When to release the lockdown? A wellbeing framework for analysing costs and benefits

When to release the lockdown? Richard Layard (LSE), Andrew Clark (Paris School of Economics), Jan-Emmanuel De Neve (University of Oxford) and Christian Krekel (LSE) present a wellbeing framework for analysing the costs and benefits of easing lockdowns.

Many countries around the world are in lockdown against the coronavirus. Governments that have imposed lockdown measures now face the decision of when (and how) to relax them. In doing so, they have to balance many considerations. Often, these appear incommensurable: for example, in the case of COVID-19, one has to compare the economic, social, and psychological benefits of relaxing the lockdown measures to the costs in terms of increased deaths that would result from an early exit. How can this be done in a systematic way?

In Layard et al. (2020), we propose a method to do this. It is relevant to policy decisions of every kind, as it allows the valuation of a wide range of disparate, seemingly incommensurable effects using a single metric: the impact on years of human wellbeing. For many years now, the official statistics in the UK have included the answers to a standard question on life satisfaction. This question has been asked by social scientists for at least half a century. We can thus combine the likely impacts of relaxing the lockdown measures on years of life satisfaction (WELLBYs) with the likely impact on loss of life, drawing on the well-established concept of Quality-Adjusted Life-Years (QALYs) used in healthcare. We applied this wellbeing framework to the issue of when the UK should release the lockdown.

In particular, we assess the likely positive impact of releasing the lockdown on income, unemployment, mental health, confidence in government (a prolonged lockdown could lead to social unrest), and schooling. This positive impact is then measured against the likely negative impact of early lockdown release on deaths from Covid-19, road deaths, carbon dioxide emissions, air quality, and the resumption of commuting.

Using illustrative figures, our wellbeing framework shows that the lockdown measures which were put in place to save lives had a major positive benefit on people’s wellbeing. This benefit, however, is likely to decrease over time as the costs in terms of output losses, unemployment, mental health, confidence in government, and schooling are likely to increase. Given our assumptions, we find that releasing the lockdown early in June has a small net benefit.
Our model involves many assumptions and considerable uncertainty about each of our estimates – both in terms of the forecasts of the outcomes and the impacts of the outcomes on wellbeing. Our illustrative model also only looks at average population impacts, neglecting the likely different wellbeing impacts of lockdown for different population sub-groups. We, therefore, invite other researchers to refine our wellbeing framework, by augmenting it with additional impacts or by conducting sensitivity analyses on our assumptions. We recommend that policy-makers adopt this wellbeing framework in reaching their decision on when (and how) to release the lockdown, and when making other important decisions such as, for example, when to phase out the furlough.

Our wellbeing framework provides policy-makers with a way to think about costs and benefits, allowing them to apply their own judgements and modify the assumptions. It allows them to make consistent and transparent decisions, and to ensure the public understands why these decisions are made.

This post represents the views of the authors and not those of the COVID-19 blog nor LSE.

References: