

Costs and Benefits of Lockdowns

What is the issue?

- Lockdowns have become the handy option amidst the spread of the COVID-19 virus.
- In this context, it is essential to make a cost-benefit assessment of lockdowns in both social and economic terms.

Why are lockdowns becoming unavoidable?

- As of mid-July-2021, 26.2% of the world population has received at least one dose of a COVID-19 vaccine.
- Of them, only 1% live in low-income countries.
- By contrast, the richer nations, such as the U.S., Canada, Germany and Britain, registered above 50% vaccination.
- For India, the percentage of the adult population that has received at least one dose stands at 34.1%.
- It is essential to eliminate this inequality in the administration of vaccines to ensure protection against the virus.
- So, till that happens, long or short lockdowns from time to time will remain the only defence against the virus.

What are the challenges with lockdowns?

- The impact of the lockdowns in economic terms is also to be taken into account.
- The practicability of simultaneously protecting lives and livelihoods with the aid of lockdowns is questioned.
- The trade-off between lives and livelihoods leads not only to a dilemma but a trilemma perhaps.
- Draconian lockdowns help us keep on living, but they prevent us from earning a living.
- With incomes drying up, essential expenditures such as those on food, health and education cannot be sustained.
- This, in turn, implies that life could not be lived.
- Extreme lockdown policies thus imply we cannot quite have our life and live it too, at least not meaningfully.

What does this call for?

- The vicious trilemma (Livelihood, Saving life, Living life) needs to be torn down if humanity is to be preserved.
- For this, the balance between the expected benefits of the lockdown policy and the costs involved has to be analysed.
- If the latter is higher than the former, it is wise to adopt alternative policies, involving an excess of benefits over costs.
- In other words, the nature of the trade-off has to be understood.

What do lockdowns cost?

- The cost of lockdown could possibly be measured by the value of lost GDP. Here are some examples.
- Both France and Italy imposed heavy lockdowns and suffered 3% shrinkage in GDP.
- Not that people did not die, but the 3% shrinkage cost of keeping a number of people alive is significant.
- Similarly, Finland, which experienced a negligible rise in the mortality rate, experienced a 1% fall in per capita GDP.
- On the other hand, Lithuania performed miserably on its death rate front, but its GDP per person is expected to rise by 2%.
- Research says that for every infected person cured in poorer countries, 1.76 children die on account of a fall in the quality of life.
- This is worse than the trilemma scenario mentioned earlier.
- The sufferings faced by migrant labourers in India is also to be considered.
- Children are held back from school, increasing the cases of child labour.

What is the way ahead?

- The cost of a human life is priceless.
- In technical economic language, this amounts to asserting that the (monetary) price of a human life is infinitely high.
- While this assertion is made, it is not suggested that lockdowns ought to be avoided.
- Quite clearly, they are unavoidable for now.
- But lockdown policies need to be carefully designed, guided by trade-offs between harsh and mild policies.

Source: The Hindu



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