

First, Covid-19 lockdowns. Next, climate change ones – rationed car use, no red meat. Coming soon to a country near you?

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We are at the beginning of the end. Provided vaccines prove as efficacious as trial results indicate, and absent unobserved side effects, the rollout to vulnerable groups should reduce Covid-19 death risks substantially and rapidly.

Inoculations down through the priority list will then put us within reach of a herd immunity robust to ordinary behaviour. Life, it seems, could be “back to normal” by the spring or summer of next year.

I’ve never been a “V-shaper” Panglossian on the economy. You can’t switch economic life on and off without causing permanent damage. But there is nevertheless reason to be optimistic of a robust recovery next year. What is more uncertain are the longer-term consequences of this experience on our collective psyche and politics.

American economists Julian Kozlowski, Laura Veldkamp, and Venky Venkateswaran have warned of a depressive “scarring” effect, as we use the experience to revise our assumptions on the probabilities of major shocks. If we collectively infer that tail-end risks such as global pandemics are larger, then investments become less attractive.

Think alone about the willingness of entrepreneurs to go into the travel, hospitality or leisure industries after this. Then think of the effect of the risk of having to pivot to home working again, generalised across other sectors.

Alongside that are the impacts on the role of the state. Economic historian Robert Higgs’ work has highlighted how crises generate a ratchet of government power. Wars, depressions, and emergencies see powers centralised, before receding again.

But the state never quite falls back to the same size and scope as before. After the Coronavirus, we will see more taxpayer funds for virus-related public health, vaccination research, and the subsidisation of PPE production capacity. Government will also be met with demands to maintain Covid-level welfare benefits and industry-specific stimulus as a tool for future downturns, a la Eat Out to Help Out.

Lockdowns are the obvious area where these two effects could come together most damagingly. Highly crude shutdowns had a strong logic in Spring, given the high uncertainty about the prevalence and risks of the virus, and with Italy highlighting the dangers of overburdened hospitals.

More recent national measures reflect instead an ongoing policy failure to institute better control of Covid-19, but may nevertheless have passed a cost-benefit test given the arrival of vaccines (a case that the Government did not adequately prove).

Whatever your position on the desirability or consequences of lockdowns *in this particular crisis*, however, it's clear that suspending economic and social liberties today brings with it the temptation for politicians to utilise such powers again – and for businesses and individuals to suspect that they could.

Given the way that politicians throw around terms such as “emergency” or “epidemic,” it is not an intellectual leap to imagine future leaders demanding similar measures for other ambitions. And therein lies a source of economic discontent—an incalculable drag or doubt for a generation.

Already, the economist Mariana Mazzucato has pitched the idea of “climate lockdowns,” should governments not deliver the green revolution she desires. In the service of mitigating the “climate emergency,” the “state would limit private-vehicle use, ban consumption of red meat, and impose energy-saving measures, while fossil-fuel companies would have to stop drilling.”

Of course, we can avoid all that, she says, if we are willing to “reorient our energy system around renewable energy” and “evict fossil-fuel interests and short-termism from business, finance, and politics”—the goals Mazzucato wants to achieve with her threats warning of what might be needed otherwise.

Now, it might seem far-fetched to imagine a world where one could face fines or jail time for driving too much, or eating steak frites. But before this year, one could have said the same about meeting four households on Christmas Day, or not eating at least a scotch egg with your pint.

Madeleine Grant worries about how the example of this pandemic might normalise health surveillance or screening for colds or flu. But it's the everyday lifestyle regulations that have been truly novel – including the forced closure of certain businesses and the bans on gatherings. The threat of repeats predicated on the ends justifying the means is what we should be most attentive to.

To mitigate this temptation requires a reaffirmation of the legitimate justifications for government interventions. From an economic perspective, there is a defensible consequentialist claim that governments should act where huge, dangerous externalities result from collective action problems. Yet in doing so they have a duty to both prove the case and to account for these externalities in the least harmful way possible, only reaching for the most extreme measures when the consequences of inaction are grave or imminent.

The climate lockdowns idea is so pernicious not just because the imminent threat is absent. The reasoning presumes that governments should go beyond accounting for the externality, say through carbon taxes or emissions trading schemes, instead using the “emergency” to justify actively ignoring market conceptions of value, threatening vast restrictions on how you live your life unless the planners' vision of the world is achieved. Mazzucato's argument is not just about reducing CO₂, in other words, but about using the threat of lockdowns to push for abandoning consumer-led markets entirely.

We have seen this type of thinking proliferate during this crisis. Last week, Jenny Kleeman wrote for the *Guardian* about lab-grown meat, which many see as a useful pathway to reducing the environmental impact of farming and the ethical concerns many have with meat consumption. Rather than embrace these innovations as a way to work with consumer preferences to reduce the impacts of meat eating, Kleeman simply declared it would be preferable if we “simply stopped eating meat, or ate it far less often.” Her inspiration? The sacrifices of the Coronavirus in showing the massive behavioural changes we are “able to make” in extremis.

As we exit this crisis, we must not forget that underpinning a healthy market economy is the idea of the sovereign consumer, who knows what he or she wants, and whose welfare is enhanced by acting on those preferences. The bar for curbing activities that bring us joy or happiness should be very high indeed. And to the extent that economic or social problems do require government interventions, they should work with the preferences of consumers, not treat them with contempt, lest the economic welfare costs spiral.

Lockdowns were a panic button reaction to an acute emergency. Their re-use was a signal of the government’s dismal failure to mitigate the virus in less costly ways. But we must quell talk of them becoming a model for solving future economic and social challenges, or else the expectation of them could itself be economically corrupting today.

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