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How do we count cost of switching the economy off and on again?

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The good news is that, come Monday, non-essential shops in England will be allowed to open again, as will hairdressers. I don't want to put a dampener on hair stylists and barbers, who at first will be inundated, but I have come across people who, having been forced into it, intend to make DIY haircutting permanent. To reassure the nation's snippers, I plan to put myself into the hands of the professionals, having turned into the wild man of Borneo, or perhaps Bournemouth.

The bad news after this week's messy messaging is that, more than a year on, we are celebrating this gradual unlocking as good news. If you had told people in Easter 2020 what Easter 2021 would be like and, even more so, that successful vaccines would have been developed and rolled out, they would have been disappointed with the extent of the restrictions that still lay ahead.

There will come a time, perhaps quite soon, when the government's response to the pandemic will come under closer scrutiny. One of the questions I am asked a lot is why we have not seen cost-benefit analyses of lockdowns and other restrictions.

This is a topic dealt with neatly by Ryan Bourne in a book published this week, *Economics in One Virus*. Bourne, a free market economist formerly with the Institute of Economic Affairs and the Centre for Policy Studies in London, is chair for the public understanding of economics at New York's Cato Institute, which published the book.

He describes the difficulty of cost-benefit analysis for lockdowns, before they are implemented and after. Lockdowns reduce infections and deaths, but we cannot be sure how many would have happened anyway as a result of voluntary action by people and businesses. Lockdowns switch off much of the economy and thus inflict economic damage. But some of that damage would have occurred anyway from those voluntary changes. Most economists dismiss the health-economy trade-off, arguing that letting the virus run out of control not only would result in many more deaths but also greater long-term damage to the economy. It also would more heavily affect people waiting for non-Covid operations and treatments by overwhelming the NHS.

Studies will be done and will try to take into account the damage to children's education, which can be determined only in the long run. Just do not expect any easy answers.

That does not mean we should give the government a free pass. Bourne points out, correctly, that lockdowns should be thought of as a bundle of restrictions, some of which would not pass any meaningful test of marginal cost against marginal health benefit. People have rightly objected to individual restrictions that lacked logic or consistency when compared with activities that were not restricted. He asks why he was prevented from

going fishing, even on his own. Some restrictions, such as the famous "rule of six", were conjured up out of thin air.

Lockdowns, too, should be thought of as a policy failure. They were necessary in this country to control the virus — and have been among the most stringent in the world — but only because the first and most desirable public health option, a successful test and trace programme and rigorous infection control, were not implemented, partly because we were never ready and partly because of problems of compliance.

Peter Hebard, chairman of the Infection Control Engineers' Covid Task Force, has been emailing me tirelessly since the spring of last year, pointing to the success of Far Eastern countries using engineering principles of infection control in containing the virus.

Every country has had a different pandemic, but South Korea, with a population of nearly 52 million, has imposed social-distancing restrictions but avoided British-style lockdowns thanks to its superior public health response, consisting of test, trace, isolate and treat, and has recorded just over 1,700 Covid deaths, less than 2 per cent of the British total.

Now there is a light at the end of the UK tunnel, this being the lockdown from which there should be a sustainable way out thanks to the vaccination programme (although noting the experience of Chile). We are thus about to answer another question posed by Bourne in his book, and favoured by IT people: can we really just turn off an economy and then on again?

On the face of it, we can. Pretty much everybody expects a strong bounce in the economy this year and next; indeed, the evidence is that it is under way. Last year, after shrinking by a record 19.5 per cent in the second quarter, GDP rebounded by 16.9 per cent in the third.

That third-quarter bounce, however, left the economy 8.5 per cent below pre-coronavirus levels. Though many parts of the economy reopened, a lot of firms did not and some activities remained limited. So it has gone on. A couple of lockdowns later, the economy is 9 per cent down on pre-Covid levels on latest figures and the debate is over whether it will get back to where it was by the end of this year or will take a lot longer. It is not quite turning a supertanker, but after a huge shock it takes time to get to full steam ahead. And not everybody will be along for the journey.

Scientists have been learning about the virus as it has progressed, as have economists. To end as I started, with some good news and bad news: the good news is that, thanks to the government's economic interventions, which have not yet resulted in a fiscal crisis, unemployment looks set to peak at a low level, reducing the extent of long-term "scarring"; **the bad news, certainly for free marketeers such as Bourne, is that once governments get the taste for intervention and for a larger state, it can be hard for them to let go, squeezing private sector innovation. That would be a long-term cost of the pandemic.**