

# Policy Brief

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## **Ensuring an almost fully operational economy in Israel during additional waves of the pandemic in the coming year**

Dan Ben-David<sup>1</sup>

### **Abstract**

The various exit strategies from the coronavirus pandemic currently being considered in Israel focus primarily on symptomatic solutions aimed at flattening the infection curve alongside a minimization of the economic damage to the extent possible. These solutions do not prepare for the possibility that, while development of vaccines takes at least a year, there may be additional – potentially much worse (if the Spanish flu is any indication) – waves of the pandemic in the coming year. However, if Israel harnesses some of its unique characteristics effectively – and in time – it will be possible for the country's economy to operate relatively smoothly, even while potentially devastating waves may sweep the rest of the world. This requires some out-of-the-box measures that Israel can and should be implemented in the coming period to prepare for possible tidal waves ahead.

### **Background**

The Spanish Flu broke out in three main waves. The first began in the spring of 1918 and faded towards summer. The second and most fatal wave swept over the world in the fall. The third wave lasted through the spring and summer of 1919.

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<sup>1</sup> Prof. Dan Ben-David, President of the Shores Institute for Socioeconomic Research; Department of Public Policy, Tel Aviv University. The author thanks Dr. Amos Adler, Director of the Clinical Microbiology Laboratory at the Tel-Aviv Sourasky Medical Center, for his important and helpful comments. The points of view and recommendations expressed here are the author's alone.

As was the case a century ago, the current coronavirus epidemic began in early 2020, with the current wave cresting in the spring. Epidemiologists state that it takes a year to develop a vaccine and provide it safely to the population – which brings us to Israel and its current exit strategies from the pandemic. These are basically a hodge-podge of makeshift patches based on estimates emanating from partial testing and, as it appears, gut feelings. There does not appear to be a serious, comprehensive plan to return the economy to full activity within a relatively short period of time – let alone any semblance of significant preparation for additional, potential worse, waves that may wash upon the world in the coming year.

Below is an outline of a different sort of plan, one that is based on Israel's relative advantages. It enables the country to return to nearly full-fledged economic activity within a few months, even if no vaccine will be found for the Covid-19 virus – and even if there will be additional world-wide waves of infections . A blueprint of how this may be accomplished is provided below.

## **Israel's comparative advantages, and the need for a systemic plan**

Israel's small size and physical isolation internationally presents the country with a host of hurdles. But when it comes to combatting a deadly virus, some of these hurdles turn into huge advantages. With just nine million people, Israel's entire population would amount to no more than a large city in other countries. The lack of open and unhindered passage across Israel's borders provides the country with conditions that other countries could only dream about in this period of crisis.

In lieu of a vaccine or treatment, there are two primary limitations from the medical perspective that need to be addressed: discovering who has been exposed and has developed antibodies to the disease; and developing the ability to quickly discover persons who are ill. There is only partial information available in both instances, with very limited treatment possibilities. That said, there is also a non-negligible economic perspective (not to mention psychological and social perspectives as well) that needs to be taken into consideration.

Israel's GDP passed the 1.4 trillion shekel mark in 2019 (nearly \$380 billion according to purchasing power parity), an average of roughly six billion shekels produced each working day. If one makes a conservative estimate that "just" half of this amount is actually lost from each working day in which the economy is shut down (it's stands to reason that the actual loss is even greater), that translates into a national loss of about three billion shekels for each lost working day. The longer the economic crisis persists, the greater the daily damage, which may even surpass six billion shekels per lost work day. Healthy firms will go bankrupt with no avenue for recourse, their workers who were placed on unpaid leave will become chronically unemployed, and some will never be able to reenter the job market because of their age and/or limited skillsets.

This is why, despite the thick fog that still surrounds the new disease, which prevents us from completely understanding and familiarizing ourselves with it, Israel must convert its comparative advantages into a formidable spearhead to contain the virus and to return the country as quickly as possible to its economic path.

## **Stages of the blueprint**

In the first stage, it's possible to utilize serological tests to identify who among all of the healthy persons in Israel has already been exposed to the virus and developed antibodies against it. This is not a perfect, danger-free, route to determining who may return immediately to work. There have been a number of recorded instances in which persons have ostensibly recovered from the illness, only to then show signs of the illness once more. It's possible that these cases may be due to faulty tests that showed recovery when there actually was not one – or worse, it's possible that positive antibodies do not protect everyone from being reinfected by the virus. In light of the very low percentage of repeat infections around the world (be they actual reinfections, or the result of flawed tests), and of the potential economic catastrophe heading in Israel's direction, it is worth taking the risk and returning to work immediately all persons exhibiting positive anti-bodies to the virus.

Alongside the need for serological tests, there is a need to immediately identify everyone in Israel who is sick and to quarantine them – only them, in a surgical manner,

without quarantining entire towns or communities. This necessitates the administration of PCR tests, with results available within hours, to every (!) single person in Israel. The primary obstacles currently inhibiting this are: (1) a lack of material (reagents) for preparing a sufficient number of tests. This requires both chemicals and relevant equipment; (2) There are not enough skilled lab technicians to conduct the tests; and (3) in many instances, PCR tests do not identify the virus during the first days of the illness.

In light of the economic toll totaling billions of shekels for each lost work day, Israel must spend any amount necessary to obtain the knowledge and the means to attain and/or produce in Israel all of the required PCR tests. After all, there's no need to reinvent the wheel. These tests already exist and are manufactured abroad. For whatever reason, not enough is being produced for all of humanity, but Israel need only worry about the nine million persons living in the country. Therefore, the country must marshal all of the knowhow and improvisational skills within it to domestically produce all reagents not obtainable abroad (incidentally, the more proficient Israel becomes in this regard, the greater the likelihood that it will create surpluses that can be sold to other countries).

The inadequate number of lab technicians (limitation 2 above) is also solvable. Just as the State of Israel knows how to call up its reserves when war breaks out – and, for all practical purposes, this is definitely a war – there are a sufficient number of persons in Israel with serious backgrounds in medicine/biology that can be called up and quickly trained (during the time that the missing materials are being obtained/produced) to become temporary lab technicians during the crisis.

Given the degree of professionalism required, this is admittedly not a perfect solution. But in each day that passes, the lives of more and more Israelis are being ruined. Thus, there's a need to find the way to do this as well as possible and to build on the fact that learning by doing will lead to improvements that heighten professionalism and efficiency as more and more tests are administered. Since this an integral part of a national effort to extensively reduce an epidemic currently bringing the economy to its knees, any amount of resources necessary to administer the test should be provided.

When there will be enough PCR tests and lab technicians to conduct the tests, it will be possible to deal with limitation (3) via the following steps. The PCR test should be administered to the entire population testing negative on the serological tests, and each infected person should be quarantined until found healthy. Everyone else should remain in isolation for 10-14 days (the desired period length to be determined by professionals), and repeated tests administered every few days – with the removal and quarantine of all sick individuals immediately upon receiving the test results. At the end of the 10-14 day period, all persons found free of infection – with the exception of a few uninfected higher risk individuals who may need to remain in isolation for a few more days (until it is confirmed that all those who were sick have been placed under quarantine and no longer endanger the general public) – may be released to fully reenter the work force.

If PCR tests yield false negative results in (for example) 30% of the samples in which people are nonetheless infected, then 2-3 separate tests should be administered per patient in every sitting so as to considerably reduce the likelihood of releasing sick people to the street. The considerable expense that so many tests will cost is dwarfed by the huge economic toll to the entire economy from a non-return to full activity.

Similarly, every individual arriving in Israel from abroad must undergo the procedures described above (serological and PCR tests) immediately upon arrival in the country. This will make it possible to quarantine only the infected arrivals and to release the remainder to their destinations within hours after landing in Israel.

Once all of those infected within Israel are identified and quarantined during their sickness, the spread of the disease in the country will decline exponentially, just as it rose during the recent wave. In this manner, the State of Israel will be able to fully reopen its economy, its schools, and all else – not to mention the lives saved by this policy – within a very short period of time after implementation of the policy on a nation-wide scale. When this happens, it will be possible to quickly reduce to their normal sizes the number of persons called up to administer and manufacture the tests.

## **Israel's comparative disadvantages and their inherent opportunities**

Alongside Israel's comparative advantages in dealing with the coronavirus, it also has several comparative disadvantages – all of which can be dealt with. First and foremost, the ability to measure, evaluate and administrate effectively are not among the stronger attributes of Israeli bureaucracy. One need only look at how the health, education and welfare systems are run in normal times to understand how severely mismanaged they are. A glimpse at how detached from reality are so many of Israel's politicians is evidenced by their demands to further divide existing government ministries (so that it will be possible to appoint even more of them as cabinet ministers) – which already operate as unconnected silos, instead of merging their knowledge, resources and administration to make them more efficient.

In light of the need for immediate and effective action to deal with the virus and return the economy to full capacity in short order, there is a need to appoint a serious and capable person as “corona chief of staff” – not necessarily from the army – to command over the war against the coronavirus, because this is a real war in every respect. It's possible to win this war – and the time has come to do so. The corona chief of staff must be given all of the necessary authority to get things done, while the oversight needs to be conducted by a special Knesset committee created along the lines of the foreign affairs and defense subcommittee.

Another of Israel's relative disadvantages lies within the cultural realm. For better or worse, the Israeli public differs from those in East Asian countries in everything related to cleanliness, consideration of the other, physical closeness, and observing rules and guidelines. The faster people realize the importance of these qualities, the better Israel's ability to deal with the disease. Thus, a part of the corona chief of staff's duties should be widespread advertising of the need for change in these realms, advertising that should not end with the disease but continue for years until the needed behavioral changes are internalized and implemented naturally by most of the Israeli public. The benefits that will accrue to Israeli society will greatly exceed those linked only to dealing with the disease.

## Summary

As Israel begins to emerge from what may be just the first of several coronavirus waves, the upcoming period should be viewed within the context of a ceasefire in a war. This is a time to regroup and prepare for further, and potentially more severe, times ahead. Israel has the potential to remove this threat from seriously endangering its citizens while enabling its economy to return to near normalcy – taking into consideration that many of the country’s primary trading partners may not be as fortunate, with some of the economic damage inflicted upon them washing ashore on Israel’s economy. This is an historic opportunity for Israel to not only deal with the immediate effects of the coronavirus, but to also implement measures with far-reaching positive socioeconomic effects on the country’s future.

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