COVID-19 LOCKDOWNS: THE UNSEEN COSTS

David R. Iglesias  
Independent Scholar  
davidriglesias13@gmail.com

Walter E. Block  
Loyola University New Orleans  
wblock@loyno.edu

1. Introduction

By the end of March of 2020, many states across the U.S. had begun issuing lockdowns and quarantines as a response to the newly discovered and quickly spreading Coronavirus known as COVID-19. One of the strictest of those lockdowns occurred in New York. While signing an executive order titled “New York State on PAUSE”, Governor Andrew Cuomo justified his actions by saying, “This is about saving lives and if everything we do saves just one life, I’ll be happy.” (Cuomo, 2020) To some this was a noble position to take. However, upon analyzing the real costs — or as Henry Hazlitt (1979) called them, “the unseen” costs — of such political actions, Governor Cuomo’s words have demonstrated the inability of politicians across the country to consider the true, full, and long-term costs of economic shutdowns. While there were attempts to address the immediate short-term costs such as unemployment and no income, any sort of attempt at solving the problems of long-term problems like suicide, substance abuse, or cancer prevention are well beyond the capability of politicians. This paper seeks to demonstrate the real net costs of forcing the society into lockdowns.

One of the most fundamental principles of economics is the concept of tradeoffs. For every action taken or exchange made, another choice is being given up. This is a simple fact concerning human action. One could even say that the decision not to act is, in itself, still an action so long as the ability and opportunity to act exist for the individual facing such a dilemma. Some of these costs could be monetary, however, not all are: the opportunity cost of choosing to marry would be the life of a bachelor; choosing to go away to college would cost the student not only his tuition, but all of the income he would have earned by working instead. Understanding the idea of tradeoffs beyond mere transaction costs are what Henry Hazlitt (1946, p. 16) said separate the good economists from the bad ones:

The bad economist sees only what immediately strikes the eye; the good economist also looks beyond. The bad economist sees only the direct consequences of a proposed course; the good economist looks also at the longer and indirect consequences. The bad economist sees only what the effect of a given policy has been or will be on one particular group; the good economist inquires also what the effect of the policy will be on all groups.

In 2020, there have been a lot of “bad economists”. Of course, they are really not economists at all, but instead doctors, scientists, politicians, and more commonly, average U.S. citizens. ¹ Many have been advocating for government lockdowns and state enforced quarantines as a response to the introduction of the new coronavirus, SARS-CoV-2. Upon seeing the speed with which the virus could spread as well as the threat it presented for certain groups of the population — elderly folks, the immunocompromised, and others with preexisting conditions — the reaction was to shut everything down and keep people away from each other. The justification was to “flatten the curve” (Gavin, 2020) so as to prevent over-capacitated hospitals, and slowing

¹ All too many of them have Ph.D.s in economics, but that is entirely a different matter. There are recalls for automobiles. If there were any justice, this would apply, also, to dismal scientists.
down the spread of the virus on society at large. Lower hospitalization rates, “deaths by COVID”, and overall cases were being presented as the measure of success against the virus. However, this is problematic because it only looks at one area of society while greatly overlooking many others.

Doctors and scientists typically specialize in the treatment and study of different types of diseases or viruses. Their knowledge is usually limited to this one field of study. Unfortunately, they not only do not understand the economic impacts of their decisions; they would actively dismiss them as entirely irrelevant were they ever to become acquainted with them. They are not trained to worry about the tradeoffs that result from forcing people to stay locked up in their homes or deeming certain businesses and industries as “non-essential”. Most medical professionals have an entirely different perspective on the COVID issue than “good” economists. An economic view of the situation would require an understanding of the long-term effects that come about by way of “public safety measures”. Instead of simply looking at the more visible results of lower infection cases, the economist also takes into consideration the unseen effects like unemployment from forcing businesses to close or shortages that are likely to occur by ceasing production and stimulating consumption via stimulus checks. There is also the fact that suicide rates have increased, along with the number of deaths from cancer, heart disease, due to the fact that people suffering these maladies were either afraid to obtain medical care and/or were shut out of hospitals due to COVID lockdown measures.

The economist’s ability to anticipate the long-term effects of economic policy is just as important as the virologist’s ability to understand the behavior of COVID-19. This division of labor is what makes it possible for humanity to overcome times of uncertainty and fear. The epidemiologist provides important information regarding a deadly virus so society can continue to operate with the knowledge that will protect it in its everyday exchanges while the economist provides information about what commercial consequences would result from different courses of action in response to the virus. Unfortunately, the rhetoric that was developed around COVID-19 was one that left out almost entirely the economist’s view of tradeoffs and costs. Rather than considering how society might reasonably protect itself from the coronavirus without destroying the lives of others in the process, technocrats and politicians drove home the idea that all measures be taken to fight against the virus no matter how extreme or disastrous. Now that millions have been living in a sort of economic limbo for several years the catastrophic consequences of ignorance-driven political action are becoming ever more visible.

2. Healthcare Facility Closures and Layoffs

Some of the more ironic and disastrous results of ideas like “flatten the curve” and slowing the spread of the coronavirus were the closures of healthcare facilities and laying off of healthcare staff members. The goal was to prevent hospitals from being overwhelmed by a predicted massive influx of COVID patients. The outcomes, however, proved to be the opposite for many in the healthcare industry. NPR (Siegel, 2020) and CNN (Fanti, Richards, 2020) have both reported on the financial toll that the COVID era has had on rural hospitals. Prior to the crisis, rural hospitals had already been in a decline but this pattern has been exacerbated.

For rural areas, the closure of a hospital or health care facility can prove to be devastating, “Decatur County, Tenn., will have lost its only hospital, Decatur County General, which has been serving the rural community of

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2 There is a lot of arbitrariness and hypocrisy involved in this decision. President Biden demands everyone else wear a mask; he does not (Feis, 2021). Nancy Pelosi favors closing beauty shops, and yet patronizes one (BBC, 2020). New York City Mayor DeBlasio allows (Bernstein, 2020), nay, encourages (Campanile, Hicks, 2020), no, participates (Marsh, 2020) in BLM marches, but shuts down outdoor parks frequented by Jews (Pollak, 2020). See also California Governor Gavin Newsom’s maskless dinner party (Campanile, 2020): Denver Mayor Michael Hancock telling people to stay home and avoid travel for Thanksgiving while he was boarding a plane to see his family for the holiday (McRae, 2020); Chicago Mayor Lori Lightfoot telling others that their hair services are not essential but hers are (Spielman, 2020).

3 It is not at all clear at the time of this writing that this is indeed the case: that the massive shut-downs actually protected lives from covid. In the text, we assume this, arguendo.

4 McDonald, 2021; Pace, 2020.


6 We say this as non-economists, as a matter of prudential judgement, since the statement in the text comes perilously close to committing the fallacy of the diamonds–water paradox.

7 Which public policies are compatible with justice? For a libertarian response to this challenge see Block, 2020.
about 12,000 people” reports NPR (Siegler, 2020), “with more than 100 on staff, the hospital was one of the county’s largest employers.”

CNN (Fantz, Richards, 2020) wrote that a main problem facing these rural hospitals is that “their beds are near-empty, their operating rooms are silent, and they’re bleeding cash.” This is the result of two major changes in the healthcare industry: scared patients and the resulting halt of elective procedures. In April, 2020 Becker’s ASC Review (Oliver, 2020) provided a list of 35 states whose governors issued executive orders a month before that would cancel elective procedures. This would explain why 1.4 million healthcare workers were either laid off or furloughed in April 2020 (Kirk, 2020).

Unemployment, however, is only one of the concerns caused by closures and layoffs. Another major difficulty involves patients and customers who patronize healthcare facilities, or, rather, those who no longer do so. Lockdowns have either scared or prohibited people from treating their medical issues.

“The number of cancers diagnosed weekly in the United States fell by almost fifty percent during March and April compared to the recent average...Emergency room visits additionally appear to have dropped for heart attacks, strokes and even appendicitis—trends that are being confirmed through ongoing studies.” (Medical Xpress, 2020)

When screenings for cancer are postponed, it closes the window of opportunity that someone has to catch the malignancy before serious and irreversible damage has been done. For example, in the U.K., a woman named Emma Jenkinson was forced to postpone her brain cancer chemotherapy treatments for a total of three months. She has since discovered that “the disease has progressed and is likely resistant to further chemo.” (Sky News, 2020) Unfortunately, there could be as many as 10,000 additional deaths from breast and colorectal cancer alone in the next five years (Pancholi, 2020) who suffered in this manner.

3. Substance Abuse

Another group that has been greatly left out of the lockdown debates has been those who deal with substance abuse or other drug-related issues. The CDC put out a list of concerns that specific members of society may face during the response to the pandemic (CDC, 2020), i.e., the lockdowns:

- Disruptions to treatment and harm reduction service providers
- Decrease in availability for in-person treatment for substance abuse or substance disorders
- Closure of Syringe Service Programs
- Disruption in the drug supply which could lead to withdrawals or people using drugs they aren’t prescribed to
- Greater likeliness of being alone which risks not having somebody available to perform life saving measures

Unfortunately, this list of concerns can be backed up by increasing reports of situations like these and others unfolding during the lockdowns. With online sales of alcohol reporting a spike of 243 percent (Associated Press, 2020) and total alcohol sales in the U.S. increasing by 26.5 (Valinsky, 2020) percent between March and May 2020, it is no secret that using these substances to cope with the stress and uncertainty of both the virus and the lockdown is becoming a new trend. What is more telling, however, is that the CDC was already reporting that in June 2020, 13 percent of their respondents to panel surveys said they had “started or increased substance use to cope with stress or emotions related to COVID-19” (Czeisler et al., 2020).

In October, the American Medical Association (2020) reported an alarming increase of opioid and other drug-related overdoses in the U.S. It was based on information from 40 states that face this growing problem. A common theme is that anxiety and isolation from both the virus and the response to it are fueling the drug
abuse pandemic. Relapses and new addictions are more likely to occur when people are both losing their jobs and being forced to cut off most, if not all, of their social interactions.

In July, the Washington Post (Long, Wan, 2020) put out a sobering piece that tracked the statistics of this crisis:

Suspected overdoses nationally — not all of them fatal — jumped 18 percent in March compared with last year, 29 percent in April and 42 percent in May, according to the Overdose Detection Mapping Application Program, a federal initiative that collects data from ambulance teams, hospitals and police. In some jurisdictions, such as Milwaukee County, dispatch calls for overdoses have increased more than 50 percent.

The Washington Post also detailed that users are seeking out new suppliers as well as new and unfamiliar drugs which even further increases the risk of overdose and other related debilitations. Meanwhile, resources like treatment centers and other rehabilitation-based facilities “have been forced to close or significantly scale back during shutdowns.” (Long, Wan, 2020) It’s becoming the perfect cocktail of disaster.

4. Mental Health Crisis

Many of the problems dealing with substance abuse are closely related to difficulties of mental health as users often attempt to deal with the anxieties and uncertainties stemming from both fear of a new disease and harsh lockdowns in response to it. Cunningham (2020) reported that after one month of lockdowns 20,000 people had texted the disaster distress hotline run by the federal government — a 1,000 percent increase in April. When taking into consideration the effect that social isolation has on the human psyche, it should come as no surprise that such statistics start to surface.

According to Usher, et al. (2020) “…in some settings, such as in corrections and other prison contexts, isolation is a form of punishment or censure. Isolation is known to cause psychosocial problems, especially for those recognised as vulnerable…the most vulnerable in these situations are children and adolescents, older adults, minority groups, those from lower socio-economic groups, females and people with pre-existing mental health conditions.”

Some of the “mental health sequelae”, Usher (2020) warns, include, “…acute stress disorders, irritability, insomnia, emotional distress and mood disorders, including depressive symptoms, fear and panic, anxiety and stress because of financial concerns, frustration and boredom, loneliness, lack of supplies and poor communication…Moreover, the longer a person is confined to quarantine, the poorer the mental health outcomes; specifically, symptoms of post-traumatic stress disorder (PTSD), avoidance behaviour and anger, may be seen…”

Suicides are the ultimate toll that mental disorders and crises take on people. During the lockdowns, suicides and suicide attempts have been surging. In May 2020, doctors from the John Muir Medical Center located in Walnut Creek California claimed they were seeing “more deaths by suicide during this quarantine period than deaths from the COVID-19 virus.” (Hollyfield, 2020) While the intentions of those imposing lockdowns may have been to protect the public from one threat, they lacked the foresight or preparation for the suicides resulting from social isolation. Hollyfield quoted Dr. Mike deBoiblanc saying, “we’ve seen a year’s worth of suicide attempts in the last four weeks.” What is even more devastating is that California isn’t alone in this trend — Arizona (KGUN, 2020), Tennessee (Mastrangelo, 2020), and New Mexico (Raman, 2020) have also suffered similar tragedies.
It is common to see headlines\textsuperscript{10} that easily mislead the public into believing these issues stem from the COVID-19 outbreak and the fear surrounding its spread; however, while anxiety of the disease itself may certainly play a factor in the decline of mental health, such claims grossly overlook other factors that are likely to have a more prominent role: unemployment, economic uncertainty, social isolation, or even lack of access to certain communities like church\textsuperscript{11} and support groups. There is a big difference between coercive and voluntary actions; both have very different outcomes. Coercive lockdowns, as has been demonstrated, are adding to the weight of stress and anxiety that the virus alone would have placed on society.

5. Domestic Abuse & Violence

Victims of physical abuse and domestic violence are yet another group of people who have become a casualty of lockdown policies. Not only is it easier for abusers now because their victims are trapped at home, but considering the factors that have previously discussed in this paper — increase of substance abuse and a decline in mental health — they become another deadly mix that increases the severity of the abuse. The United Nations (2020) predicted in late April that an additional 31 million cases of gender-based violence could be the result of six months of lockdown. Furthermore, because of delays in certain programs, they anticipated seeing 2 million more cases of female genital mutilation as well as 13 million more cases of child marriages over 10 years.

Relying on speculations and estimates, however, isn’t necessary because reports of violence and abuse came pouring in not long after the lockdowns were implemented. One study from Brigham Young University concluded that domestic violence calls increased 7.5 percent between March and May 2020 following lockdown orders (Leslie, Wilson, 2020). The New York Times reported that requests for help to the Childhelp National Child Abuse Hotline increased 17 percent one month after lockdowns began (Bosman, 2020). This newspaper also mentioned that the Chicago Police Department saw a 12 percent increase in domestic-violence related calls from January to mid-April 2020, comparing to the same period last year. In other areas calls and arrests are actually decreasing but this is a large concern. Rather than being evidence of a decrease in abuse, it is more likely that victims are having a harder time reaching out since they are trapped in small spaces with their abusers. What makes matters worse is that lockdown restrictions in places such as California have made the jobs of those like child welfare workers more difficult in saving abused children.

"...most child welfare workers are now working from home in an effort to limit the spread of the virus. As a result, records and interviews show, scores of investigations into allegations of abuse or neglect have been delayed or sharply curtailed during the pandemic."

(Therolf, et al., 2020)

The problem has been just as deadly for adults as it has for children. Another study provided evidence that an "overall lower number of intimate partner violence (IPV) victims with a greater number and severity of physical abuse is suggestive of victims reaching out to healthcare services in their later stage of abuse..." (Gosangi, et al., 2020) Keep in mind that this refers only to those who have actually sought help. It is likely that there are even greater numbers of victims who are still putting off or unable to do so which means that they are at an even higher risk of severe harm.

6. Poverty & Starvation

From a praxeological viewpoint\textsuperscript{12}, this point can easily be demonstrated: where economies are driven by production and the use of capital equipment, any major disruptions in the supply chain will lead to less output than would otherwise have taken place. If this reduction in output is not a result of any sort of change in market preferences, i.e., demand stays the same, the outcome will be shortfalls. Additionally, it should come as no surprise that when laborers across many different industries are forced out of work, the decrease in both

\textsuperscript{10}Serafini, et. al, 2020; Renner, 2020; Abbott, 2021

\textsuperscript{11}The powers that be have been particularly vicious with regard to religious organizations. For examples, churches even those holding \textit{outdoor} services, have been ordered all but shut, while indoor gambling establishments and strip clubs have been allowed much more leeway. Could it be "all about the Benjamins"? (Justice, 2020; Kumar, 2020; Tucker, 2020)

\textsuperscript{12}Block, 1973; Hoppe, 1992; Rothbard, 1951.
income and other job opportunities will leave them unable to provide as much food and other necessities for their households. A highly infectious and dangerous disease would do major damage to an economy as businesses in both higher and lower levels of production lose labor, and market preferences change to adapt to the new threat. However, without interference from a third party such as the government, markets would be able to reconstruct themselves to allow the unemployed to find new jobs and continue working. The supply chain, although disrupted by a disease, would be able to recover.

In the event, however, there was all too much government intervention in the economy. In fact, there was so much interference with the marketplace that state officials were able to decide which businesses and industries would be permitted to continue operations — and those that remained open were heavily stultified. Poverty and starvation have been the disastrous results of both state intervention and a highly infectious disease.\(^\text{13}\)

Evidence illustrates this point: half a million jobs around the world were lost by the end of June and the number of hours worked that were lost by the end of the third quarter were equivalent to 345 million lost jobs and it’s predicted that during the final quarter of the year, hours worked would decline by another 8.6 percent, or the equivalent to another 245 million full-time jobs lost (PYMNTS, 2020).

Additionally, money going into household budgets globally dropped 10.7 percent during the first three quarters, or in dollar terms, a loss of income greater than $3.5 trillion. Factory and farm laborers are in fact among those being sent home from work (Oxfam, 2020). Again, this is highly concerning as these industries are directly linked to the food supply. Shortages in any goods are problematic, however, those in food supply lead to starvation. Stimulus checks meant to help families stay afloat might be a quick short-term solution, but they don’t increase production — they only maintain or increase demand and consumption. Bureaucrats pushing for lockdowns fail to see the long-term consequences of halting economic activity. As one prime minister put it, “If we shut down the cities … we will save [people] from corona at one end, but they will die from hunger.” (Oxfam, 2020)

7. Conclusion

When New York governor, Andrew Cuomo (2020), said that he would be happy if “everything we do saves just one life,” he demonstrated his complete lack of awareness or concern for the lives that would become the cost of such disastrous policies such as government-forced lockdowns. He and many like him who limited both social and economic activity through government intervention are responsible for the lives that have been and continue to be devastated through the unintended consequences like substance abuse, suicide, domestic abuse, and impoverishment as well as starvation.\(^\text{14}\) Knowledge about the disease and its behavior is crucial for consumers to make decisions and such knowledge will likely be demanded by markets as participants try and weather their way safely through times of great uncertainty; however, attempts to impose lockdowns and interfere with market outcomes which are merely the result of voluntary human action have extremely costly results, i.e., human life. Whether the very opposite public policy is more desirable is an empirical question, beyond the scope of the libertarian philosophy, which is a normative endeavor (Block, 2020).

\(^{13}\) Some acute commentators would emphasize the former, and all but dismiss the latter. See Corbett, 2020; Mercola, 2020.

\(^{14}\) Cuomo has not yet been found guilty of manslaughter for compelling nursing homes to accept those infected with covid. The jury is still out on that charge. See on this [https://www.google.com/search?q=cuomo+nursing+home+deaths&rlz=1C1CHBD_enUS790US790&oq=cuomo+nursing+home+deaths&safe=chrome\_691579222311158\&sourceid=chrome\&ie=UTF-8]; however, in August 2021, Cuomo did resign as Governor of New York. The reason: sexual harassment allegations. See [https://www.nbcnews.com/politics/politics-news/new-york-gov-andrew-cuomo-resigns-n1260310](https://www.nbcnews.com/politics/politics-news/new-york-gov-andrew-cuomo-resigns-n1260310)
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