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More Harm Than Good

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A cost–benefit analysis clearly shows far more harm than good came from Australia’s oppressive COVID lockdowns, economics professor Gigi Foster has found.

It is possible that lockdown[s] will go down as one of the greatest peacetime policy failures in modern history.

– Douglas Allen, Professor of Economics at Simon Fraser University

The world has been shaken by the response of governments to the COVID-19 pandemic in ways unlike anything we have seen in any prior global health event. What started as a health anomaly in one Chinese province quickly became a world-stopping crisis affecting every major nation in 2020. Industries from travel to manufacturing suffered sudden, acute disruptions due to political action to lock down cities and block free movement of people and goods between countries. Was all of this necessary to save lives, or did it do more damage than good? Rational public policymaking considers both sides of any proposed policy: benefits and costs. When the costs of lockdown policy have been raised during the COVID era, people have sometimes assumed those costs are about ‘just the economy’, implying ‘the economy’ is something separable from human health. Yet there are real health and longevity costs of lockdowns, apart from their impacts on the quality of life and overall wellbeing.

In the first half of 2020, the costs of locking down economies should have been weighed against the projected benefits. Best guesses needed to be made about the areas of human wellbeing directly and indirectly affected by lockdown policies. Among other things, we needed to consider the loss of happiness due to loneliness from social isolation, the crowding-out of healthcare for problems other than COVID, the long-term costs to our children and university students of disrupted education, and the economic losses of shuttered businesses, increased inequality, and the opportunity cost of government spending in future years.

In August 2020, I prepared a draft cost–benefit analysis (CBA) for consideration by the Victorian State Parliament to illustrate how such an exercise could be conducted by the government, whose responsibility it was to provide a rational justification for lockdown policies. I told the Committee:

In the past six months we have witnessed a mass worldwide sacrificial event driven by a fear of the unknown and essentially an abandonment of post-Enlightenment thinking. We have been swept up in hysteria and the fanaticism of crowds. Our economy has been stabbed in the stomach.

My recent update of that CBA will be published as a book in spring 2022, with the aim of evaluating whether Australia’s COVID lockdown policies—a central feature of our COVID policy

response—were, on net, helpful or harmful. The first part is a background discussion contextualising the analysis, while the second estimates the costs and benefits of the Australian COVID lockdowns. The article you are now reading is a summary of this forthcoming book.

It is impossible to stop most viruses through border control.

The complete study is structured like a standard CBA, except only one option is analysed: the actual policies adopted in Australia. The alternative I consider—the benchmark against which the impact of lockdowns is compared—is for the government to have put in place policies that delivered outcomes similar to what Sweden or other ‘low restrictions’ countries experienced.

WHAT WAS KNOWN PRE-COVID

On 24 January 2020, at the start of the Wuhan lockdowns, the World Health Organization (WHO) representative in China, Gauden Galea, said:

... trying to contain a city of 11 million people is new to science ... The lockdown of 11 million people is unprecedented in public health history, so it is certainly not a recommendation the WHO has made.

That statement summarised the WHO’s known position on the wisdom of lockdowns in 2019, including its official guidance on managing flu-like pandemics, and was also reflected in policy positions of the developed world before the arrival of COVID-19. Years before COVID’s arrival, the late Donald Henderson, a major figure in epidemiology who was instrumental in eradicating smallpox from the planet, opined it is impossible to stop most viruses through border control. He noted some viruses can indeed be controlled through quarantining the sick, and successful attempts have been made to do so (such as for Ebola). For most viruses, including the flu, he argued if even a single person who may not have obvious symptoms slips through the net of control then the battle is lost. In such cases, Henderson argued, not to implement hard border controls—but rather to manage the disease in order to minimise harm—is far more sensible:

This idea that in this day and age one is going to intercept people coming across the border and you’re going to stop the spread of the disease is a concept that was antiquated a very long time ago.

The WHO position on pandemic management prior to COVID-19 included recommending some voluntary preventative measures for a virus like COVID—such as handwashing and avoiding crowds—but no border closures and quarantines, and no mandated restrictions on the movement of healthy people under any circumstances. If such restrictions had been favoured by pre-COVID scientific consensus, this would have been reflected in many scientific contributions prior to 2020 advocating policies such as lockdowns after evaluating their costs and benefits. In fact, to my knowledge, virtually no scholarly works published after World War II and prior to 2020 argue restrictions on the movements of healthy populations would result or ever have resulted in positive net benefits in terms of human welfare, wellbeing, or lives.

COVID'S HISTORICAL CONTEXT

A key element of contextualising a cost–benefit analysis of any policy is to understand the magnitude of the problem that the policy purports to address. It has been known since early 2020 that the threat posed by COVID is not severe by historical or pathogenic comparison. Victoria's pandemic plan of 10 March 2020 indicated the original strain of "COVID-19 is assessed as being of moderate clinical severity". It has also been clear since then that COVID is largely a non-event in children, but can be severe in the elderly and those with co-morbidities. As shown in the 'Comparing Four Pandemics' chart (above right), once we adjust for the greater global population, the Spanish Flu of 1918–19 caused 30 times more deaths than COVID.

Comparing four pandemics – A comparison of the relative magnitude of four pandemics

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In April 2022, Stanford University's Professor John Ioannidis, one of the world's most highly cited epidemiologists, wrote to Sanjeev Sabhlok (who assisted with my book):

You are correct, the 1918 flu was 50-500 times worse than COVID-19 once you adjust for population size and for age distribution ... Deaths from SARS-CoV-2 COVID-19 was just 1.5–4 times the equivalent of three seasons of seasonal flu (most likely closer to the 1.5 number actually). Spanish Flu was 100–1000 times bigger than three seasons of seasonal flu.

Augmenting this conclusion is the fact that because the Spanish flu severely impacted the young, while COVID's victims are mainly elderly, the Spanish flu was even more lethal in terms of potential life years lost. Even if the many legitimate questions about COVID death reporting are ignored, the severity of the COVID pandemic is in the range of the Asian flu of 1957, in response to which healthy populations were not locked down.

NO COST–BENEFIT ANALYSIS

It is incumbent upon a democratic government pursuing sound policy-making principles to conduct and provide for public examination a cost–benefit analysis of major policies that transparently estimates and weighs all known or expected benefits and all known or expected harms. No such analysis has been forthcoming in Australia by any level of government to provide a justification for the COVID lockdowns, despite such a requirement being deeply embedded in Australia's standard policy processes.

People locked inside their homes endure mental health suffering.

My preliminary cost–benefit analysis of Victoria's lockdowns mentioned earlier was intended as a demonstration of approach and offered a generous estimate of the benefits and only partial

accounting of lockdown costs. I noted a comprehensive cost–benefit analysis would need to factor in a wide variety of additional costs, many of which I enumerated but did not fully cost out in the document.

BEST PRACTICE VS WHAT WAS DONE

The analysis here described expands on what I presented to the Parliamentary Committee. It confirms the costs of wholesale lockdowns for Australia were far greater than their benefits in a COVID world, even using the most conservative assumptions in favour of government lockdown policies. It is important to note this analysis is retrospective, not prospective, with the approach of Sweden used to model the ‘alternative’ or baseline approach. Usually an analysis like this considers not just one policy alternative (lockdowns, in this case), but a wide range of options. A scenario analysis is also usually included to accommodate the inevitable uncertainty about projected costs and benefits. Only then is the appropriate policy selected.

This report looks only at the effects of the actual policies that have been implemented in Australia, relative to a default policy of managing COVID in what would have been considered the best-practice manner before March 2020—such as compliance of Australian governments with their own risk-based pandemic plans that preclude wholesale lockdowns or border closures, but include targeted restrictions and voluntary social distancing. To help model that, we used as a proxy (a surrogate, or stand-in) actions that would have delivered outcomes similar to what countries with policy settings such as Sweden achieved in 2020 and 2021.

It is also important to note that a cost-benefit analysis—despite a widespread misconception—relies on a holistic consideration of social welfare, not narrow measures of dollars and cents. My report considers statistical lives lost now and in the future, and also counts, for example, the mental health suffering people endure when they are locked inside their homes. The human welfare costs of lockdowns are put into a currency (Quality-Adjusted Life Years, or QALYs) that is used to enumerate projected costs and benefits of the lockdowns. QALYs are a standard measure used in the health system and health economics.

I also use the more recently developed WELLBY (Wellbeing Year) measure to capture some lockdown costs. Since one year of average healthy life (one QALY) equates to six WELLBYs experienced by a person for one year, this allows suffering across a society to be compared with benefits in the same welfare ‘currency’.

Imposing crippling restrictions will necessarily cause significant overall harm.

Every assumption about the costs of lockdowns I have made is supported directly or indirectly by the research literature and evidence. The only assumptions I make that have scant backing are my conservative assumptions in favour of lockdowns: that is, in favour of trying to find that lockdowns are helpful. I assume COVID deaths would be avoided by lockdowns, which is an assumption not borne out in other countries’ experiences, but arguably true to a small extent in Australia, at least insofar as blocking international travel will have reduced the amount of virus

circulating within Australia for a period of time.

To estimate the losses avoided by lockdowns, I considered two alternative counterfactuals (imagining a world in which we did not pursue lockdowns): the outcomes achieved by Sweden, and those achieved by a set of six nations with low levels of COVID restrictions. In the final analysis I used the higher of these two estimates—using population-adjusted data from Sweden—to be the upper-end amount of loss potentially avoided because of Australia’s lockdown policies. Worldometer shows more than 50 countries with harsh lockdowns experienced more COVID deaths per million than Sweden—which had no lockdowns, no mandatory masks, no quarantines, or border closures.

If the Worldometer data is adjusted for Sweden’s high latitude (with likely low vitamin D levels), age structure (20 per cent of Sweden’s population is over 65 and hence more vulnerable to the virus, compared with 18.9 per cent in the UK, and 9.3 per cent across the world), the ‘dry tinder’ effect (a low mortality rate from flu in the December 2019 through March 2020 flu season in Sweden meant more vulnerable people were around to be attacked by COVID, or other diseases, later in 2020), higher density nursing and aged-care homes, and likely over-reporting of COVID deaths in Sweden, then the COVID death rate in Sweden would look even more modest. Hence, the choice to use Sweden as a counterfactual likely yields an over-estimate of the benefits of lockdowns.

LOCKDOWN BENEFITS

I calculate 12,304 deaths as the upper-end estimate for the number of COVID deaths that could have occurred in Australia during 2020 and 2021 without lockdowns. There were in fact 2,353 COVID deaths in Australia in these two years, even in the presence of lockdowns, so at most 9,951 COVID deaths were avoided by lockdown policies. On average a COVID death represents a loss of three to five QALYs, since on average such a death occurs in someone already significantly advanced in age and not in good health. I use the higher figure of five in this report, to be generous to lockdowns.

To account for the estimated incidence and severity of ‘long COVID’, one can add two per cent of the estimated losses in the form of COVID deaths to account for the human cost of long-COVID effects. One can also add an estimated 131 deaths by homicide and traffic accidents, often of significantly younger age than the average COVID victim, that would have occurred in a no-lockdown regime. We therefore arrive at the following upper-end estimate for the total benefit of lockdowns:

9,951 (total COVID deaths averted)

× 5 (healthy years lost per COVID death)

× 6 (WELLBYs per QALY)

× 1.02 (estimate for long COVID)



+ 131 (non-COVID deaths averted)
× 50 (healthy years lost per each such death)
× 6 (WELLBYs per QALY)
= 343,800 WELLBYs *or* 57,300 QALYs, in all.

Dividing this total by 24 (the number of months in two years), we get approximately 14,325 WELLBYs saved per month of lockdown. This leads us to the crucial question: How much would Australian society be willing to pay to avoid this quantity of loss? Taking a high estimate of AU\$100,000 as the amount Australian society would be willing to pay to save one QALY—which is an upper-bound estimate based on what the TGA pays in normal years to buy medical interventions that save QALYs—then Australian society would be willing to pay a total of 57,300 (total QALYs saved) × 100,000 = AU\$5.73 billion (over the course of two years) to avoid this magnitude of loss.

That is to say: the maximum that Australia would normally be willing to spend to prevent an additional 9,951 COVID deaths plus 131 traffic/homicide deaths—even using very conservative assumptions in favour of the government’s policies—is therefore around \$6 billion dollars. In fact, hundreds of billions of dollars have been spent. JobKeeper alone was approximately \$90 billion. This itself instantly suggests that alternative policy options should have been considered.

But have lockdowns avoided 40,000 deaths? In the lead-up to the election in May 2022, the then prime minister, Scott Morrison, claimed 40,000 deaths were avoided by his ‘regime’ (of lockdowns and border closures). Earlier, he sent letters to many Australians in which he made a slightly more modest claim of having prevented 30,000 deaths. No substantiating evidence was provided for these assertions, but it is possible Morrison used estimates based on epidemiological models.

If Morrison’s most extreme claim were correct and 40,000 COVID deaths had been prevented by lockdowns, that would still put the amount Australia would have been willing to pay to pursue the lockdown strategy around \$20 billion. This uses the observation above that Australia is willing to pay at most \$100,000 per QALY saved. Spending more than that would have diverted scarce resources from other competing priorities that, from a human wellbeing perspective, also matter. In fact, we have spent hundreds of billions of dollars pursuing lockdowns and cushioning their economic fallout.

COSTS OF LOCKDOWNS

Imposing crippling restrictions on 99 per cent of the population will necessarily cause significant overall harm. Evidence from numerous CBAs undertaken across the world has already indicated, for many countries, that lockdowns are damaging and even that they do not, on net, save lives. Lockdowns and social-distancing measures inflict unemployment, business collapse, education neglect, health neglect, and loneliness. The virus does not do these things; government directives

do these things.

Drawing on a range of data sources, I consider the following costs, all then translated in WELLBYs to enable comparison and analysis:

1. Economic loss (\$8.045 billion per month)
2. Lost wellbeing (reduced life satisfaction)
3. Non-COVID excess deaths in 2020 and 2021 (7,940)
4. Reduction in the general lifespan of all Australians (one week)
5. Lost future productivity of children born during lockdowns
6. Lost future productivity of children of school age during lockdowns.

The first three items of costs incurred to date equate to 11.2 million WELLBYs in total over two years.

The latter items present the tally of future costs of the lockdowns implemented in 2020 and 2021, discounted so they can be compared with the '2021 wellbeing currency'. The present value of these future costs is 1.2 million WELLBYs. The sum of these two cost estimates—12.4 million WELLBYs—is the total estimated cost of lockdowns in 2021 wellbeing 'currency'. A spreadsheet detailing these calculations can be found on the website mentioned at the end of this article.

We can now estimate the costs and benefits, and the cost–benefit ratio:

- the *maximum* benefits are 343,800 WELLBYs, and
- the *minimum* costs are 12.44 million WELLBYs.

This indicates the costs of Australia's COVID lockdowns have been at least 36 times greater than the benefits they delivered. Since I have made assumptions that are extremely favourable to the government's choice to pursue a lockdown strategy, the true ratio of costs to benefits of the Australian COVID lockdowns is likely greater than this.

We should also consider the opportunity costs: the deaths that could have been avoided with dollars spent on COVID. Such an exercise leads to the conclusion that if hundreds of billions of dollars had been invested in non-COVID-related health care during 2020 and 2021—instead of being used to pursue lockdowns and cushion their fallout—Australia could have avoided tens of thousands of non-COVID deaths. Spending some of this money on early treatment of those infected with COVID also would have saved more lives on net than lockdowns.

'The lockdown of 11 million people is unprecedented in public health history, so it is certainly not a recom

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WHO Representative in China, Gauden Galea (centre), at a World Economic Forum event in China, 2018.

Photo: WEF/Flickr



IN SEARCH OF INTANGIBLE COSTS

Like any cost-benefit analysis, my study is not definitive. Many of the costs imposed by lockdowns, particularly through the unintended consequences of these policies, are expected to become clearer and more measurable over time and individual line items will need to be updated.

More broadly, future researchers bear the responsibility to attempt the difficult task of valuing the intangible costs of the Australian lockdowns to Australians' stance towards their government and society. Such costs arise from the loss of individual liberty, the fracture of communities, and the abandonment of principles of good governance and public health stewardship as our governments became propagandists.

I hope future research will deliver estimates of the cost of the marginal changes to trust and belief in government, in our institutions (including public health), and in one another, that lockdowns have wrought.

Gigi Foster is a Professor with the School of Economics at the University of New South Wales. Her essay on Australia's response to COVID, *Betraying Ourselves*, appeared in Volume 1 of *Essays for Australia* in 2021, published by the IPA's Centre for the Australian Way of Life, and can be found here: australia.ipa.org.au/essays-for-australia/

This article is drawn from the Executive Summary of her forthcoming book, available online at www.thegreatcovidpanic.com

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