

## EBOLA AND GLOBAL GOVERNANCE

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Epidemics are human tragedies. They also can turn into economic catastrophes. They have two characteristics. First they grow exponentially. They start very slowly and then explode and become extremely difficult to control. Ebola is clearly following that pattern with 50 cases detected in March, 350 deaths in June and more than 8500 infected persons now, out of which 4000 are dead. The US Center for Disease Control and Prevention (CDC) projects that, on current trend, with no additional intervention and changes in community behaviors, between 550.000 and 1.4 million people may get the virus in the next four months.

We also know that, in our globalization age, the potential for economic disruption coming from many small and localized shocks is enormous. Because supply chains are globally integrated, minor perturbations in one place will break the chain, spill over and produce a huge impact in a different continent. The world economy looks more and more like a "weak link" network, whose performance is heavily dependent on its most fragile part. There are many such invisible weak links in our transports and communications. Healthcare systems in advanced economies are very effective in containing the disease and preventing widespread epidemics. However, a few instances of contamination may suffice to create uncertainty and significantly impede cross border movements by people and goods.

Taken together, those facts mean that, if left unchecked at its very start, a limited outburst of disease has the potential to cost the world hundreds of billions of dollars in lost output and tens of thousands of jobs. The SARS epidemic was quickly contained and had limited human impact. The estimated output loss nevertheless amounted to 45 billion dollars. Significantly, some of those losses came from actions taken under the threat of a contagion that never materialized.

Yet, resources mobilized to insure against such calamities, contain their impact and prevent their recurrence remain minimal. For the first half of this year, the whole fight against Ebola was basically left to the NGO "Doctors without Borders", whose interventions were financed on their own resources. Still now, Governments are proving very slow in mobilizing the necessary financing. With a contribution of 38 millions, the Gates foundation is outspending most of the public contributors. The disproportion between the threats and the efforts marshaled to confront them is puzzling. It points to a major failure in collective action.

There are precedents to such myopia. Ten years ago, a tsunami hit several countries in the Indian Ocean causing 300.000 deaths and hundred of billions in damage. It later came out that an early warning system would at least have saved most of those lives, as it took more than four hours for the tidal wave to reach populated coasts. This warning system did not exist, by lack of international cooperation. Following the disaster, such a system has been built, for a total investment of 200 millions and annual operating costs around 25 millions. Those very small amounts are shared between 28 countries.

The collectivity of nations, while jointly exposed to major risks, has not figured a way to insure against them. In fact, countries behave like individuals who refuse or neglect vaccination. First, they choose to ignore those risks that have low probability and high impact with the misguided hope that they will never materialize. And, second, they decide to free ride on others' efforts and trust that the collectivity will take whatever actions are necessary to preserve the common good. To day, the whole world may be free riding on the expertise and resources of the CDC to combat new contagious diseases.

This myopia and free riding are the reasons why vaccination against contagious diseases is made compulsory in most countries. At the global level, efficient and non-costly cooperation can achieve the same result. Some international mechanism should ensure that resources are permanently in place for early intervention and containment of contagious diseases, wherever they occur in the world. Such a mechanism would mean that some money would collectively be spend on a recurrent basis to monitor the risks and ensure quick reaction, burden sharing would be agreed ex ante, and, if necessary, human and technical resources would be kept permanently active to face any contingency.