

Vaccinating industrial frontliners makes economic sense



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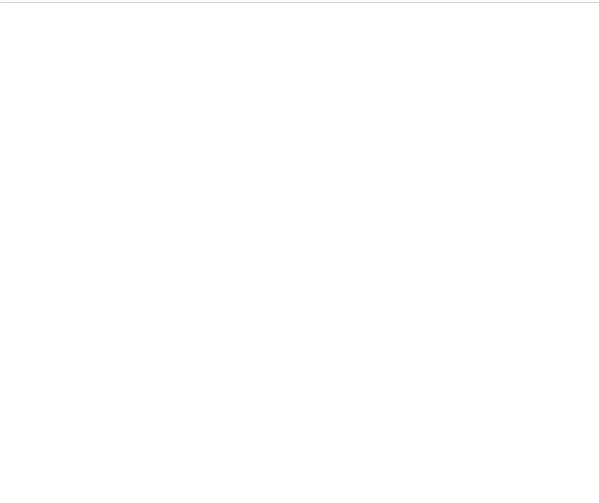
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by NUR HAZIQAH A MALEK / pic by AFP

IT MAKES economic sense to vaccinate industrial frontliners, or having a vaccination programme for manufacturing and manufacturing-related services (MRS) to expedite recovery.

According to the Ministry of International Trade and Industry (MITI), 18 manufacturing or MRS sectors are allowed to operate during the lockdown beginning today until June 14.



Various quarters have called for the government and industry to do rapid mass testing on Covid-19 for factory and related industries’ workers during the period.



Institute for Democracy and Economic Affairs research senior fellow and the Centre for Market Education CEO Dr Carmelo Ferlito said to put things into perspective, the population should be divided into the young and healthy working segment, and the old and vulnerable retired individuals.

“Looking at the effects of movement restrictions, the first group encounters a very high marginal cost, because the people in this group need to work to earn an income.

“By limiting their activities, however, we also create negative externalities such as social cost: We reduce the national output, which is making everybody poorer; on the other hand, if we do not introduce restrictions, we face different externalities: We increase the health risk for the individuals in the second group,” he told The Malaysian Reserve.

He added that when facing movement restrictions, the marginal cost for the second group is much lower, so they can face a higher level of restrictions.

“But if greater restrictions are imposed, negative externalities are transferred to the first group, which has to renounce to earn a living, while at the same time the national income would be reduced.

“It is important to always look at externalities in both directions,” he said.

A small level of restrictions would limit the cost for the young and healthy part of the population, but it would transfer externalities on the elderly in terms of health risk.

“On the contrary, harder lockdowns reduce the risk for the elderly, but increase the marginal social cost by creating poverty among the working population and reducing the national level of income.

“From this analysis, it comes immediately that a generalised policy of movement restrictions is hardly likely to achieve what is called the social optimum,” he said.

He added that a solution should be found to equalise the risk among the different population groups and therefore, the age composition of a certain country plays an important role in choosing the right policy.

“The same analysis suggests that vaccines should be allocated first to those who bear the higher cost from staying at home, the young and healthy, like what Indonesia did.”

He said this when asked to comment on the introduction of a vaccination programme for the manufacturing sector.

On April 26, MITI announced two models in the Covid-19 vaccination programme during a consultation session with trade associations and chambers of commerce.

Among the two models include the Public-Private Partnership Immunisation model, targeted at local and foreign workers from manufacturing and MRS sectors based on the minimum threshold of 1,500 employees, including contractors and vendors working onsite and registered on MySejahtera application.

The other model is the Private Immunisation Model (Special Request) for Business Travellers, targeted at company employees, either Malaysians or expatriates, and directors who have proof of importance of travel to be given priority vaccination for business purposes.

The Federation of Malaysian Manufacturers president Tan Sri Soh Thian Lai said as of the end of April, MITI, Health Ministry and Ministry of Science, Technology and Innovation are finalising the mechanisms to expedite both of the models.

“We urge the manufacturing sector to do our part by supporting the Covid-19 vaccination programme for the manufacturing and MRS sectors for the wellbeing of all and the economy as a whole,” he said.

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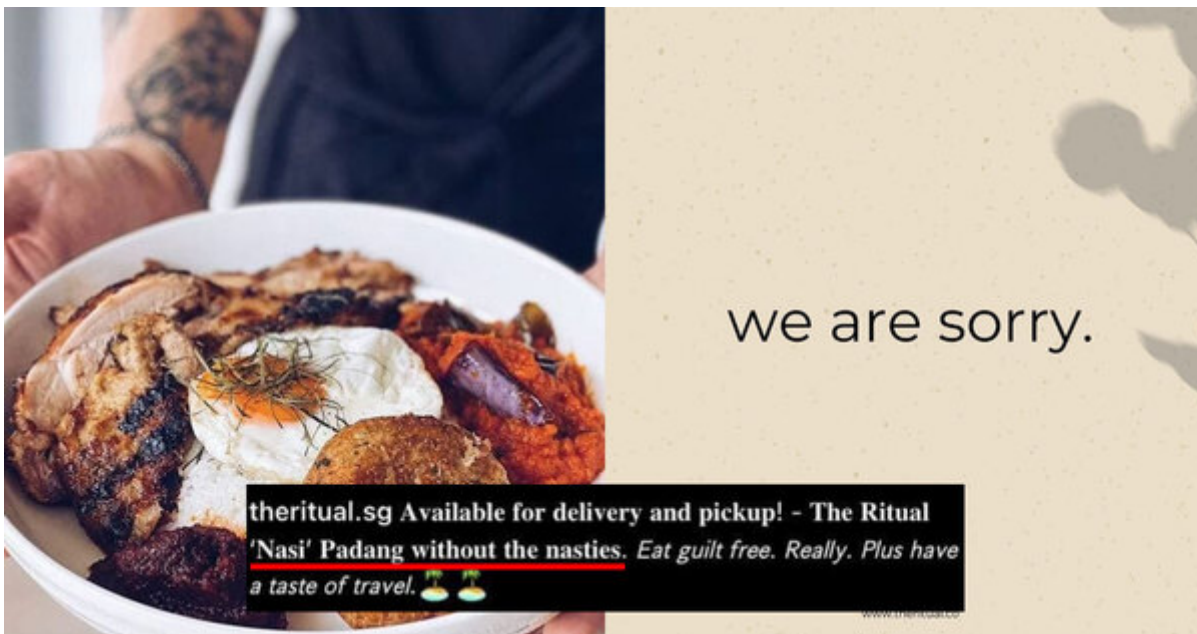
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