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Updated Analysis: The Case for U.S. Investment in Global COVID-19 Vaccinations

In 2021, our estimated cost of inaction was tagged at **$207B-$671B**. Since that time, we have seen the emergence of two variants of concern; the use of booster shots and therapeutics in High Income Countries; and evolving public health and economic strategies and approaches for managing pandemic risks (e.g., changes in lock down strategies). We believe current conditions point to this multiyear estimate as remaining accurate – but acknowledge there are multiple factors that could drive this number higher. Our rationale for this statement:

- While high vaccination rates have reduced serious disease, hospitalization and death, the world is not well-positioned to fully exit the pandemic in the near term.[i]
- The pandemic is still dynamic with SARS-CoV-2, the virus that causes COVID-19, spreading at a very high rate around the world, oscillating between 2.5 and 5.5 million new cases per week.[ii] The risk of viral variants emerging are greatest in Low- and middle-income countries (LMICs) where vaccination programs are significantly lagging.
- Multiple *variants of concern* have been identified by the WHO, most notably Delta and Omicron; however, we have yet to see a variant of high consequence (VOHC), which could have even more devastating impacts.

- Simply stated, a VOHC could be undetectable by existing diagnostic tests, reduce vaccine effectiveness, reduce therapeutic effectiveness, and present with more severe clinical disease and increased hospitalizations.[iii]

- Much is made of the response of U.S. GDP, which stands at approximately $23T and did not decline as initially anticipated with the pandemic's outbreak. However, this boost in GDP is largely attributable to significant government financial interventions. To combat the potential of economic contraction, the U.S. invested more than $6 trillion[iv] into targeted recovery areas: vaccine development, the purchase of protective equipment, business investment, and direct financial assistance to unemployed Americans.

- With a Debt-to-GDP ratio at 1.24 and inflation at its highest levels in decades[v], the use of additional fiscal stimulus and direct governmental intervention in response to a VOHC could endanger the health of the U.S. economy with the risks of massive debt levels, currency devaluations, higher inflation, and other significant hardships.

- The cost of inaction range presented in 2021 was based largely on international trade linkages, which will continue to be a threat due to labor, demand, and supply shocks.

- However, the potential exists that if a VOCH emerges, it could:
  - Erase the benefits COVID relief investments made to date ($6T)
  - Continue to stress a fragile healthcare system that has already lost hundreds of billions in revenue, faces unlikely financial recovery while COVID-19 persists, and has lost 18% of their workforce[vi]
  - Result in more deaths due to both the virus and preventative care delays
  - Widen a social divide with a divergence of inequality in both the health risks and economic burdens caused by COVID-19

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[i] 10 WHO Coronavirus (COVID-19) Dashboard. Geneva: World Health Organization (https://covid19.who.int/)
[ii] 10 WHO Coronavirus (COVID-19) Dashboard. Geneva: World Health Organization (https://covid19.who.int/)
[iii] https://www.cdc.gov/coronavirus/2019-ncov/variants/variant-classifications.html#anchor_1632158924994
[iv] Estimated by the Center for Responsible Federal Budget, www.covidmoneytracker.org
[v] Calculated using Federal Debt: Total Public Debt (GFDEBTN) | FRED | St. Louis Fed (stlouisfed.org)
[vi] https://www.beckershospitalreview.com/workforce/about-1-in-5-healthcare-workers-have-left-medicine-since-the-pandemic-began-here-s-why.html