink and seek dates, or maybe in the trendier post-modern churches to do both at once, fine. But if you do, how about you pay for your own health care?

In fact, if we did have private health care, insurance companies could take over COVID policing. As with good-driver discounts, if you could show you wear a mask in all the right places — and advanced surveillance capitalism surely could help you prove that — then you could get a discount on your premium, while if the insurance company could prove you have been flouting commonsensical precautions, too bad for you: your COVID coverage is cancelled. That would be a safety-compatible incentive.

Plus, it would be enforced. Police sometimes show what seems like excessive deference in confronting violators of various laws. But when has an insurance company ever backed off or taken the humane approach?

STORY CONTINUES BELOW

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William Watson:

Toronto police did serve 29 parties at a suburban Airbnb over the weekend for violating public health orders not to gather in too-close proximity (which of course is the whole purpose of parties). This was a case of killing two externalities — contagion and noise — with one fine (of \$880 per person, reportedly). There was an Airbnb party across the way a couple of years back. They had a great time. We could hear every minute of it, until well past 3 a.m. No doubt they would have asserted they were exercising their freedom of speech — of speech, cackle, guffaw, shout and karaoke. We felt our freedom of sleep had been violated.

It's not easy when freedoms conflict. Your freedom to party versus my freedom to sleep or to stay safe from contagion. Eric **Budish**, an economist at the Booth School of Business at the University of Chicago, provides an interesting perspective on all this in a new paper. His policy rule for the pandemic is “Maximize social welfare subject to  $R \leq 1$ ,” where  $R$  is the COVID transmission rate and  $R \leq 1$  means each infected person infects no more than one other person on average, which keeps the pandemic curve flat.

What does that rule imply for policy? **Budish** suggests we think in terms of a risk budget. The  $R$  constraint doesn't mean eliminating all risky activity, it means “spending” risk carefully, allowing activities where benefit is high and cost, including risk, is low. How do we decide on benefits? Standard economics says we let people choose for themselves. Except that the  $R$  constraint means free choice has to be restricted.

STORY CONTINUES BELOW

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Even so, participants can reduce the cost of sensible measures, thus making them more likely to be approved. This is why the author uses “masks” as shorthand for all adaptations that reduce the cost of activities people want to pursue. The interventions aren’t costless: it’s irksome to wear a mask and parties are less fun if you have to (unless it’s a masquerade). Same for standing two metres apart. But many such interventions can “achieve large absolute reductions of the quantity of risk, at small absolute harm to utility.”

A law that we must wear masks and submit to other inconveniences clearly does restrict our freedom. But by reducing risk it also helps avoid the sledge-hammer violation of freedom that is a society-wide lockdown. If you’re so pure a libertarian you won’t countenance any restrictions, then the perfect is the enemy of the good: you won’t give up a little freedom to save a lot because you don’t think any restriction is warranted. But for anyone else the wearing of a mask is both a personal pro-freedom declaration and a practical step against lockdown. Don’t think of it as a mask. Think of it as an anti-lockdown device.

Third parties can also help reduce the cost of sensible measures. Retailers provide hand-washing stations and, for those who have forgotten theirs, masks, and they put those helpful signs on the floor. (The arrows tend to be ignored, the queuing spots not.) They also provide the plexiglass that protects both customers and workers. There’s got to be a way to let responsible, risk-reducing businesses stay in operation, though without detailed inspection, I’m not sure how.

STORY CONTINUES BELOW

You might think the advent of a vaccine would mean the end of the mask debate. But we're about to go through it all again. Like masks, vaccination creates "positive externalities." If lots of people resist vaccination, that hurts the rest of us, who might catch the disease from them. How do we persuade them to become part of herd immunity? Don't charge for vaccination, is one obvious measure. Make it easy to get is another. Should we go farther and pay people to get vaccinated? (As I mentioned recently, in the Montreal smallpox outbreak of 1885 there was a fine for not accepting vaccination though no one was forcibly vaccinated.) The U.K. government reportedly is looking at "immunity passports," which will be needed in different social situations. It's easy to imagine that in order to travel internationally in 2021 you'll need evidence of vaccination.

What's your COVID policy preference? Carrot, stick or sledge-hammer?

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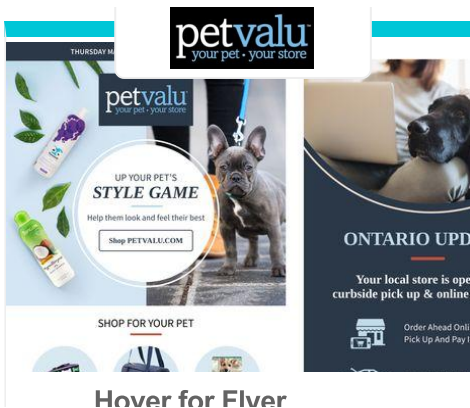
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