

Costs of Covid to the Australian economy: Its impacts today and tomorrow

Professor Gigi Foster
School of Economics, University of New South Wales
Sydney, Australia

2021 National General Assembly of Local Government
Canberra

The big picture

From March 2020, fear led to draconian policy settings around the world that have not made a proven impact on the trajectory of the covid-19 virus and have done huge damage.

We have witnessed a mass sacrificial event, on a global scale.

Australia the lucky country, yet again – in spite of ourselves.

Many parties have incentives to keep the narrative going.

The grim harvests of the world's **local** and **global** Covid policy responses

More than 100 million new unemployed people in the West.

Business bankruptcy.

A GDP drop of 20% in the West. **Sectoral collapse.**

A feared **famine and loss of inoculations** in poor countries, costing many millions of lives.

Civil wars brewing in **Lebanon, India**, and parts of Africa.

Mass loneliness in locked-down territories.

20,000 prevented IVF babies per month in the West (**2,000 in the UK**). The same again elsewhere.

Reduced usage of health services in the West due to fear, causing present and future loss of life.

Disrupted education of over a billion children, causing present a future damage.

Overall: Catastrophic and regressive effects.

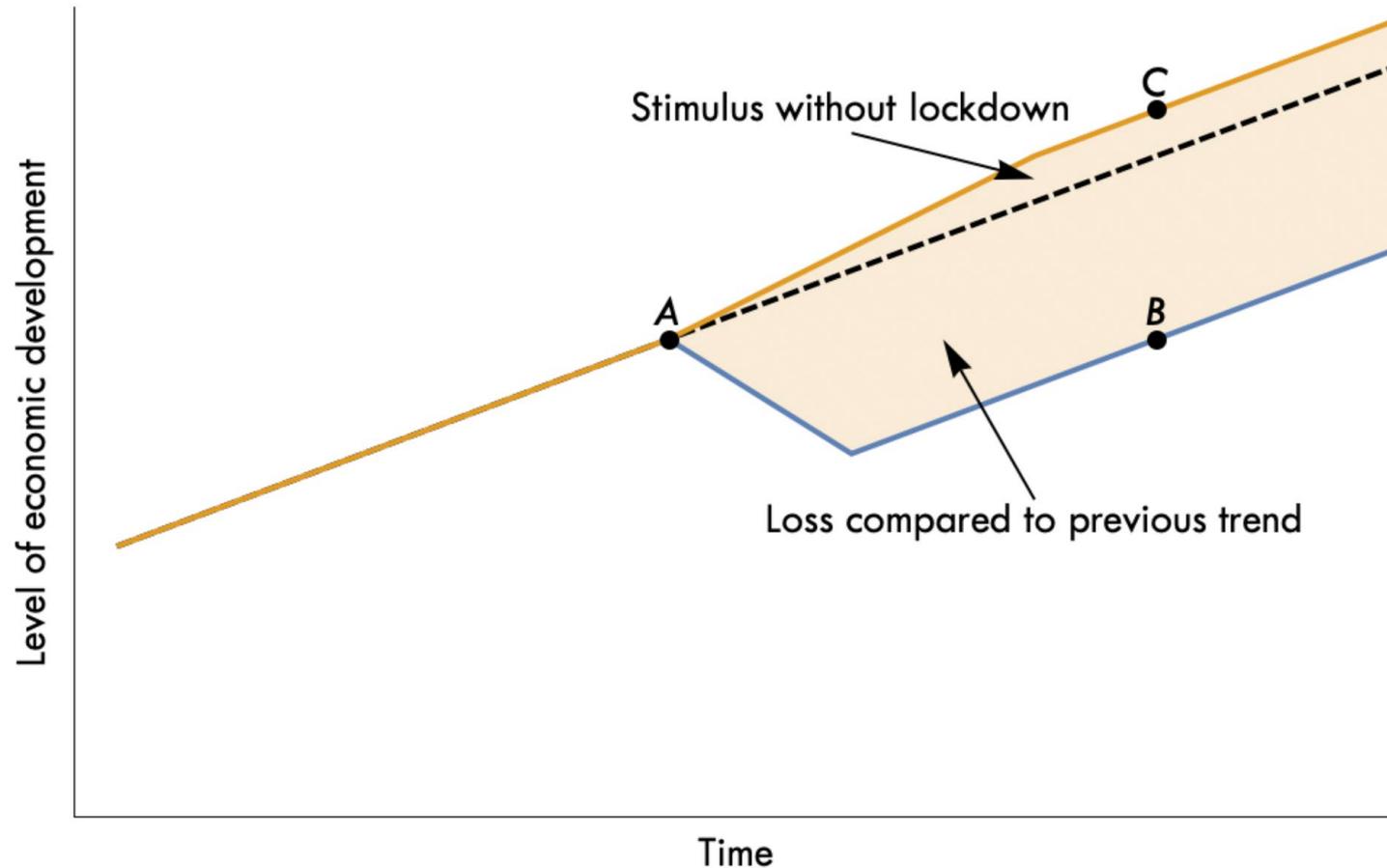


What we have actually lost to covid – contra initial estimates

- Estimated UK fatality estimates for covid were scaled down dramatically by Imperial College London within two weeks, from [510,000](#) to [20,000](#). Current is **128,000** or **0.2%**. Australian pop-adjusted equivalent would be **48,000**.
- On average, each person dying with covid probably has about **3-5 more happy years left**.
- The WHO in **February** put out “case based fatality estimates” of **3-5%**. Its own estimates of global infections now imply a [best guess](#) of the infection fatality rate (IFR) more like **0.2%**
- At present, the total recorded world death toll stands at around 3.86 million, or **0.05%** of the world. That is normal world **births in six days**.



Falling behind implies a long tail of woe (visualisation courtesy of Cameron Murray)



The rain dance we chose to do here in Australia

The case of the missing CBA

Costs in brief

GDP loss: roughly \$60 billion

Reduced well-being due to loneliness, social isolation, etc.,
and crowded-out healthcare: QALYs and QALYs worth of
costs, over years to come

Disrupted children's education: \$50-100 million in lost wages,
just to start with, over a generation

Crowding out of small businesses, and massive hits to
particular industries in which we have natural comparative
advantages.

There actually is no trade-off. Blanket domestic lockdowns
and mandated "covid safe" restrictions only create harm.

We could have done so much better.



Logical paths forward

- Protect the vulnerable: learn from Sweden, Florida, Denmark, and simple observation.
 - Establish protocols for staff rostering, hygiene, architecture/housing targeted for group homes
 - Investigate the many potential preventative and curative treatments for covid, even if they do not make big pharma (and its friends in government) big bucks
 - Sponsor work-from-home and e-connection mechanisms for those self-nominated at high risk
- Encourage healthy young people to get back to school, work, and parties. “Cases” in them are a good thing.



Welfare-promoting economic policy directions for governments: The big picture

- Change the message
- Open borders (without compulsory vaccination). Encourage reuptake of CBDs.
- Encourage renewed activity of trade networks
- Provide certainty.

Welfare-promoting economic policy directions for local governments: Specific suggestions

- Focus on “covid safe” protocols for aged care homes and other places of vulnerability. Elsewhere, limit enforcement as much as you can. Distract your local officers to other priorities.
- Invest in social infrastructure, such as:
 - child care
 - support/escape for abused women and children
 - tutoring programs staffed by teens who may have lost their part-time jobs
 - healthy, community-connected aged care
 - community-building generally. Local markets, festivals, concerts, whatever brings people together.



Reclaiming the narrative and preventing such a tragedy from recurring

Debunk, redefine, and reaffirm, on sensible terms. Provide present perspective, and recall historical precedent.

In future: Control the fear; provide perspective. In a crisis moment, communication is stronger than truth in terms of saving lives.

More suggestions in my forthcoming book, The Great Covid Panic.

gigi.foster@unsw.edu.au