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THE ECONOMIC, SOCIAL & HEALTH CONSEQUENCES OF THE IRISH GOVERNMENT'S APPROACH TO COVID-19

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EXECUTIVE SUMMARY

Since COVID-19 was declared a global pandemic in March 2020, the primary approach of the Irish Government in seeking to control the virus has been characterised by stringent restrictions on social and economic activity. No attempt has been made to carry out a cost-benefit analysis of this approach, nor has there been a scientific approach to risk assessment. The Oxford lockdown stringency index shows that Ireland has had amongst the toughest set of lockdown restrictions in the world over the past year.

Government policy has been dictated by NPHET. That body was given a very one-dimensional mandate relating to COVID-19, and was not given any mandate to even consider broader issues relating to business, the economy or society. NPHET also did not have any members with business acumen. The Government in the main, went along with the recommendations of NPHET, with a few exceptions.

Government failed to put in place proper testing and tracing, or rapid antigen testing, but largely relied on a scorched earth policy of rolling lockdowns. Unfortunately, this policy continues, with serious restrictions set to extend well beyond 12th April.

It is difficult to disentangle the pandemic impact and the impact of the restrictions put in place. However, it is very clear that the restrictions imposed since March 2020 have imposed a massive economic, financial, social, and health cost on the country. The legacy and impact will be felt for years to come.

There is strong evidence to suggest that the economic, social and health costs of the approach taken by the Irish Government has outweighed the benefits. These costs can be categorised in economic and financial, and in social and health terms. Many of the costs are already obvious, but the longer-term cost legacy remains to be seen, but is likely to be very severe.

Lockdowns have saved some lives and controlled pressure on the hospital service, but are contributing to higher unemployment; business failure; poverty; inequality; interrupted preventative, diagnostic, and therapeutic healthcare; interrupted education; loneliness; mental health issues; and domestic violence. These externalities have not been given anything remotely resembling proper consideration in Ireland's stringent lockdown strategy. Appendix 2 contains a list of 36 peer-reviewed papers questioning the efficacy of a lockdown strategy. Unfortunately, Government and NPHET have considered little else as the overriding strategy.

The reality is that extreme measures have been introduced in many countries, but Ireland in particular, without any real questioning of the assumption that there are no alternatives to the extreme measures imposed, and very little consideration was given to the overall cost and consequences of the policies pursued. Negative externalities do not appear to have entered the mindset of Government and NPHET.

It is inevitable that Government expenditure on healthcare, water and sewage, education, social services, infrastructure, transport, housing, clean energy and childcare, will be constrained over the coming years by the economic and fiscal costs of the very stringent restrictions regime that the Irish Government has pursued since the beginning of the pandemic. This will undermine future quality of life and wellness.

Cost-benefit analysis in a number of countries suggest that the costs of the restrictions outweigh the benefits by a considerable margin. It is estimated that at a global level the lockdowns cost a minimum of 5X more WELLBY (a measure of quality of life) than they save, and more realistically could cost 50-87X more. For Canada the cost is at least 10X higher for lockdowns than the benefit. It is important to point out that the cost-benefit analysis does not seek to compare COVID-19 deaths with economy as prosperity, but rather it compares COVID-19 deaths with recession deaths.

The Economic and Financial Costs

The costs include lost economic output; the permanent loss of many jobs and many businesses; dramatic damage to vital sectors; a legacy of very dangerous levels of Government debt, which will impact on future taxation and the funding of essential public services; and the damage to entrepreneurship and investment in the economy.

Modified domestic demand, which is much more representative of the real economy than GDP, contracted by 5.4 per cent in 2020. This compares to an expected expansion of at least 3 per cent at the beginning of the year.

It is estimated that on a very conservative basis, COVID-19 and the government response has cost at least €15 billion in lost output in 2020. Given that the early months of 2021 are characterised by ongoing stringent Level 5 restrictions, the loss of output in 2021 has the potential to be as significant, unless the policy approach changes quickly.

In 2020, output from Distribution, Transport, Hotels and Restaurants declined by 16.7 per cent; Construction was down by 12.7 per cent; and Arts, Entertainment and Other Services declined by 54.4 per cent. The output from the multinational sector expanded by 18.2 per cent, but the output from the non-multinational sector contracted by 9.5 per cent. The indigenous Irish economy has been seriously damaged by the restrictions imposed.

The real unemployment rate stood at 24.8 per cent of the labour force in February; 468,847 people were in receipt of the PUP in early March, at a weekly cost of €140 million. In total, at the end of February, there was 655,549 people either on the Live Register or the Pandemic Unemployment Payment. This is equivalent to 28 per cent of total employment in the economy in 2019.

Many of the jobs lost will not be recovered for the foreseeable future, and many of the businesses forced to shut down or seriously restrict activity, will either not re-open or struggle to survive once they do.

Ireland's international connectivity has been seriously damaged, and may not return. The notion that life can quickly return to normal once restrictions eventually ease is naïve in the extreme.

COVID-19 has had and continues to have a dramatic impact on the public finances. At the end of 2020, the public debt to GDP ratio stood at 62.6 per cent, up from 57.4 per cent at the end of 2019. It is expected to reach 66.6 per cent at the end of 2021. The debt to modified gross national income (GNI*) ratio, which is the more realistic measure of economic activity, stood at 107.8 per cent at the end of 2020, up from 95.6 per cent at the end of 2019. This is projected to reach 114.7 per cent at end of 2021.

In monetary terms, the public debt amounted to an estimated €218.6 billion at the end of 2020, up from €204.2 billion at the end of 2019. This is equivalent to €44,000 for every person resident in the State. This is amongst the highest in the developed world and is expected to increase to €47,700 by the end of 2021, with public debt projected to reach €239 billion.

Data collected by the EU Commission suggests that in 2020, Ireland ranked last in the EU for the amount of state aid given to companies expressed as a percentage of GDP. It estimates that Ireland doled out the equivalent of 0.26 per cent of GDP, compared to 7.3 per cent in Spain and 6.4 per cent in France. This is despite the fact that the Oxford Stringency Index shows that Ireland has had amongst the most restrictive regimes in the developed world over the past year.

The Social and Health Costs

The social and health costs of COVID-19 and the approach adopted by the Irish Government will be immense, but these costs will only become apparent over time. The costs include diagnosis and treatment delays; social isolation and loneliness, particularly for older people; the social development of young children; the social impact on teenagers and adolescents; the inability to participate in sport; the deprivation of education; increased social inequality; mental health issues; and domestic abuse.

The Irish health system was in a difficult position coming into the COVID-19 crisis after years of inadequate investment, and a total failure to effectively reform the delivery of health services. This has resulted in a situation where the lack of capacity and systems has resulted in the Irish Government implementing amongst the most severe restrictions on economic activity and personal freedom than any other country in the world.

School children have been deprived of proper access to education and social interaction.

Since March 2020, older people have been forced to cocoon and seriously limit their outdoor activity and social interaction. This is resulting in loneliness, depression, social skills, and physical mobility. There is a risk that previously mobile and sharp older people will be seriously and permanently damaged by the restrictions imposed.

Waiting lists have increased dramatically as the focus of healthcare has switched to COVID-19 at the expense of other health services. The latest data from the National Treatment Purchase Fund (NTPF) shows that at the end of February 2021, 80,936 people were waiting for inpatient/day case care, which is 21.3 per cent higher than a year earlier. Of these, 22,832 were waiting for a year or longer, which is 136 per cent higher than a year earlier. 626,895 people were waiting for outpatient appointments, which is 12.2 per cent higher than a year earlier. Of these, 280,717 were waiting for more than a year, which is 62.1 per cent higher than a year earlier. The ultimate implications of these unacceptable waiting lists are likely to be severe for illness, quality of life, costs to the health service, and ultimately higher and needless mortality. Long waiting lists delay diagnosis and treatment; cause undue mental strain; result in more serious illness; undermine quality of life; and increase mortality.

It is estimated that 2,000 cancers went undetected in 2020. The HSE plan to restore non-COVID services envisages that cancer care will not be back to 90 per cent until the end of 2021; screening services will operate at reduced capacity until June, with the aim of having it up to 90 per cent from July; and from March to June, it will aim to address backlogs in areas such as surgery, CT and MRI scans. These delays will inevitably result in increased deaths over the coming years, and the impact will be felt most significantly by less well-off patients who do not have private health insurance and who cannot afford private care. The ultimate result is likely to be higher mortality, and increased costs involved in the provision of more intensive care as the disease progresses.

The effects of COVID-19 on mental health issues and associated suicide in Ireland is not yet clear as data collection and coroners' reports have a significant time lag. However, there is significant evidence to suggest that the combined effect of COVID-19 and the associated restrictions is having a significant impact

The restrictions in place have also had a significant impact on reported domestic violence. Data from *safeireland*¹ suggests that on average 20,018 women and 550 children received support from a domestic violence service each month from September to December 2020. Over 2,445 women and 486 new children contacted a domestic violence service for the first time during that 4-month period. The statistics reported for the latter part of 2020 were generally higher than those reported over the first 6 months of the pandemic.

INTRODUCTION

Over the past year, Irish society and the Irish economy have been devastated by COVID-19 and the Government response to it. The country has been subjected on a continuous basis to varying levels of serious restrictions on economic activity and personal liberty. Arguably, Ireland has been subjected to amongst the most stringent restrictions in the world, and the collateral damage has been enormous.

Thousands of businesses have been forced to shut down; many have been forced to operate with very serious restrictions; the aviation industry has been decimated; Ireland's international connectivity has been seriously and possibly irreparably damaged; there has been a significant loss of economic output; and the country is left with a Government debt legacy that will impact negatively on future tax policy, and expenditure on public services for years to come.

There are also serious implications for the physical and mental health of the country, and the real impact will only become apparent over the coming years.

It has appeared to the author of this report since early in the crisis that no attempt was made by the authorities to do a proper risk assessment analysis of different sectors of the economy, or of the impact of policy on the economic, social, and health wellbeing of the country. Neither has there been any attempt to do a cost benefit analysis of the approach pursued by Government.

The National Public Health Emergency Team (NPHE) was given a very one-dimensional mandate relating to COVID-19, and was not given any mandate to even consider broader issues relating to business, the economy or society. NPHE also did not have any members with business acumen.

The Government in the main, went along with the recommendations of NPHE, with a few exceptions. Government also did not put in place proper testing and tracing, but largely relied on a scorched earth policy of rolling lockdowns.

The net result has been serious damage to the economy and society, with some business sectors and many workers pushed into serious crisis, from which they may never fully recover. At the end of February there was a total of 655,549 people either on the Live Register or the Pandemic Unemployment Payment, with young people disproportionately represented. The real unemployment rate stood at 24.8 per cent of the labour force at the end of February. This is a stunning number in any historical context.

The notion that life can return to normal, that the shut-down businesses will suddenly come back to life; and that Ireland's international connectivity will return to pre-COVID normality when the restrictions are eventually lifted, would appear to be naïve in the extreme.

In relation to non-COVID health and social issues, no assessment has been done or no obvious consideration given to the impact of the restrictions in place and the fear engendered in people, on the screening for and people presenting with health issues such as cancer; the reported dramatic increase in domestic abuse and violence; suicides and mental health issues; delayed medical procedures; and waiting lists in the hospital system.

There is the obvious risk that all of these issues will hit the health system and society like a tsunami at some stage in the future. There is a high risk that all of these issues will result in a very damaging legacy for the under-funded health system for years to come.

Of course, we do not know all of the answers to these questions, but there is worrying evidence that the implications for the future at a social and economic level could be very significant and very serious.

Nobody can argue that COVID-19 has been anything other than a human tragedy. Department of Health data show that up to 6th March 2021, there were 4,419 COVID-19 related deaths in Ireland.

However, valid questions can be asked and need to be answered about the manner in which the authorities here have dealt with the crisis, and if a number of those deaths could have been prevented if a proper system of test, trace and isolate system had been in place since the beginning of the crisis? Should rapid antigen testing in the community have been deployed? Should a more effective strategy have been put in place to protect the most vulnerable people in society from COVID-19, such as in nursing homes and in hospitals?

Questions also have to be asked about the very stringent conditions that have been in place over the past year, which have had devastating social, economic, and fiscal impact, and a legacy that will likely be with us for years to come?

This report seeks to measure the economic, social, and health implications of the stringent restrictions that have been in place since March 2020, and which are continuing, despite the fact that restrictions are being lifted to varying degrees around the world; and few countries have experienced the intensity of restrictions that Irish society has had to endure for more than a year. Not all of the answers can be provided, as it is an ongoing situation and the longer-term social and economic consequences are still very uncertain. However, the author of this report believes that serious questions need to be asked of our policymakers in relation to the manner in which this health crisis has been dealt with. It is worth asking if the cure might actually be worse than the disease in the long-run.

The accusation will inevitably be levelled at the author that this crisis is far more important than economics or business. However, it has to be borne in mind that economic agents and businesses generate the resources that pay for vital public services and keep society functioning.

Section 1 briefly outlines the approach adopted by the Irish Government since March 2020; it looks at the mandate given to NPHET, and its composition.

Section 2 examines the economic and fiscal results of the stringent restrictions that have been in place in Ireland since the beginning of the crisis, and which are ongoing.

Section 3 considers the economic and business implications of these restrictions in the longer-term.

Section 4 seeks to outline the longer-term health and social implications of the policy pursued by Government.

Section 5 presents key conclusions.

This report was commissioned by Covid Recovery Ireland. However, the author has believed and publicly argued for some time a number of key themes that inform this report. These include:

- NPHET was set up as a short-term emergency response team to deal with the virus. It was never intended as a longer-term strategy unit, nor does it have the capability to act as such. Unfortunately, those whose role it is to have a longer-term strategic approach are not fulfilling this role and the economic, fiscal, and societal results are very painful, and will become even more painful over the coming months and years.
- The WHO correctly describes lockdown as a last resort and a sign of policy failure elsewhere. In the six-month period from March, the system of Testing and Contact Tracing was not properly developed, and adequate extra capacity was not put in place in the health system. As a consequence, there was an inevitability that once the second wave of infection arrived, as it has done since September, the system would not be able to cope and stringent lockdown of the economy became inevitable.
- Arguably, if Government had invested properly in Testing and Contact Tracing, utilised rapid antigen testing, the latest move to Level 5 would not have been necessary. However, this did not happen, and hence the need for stringent measures. Unfortunately, businesses and livelihoods are paying the price for this policy failure.
- In the imposition of those stringent measures, no attempt was made to base policy on a compelling evidence base, or to assess carefully the risks associated with different activities. A blanket approach has been adopted, and the consequences are becoming painfully clear.

The report seeks to utilise data, anecdotal evidence, and the judgment of a number of concerned stakeholders in assessing and analysing the issues. Many questions are asked, and some are left unanswered, as only time will provide the real answers.

Jim Power

April 2021.

SECTION 1

APPROACH OF THE IRISH GOVERNMENT TO COVID-19

THE PATH OF COVID-19 RESTRICTIONS

Since March 2020 the strategy of the Irish Government in dealing with COVID-19 has been the imposition of varying levels and degrees of restriction. The initial response in March included the closure of all non-essential retail outlets to the public; limiting cafes and restaurants to deliveries and take-away only; the cancellation of all sporting events; the closure of theatres, clubs, gyms, leisure centres, and hairdressing salons; and restricting people to travelling within 2 kilometres of their own home. People aged over 70 were forced to 'cocoon', which involved those people not leaving their house; not having any visitors to the home, unless for vital care; not attending any gatherings; and not to go out for any reason.

From May onwards, there was some gradual and modest easing of restrictions, but they still remained very stringent, with massive impact on the social, business and general economic life of the country. However, since the very limited opening up of the economy and society during the summer months, the country has been subsequently subjected to increasingly stringent restrictions. In September, Dublin and Donegal were moved to Level 3 restrictions; the whole country moved to Level 3 on 6th October; and on 19th October the whole country moved to Level 5. On 1st December there was an easing of restrictions to Level 3, but at the end of December the country moved back to Level 5 until 31st January initially; but this was subsequently extended to 5th March.

On 23rd February the Government announced that Level 5 restrictions would remain in place until 5th April. However, the Government has announced that from 12th April there would only be a very modest easing of restrictions on a very gradual basis over the coming months. This effectively means that the economy and society will be subjected to serious restrictions until at least July. This failure to attempt a meaningful return to normality will just exacerbate all of the costs outlined in this report.

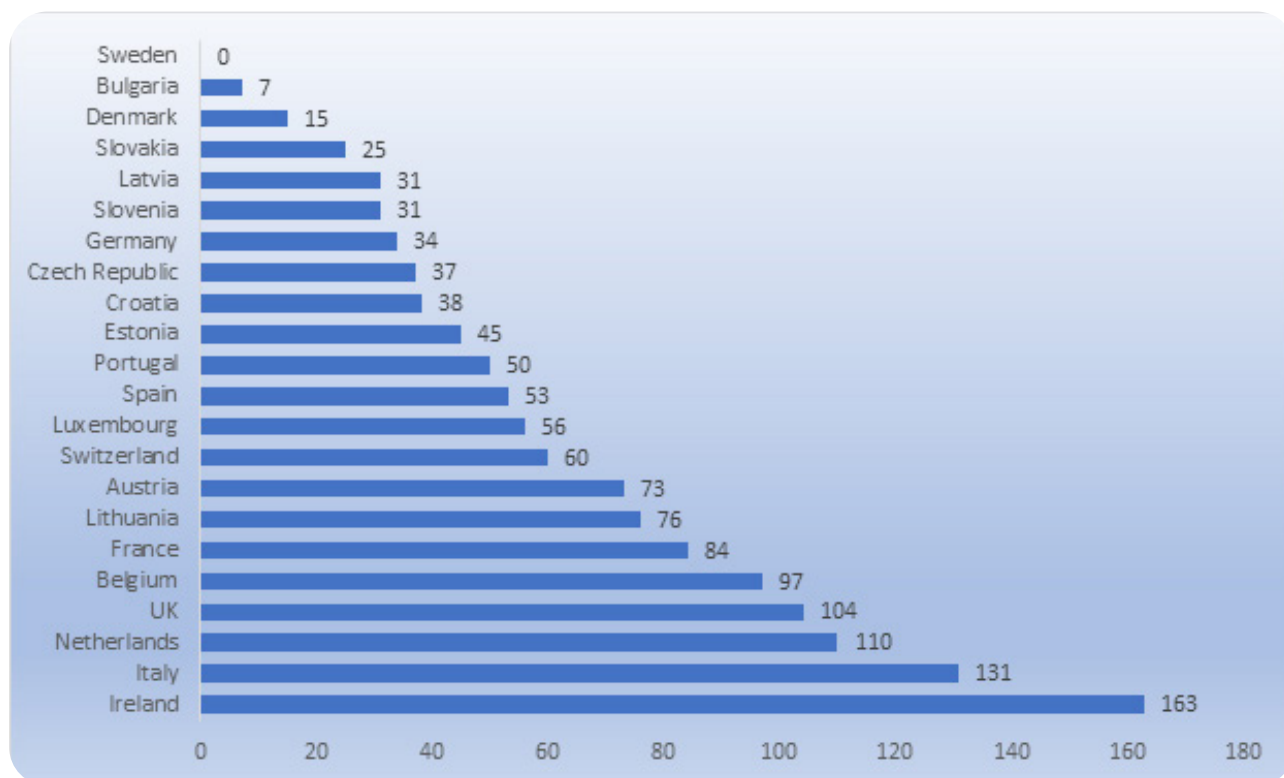
With the extension of Level 5 restrictions, the Government had no choice other than to extend the various support schemes, at considerable cost to the Exchequer.

The Pandemic Unemployment Payment; the Employment Wage Subsidy Scheme; the COVID-19 Enhanced Illness Benefit; the Covid Restrictions Support Scheme; the Suspension of redundancy provisions; and the Commercial rates waiver have all been extended to 30th June 2021.

An analysis of data by Reuters shows that as the pandemic has deepened and lockdowns extended, Europeans are saving more and growing increasingly pessimistic about the future. Only one country bucks the trend: Sweden. Ireland is top of the table in terms of days lost to lockdown. The analysis from Reuters suggests that across Europe, the virus has forced millions to turn to the state for support, widened the gap between rich and poor and exposed the vulnerability of countries whose economies are unable to easily switch into home-office mode.

The Oxford lockdown stringency index shows that Ireland has had amongst the toughest set of lockdown restrictions in the world over the past year. (See Appendix 1).

Figure 1: Days of Workplaces Closed



Source: Reuters & Oxford Coronavirus Government Response Tracker

The Oxford lockdown stringency index shows that Ireland has had amongst the toughest set of lockdown restrictions in the world over the past year. (See Appendix 1).

THE DRIVER OF POLICY - NPHET

According to the Irish government, the national response to COVID-19 is supported by a dedicated governance structure to ensure a public health-led, whole-of-society approach to the pandemic.²A key element of the overall strategy rests with the National Public Health Emergency Team (NPHET), whose main role is to coordinate the health sector responses to the crisis.

THE NATIONAL PUBLIC HEALTH EMERGENCY TEAM (NPHET)

The National Public Health Emergency Team (NPHET) was established on the 27th January 2020 when it met for the first time. The secretariat is provided by the Department of Health.

The Mandate given to NPHET is to oversee and provide direction, guidance, support and expert advice on the development and implementation of a strategy to contain coronavirus in Ireland. It facilitates the sharing of information between the Department of Health and its agencies. It provides a forum for agreement on strategic approaches to public health emergencies.

Terms of Reference:

1. Oversee and provide direction, guidance, support and expert advice across the health service and the wider public service, for the overall national response to Coronavirus, including national and regional and other outbreak control arrangements.
2. Consider the most up to date national and international risk assessments and consider any implications for the national response.
3. Direct the collection and analysis of required data and information, as needed.
4. Review on an on-going basis the situational analyses and evaluation having regard to reports received, expert advice, international guidance and assurance regarding optimal use of resources.

5. Liaise with relevant organisations and stakeholders, to include other Government departments, statutory and voluntary agencies, international bodies and the relevant regulators.
6. Direct and ensure an effective communications system at local, regional and national levels.
7. Evaluate on an on-going basis the readiness of the health service to manage and sustain the containment of Coronavirus with a view to standing down the NPHET at the appropriate time, as determined by the Chair in consultation with the group.

Membership of NPHET

The NPHET membership consists of representatives from the Department of Health (DOH), Health Service Executive (HSE), Health Protection Surveillance Centre (HPSC), Health Information and Quality Authority (HIQA), Health Products Regulatory Authority (HPRA) and other persons with relevant expertise in health and/or other matters.

Within the NPHET structure, there are a number of subgroups that input into the decision-making process:

- The Acute Hospital Preparedness Subgroup.
- The Behavioural Change Subgroup.
- The Guidance and Evidence Synthesis Subgroup.
- The Irish Epidemiological Modelling Advisory Group (IEMAG) Subgroup.
- The Health Legislation Subgroup.
- The Medicines and Medical Devices Criticality Assessment Subgroups.
- The Pandemic Ethics Advisory Group, Subgroup.
- The Vulnerable People Subgroup.
- The Health Sector Workforce Subgroup.
- The Diagnostic Testing Approaches Subgroup.
- The Expert Advisory Group (EAG) Research Subgroup.

It is noteworthy that there is no Subgroup focused on the economy and business; there is nobody from the business community involved in the membership of NPHET or its many Subgroups; and its mandate and terms of reference make no reference to business or the economy.

SECTION 2

THE ECONOMIC AND FISCAL IMPACT OF GOVERNMENT POLICY TOWARDS COVID-19

THE ECONOMIC BACKGROUND

The various restrictions that have been in place since March 2020 have had a dramatic impact on the Irish economy and Irish society. Businesses and employees in sectors such as restaurants, cafes, hotels, pubs, tourism attractions, gyms, hairdressing and beauty salons, non-essential retail, the construction sector, and the airline industry have suffered devastating consequences as a result of COVID-19, and the Government policy of rolling lockdown.

Some businesses have been shut down completely; some have been forced to operate very limited business activities; some have been forced to operate with severe capacity restrictions; and all have endured significant costs relating to PPE and other health measures.

In 2020, gross domestic product (GDP) expanded by 3.4 per cent. This makes Ireland the only country in the EU to experience positive growth in 2020. However, as is always the case, GDP needs to be treated with extreme caution in an Irish context. The impact of multi-national activities in areas such as IP transactions and profit repatriations on GDP is very distortionary and does not give a true picture of the health of the real economy. Modified domestic demand seeks to strip out the distortions, and this showed a contraction of 5.4 per cent, with consumer spending on goods and services down by 9 per cent. Output from Distribution, Transport, Hotels and Restaurants declined by 16.7 per cent; Construction was down by 12.7 per cent; and Arts, Entertainment and Other Services declined by 54.4 per cent. On the other hand, output from industry increased by 15.2 per cent, reflecting the performance of multi-national companies.

The GDP data show clearly that Ireland in 2020 was very much a story of two very different economies. The FDI part of the economy continued to perform very strongly. Exports of Chemicals and Pharmaceuticals expanded by 13.8 per cent, and accounted for almost 66 per cent of total merchandise exports. This sector along with other parts of the multinational sector provided a very solid base for economic growth, employment, and the public finances. Those components of the economy most exposed to Government restrictions had a dreadful year, and this has continued into the first quarter of 2021.

For workers in the FDI sector, the public sector, professional services, and financial services, 2020 was a relatively good year financially. Jobs and earnings were largely maintained. However, for workers in accommodation and food services, non-essential retail, personal services, the airline industry, or any tourism related activity, 2020 was a very difficult year.

In assessing the economic the real economic impact of the restrictions put in place by Government since March 2020, it is instructive to consider the impact on modified domestic demand rather than on GDP. Modified domestic demand contracted by at 5.4 per cent in 2020. This compares to an expected expansion of at least 3 per cent at the beginning of the year. On this basis, it is likely that COVID-19 and the government response has cost at least €15 billion in lost output in 2020. Given that the early months of 2021 are characterised by ongoing stringent Level 5 restrictions, the loss of output in 2021 will be significant. How significant will depend on the rollout of the vaccine programme and the willingness of Government to re-open the economy.

THE LABOUR MARKET

The impact of COVID-19 and the ongoing Government response has had a devastating impact on the economy.

The unemployment data show that at the end of February, the non-COVID adjusted level of unemployment stood at 140,800, 15,600 higher than a year earlier, and unemployment rate stood at 5.8 per cent of the labour force. However, if all recipients of the Pandemic Unemployment Payment (PUP) were classified as unemployed, the unemployment rate is estimated at 24.8 per cent of the labour force.

The latest CSO Quarterly Labour Force Survey (QFS) shows that in the final quarter of 2020, there were 2,306,200 people in employment. This is 55,000 or 2.3% lower than the final quarter of 2019. However, this ILO methodology does not factor in the real impact of COVID-19. CSO analysis of the data shows that the COVID-19 adjusted measure of employment showed a total of 1,970,609 at work at the end of December 2020. This is 390,591 lower than the final quarter of 2019. The COVID-adjusted employment total at the end of January 2021 declined further to 1,826,567.

Figure 2: Total Employment (non-adjusted for COVID-19)



Source: CSO, Labour Force Survey Quarter 4 2020, 25th February 2021.

In the year to the end of December, total employment fell by 55,000. The sector performance varied, but sectors such as Accommodation & Food Services, and Administrative & Support Service activities experienced substantial declines in employment.

Table 1: Annual Sectoral Change in Employment (Non-COVID Adjusted Q4 2020)

(000s)	Q4 19	Q4 20	CHANGE
Agriculture, forestry and fishing	106,900	106,400	-500
Industry	286,300	298,200	+11,900
Construction	147,100	136,400	-10,700
Wholesale and retail trade	310,200	316,100	+5,900
Transportation and storage	108,000	107,800	-200
Accommodation and food service activities	179,200	133,100	-46,100
Information and communication	127,600	139,400	+11,800
Financial, insurance and real estate activities	115,100	124,500	+9,400
Professional, scientific and technical activities	141,100	145,700	+4,600
Administrative and support service activities	112,100	82,100	-30,000
Public administration and defence, compulsory social security	117,000	122,400	+5,400
Education	191,600	196,400	+4,800
Human health and social work activities	294,300	293,000	-1,300
Other NACE activities	118,700	100,500	-8,200
All NACE economic sectors	2,361,200	2,306,200	-55,000

Source: CSO, Labour Force Survey Quarter 4 2020, 25th February 2021.

CSO data³ analysing the impact of COVID-19 on the labour market shows that the number of hours worked per week fell by 6.6 million hours per week in the final quarter of 2020, compared to a year earlier.

The number of people classified as '*Away from Work*' increased by 70.5% over the year to Q4 2020 to reach 324,900. The public health restrictions associated with COVID-19 had the most significant impact on the Accommodation and Food Services Sector, where 39.3% of workers in the sector were classified as away from work. This was in Q4 2020, before the Level 5 restrictions were implemented in January.

An analysis of the labour market provides a clear indication of the sectors and the workers most adversely affected by COVID-19. The overall impact on the Irish labour market has been dramatic, but the sectoral breakdown tells the real story.

In the week to 30th March 2021, 443,247 people were on the COVID-19 Pandemic Unemployment Payment (PUP) scheme. This is 154,753 less than the highest level on 5th May 2020, but it has increased sharply since the national Level 5 restrictions were introduced.

The Accommodation & Food Services sector (107,043) accounts for 24.1% of the total; wholesale and retail sector (71,099) accounts for 16%; the construction sector (54,314) accounts for 12.3%; and administration and support services sector (38,989) accounts for 8.8% of the total. This demonstrates clearly the sectors that have been disproportionately affected by Government measures.

Table 2: Sectoral Breakdown of Pandemic Unemployment Payment (30th March 2021)

SECTOR	NUMBER	% OF TOTAL
Agriculture, Forestry, Fishing, Mining & Quarrying	6,136	1.4%
Manufacturing	23,819	5.4%
Electricity, Gas, Water & Sewage	1,549	0.3%
Construction	54,314	12.3%
Wholesale & Retail Trade	71,099	16.0%
Transportation & Storage	11,588	2.6%
Accommodation & Food Services	107,043	24.1%
ICT	8,072	1.8%
Financial & Insurance Activities	8,168	1.8%
Real Estate Activities	6,056	1.4%
Professional, Scientific & Technical Services	15,717	3.5%
Administration & Support Services	38,989	8.8%
Public Administration & Defence	6,834	1.5%
Education	12,728	2.9%
Human Health & Social Work	12,774	2.9%
Arts, Entertainment & Recreation	12,671	2.9%
Other Sectors (e.g.: Hairdressers & Beauty Saloons)	34,804	7.9%
Unclassified	10,886	2.5%
Total	443,247	100.0%

Source: Department of Employment & Social Affairs, 30th March 2021.

On 30th March, 24.1% of those in receipt of PUP were under the age of 25 (106,820); and 46.2% (204,621) were under the age of 34. The Government restrictions have had the most significant impact on young people, many of whom work in the hospitality and retail sectors.

Table 3: Age Profile of Pandemic Unemployment Payment (30th March 2021)

AGE CATEGORY	NUMBER	% OF TOTAL
<25	106,820	24.1%
25-34	97,801	22.1%
35-44	100,588	22.7%
45-54	78,581	17.7%
55+	59,457	13.4%
Total	443,247	100.0%

Source: Department of Employment & Social Affairs, 30th March 2021.

In addition to those on PUP, there was a further 186,702 people on the Live Register at the end of February.

In total, at the end of February, there was 655,549 people either on the Live Register or the Pandemic Unemployment Payment. This is equivalent to 28 per cent of total employment in the economy in 2019.

In the week to 31st March, the cost of the PUP payments was €132.3 million. This is a very significant fiscal cost. This is equivalent to an annualised cost of €6.9 billion.

THE PUBLIC FINANCES

The Government's approach to lockdown has led to a dramatic and potentially dangerous accumulation of public debt. An Exchequer deficit of €12.3 billion was recorded for the full year, which is a deterioration of €13 billion on the previous year. Total gross voted Government expenditure increased by 26.5 per cent, with health and social protection growing very strongly.

On the revenue side, taxation held up very well in difficult circumstances. Overall tax revenues were down by just 3.6 per cent. The multi-national corporation tax take was very strong, with the overall tax take from the corporate sector increasing by 8.7 per cent. VAT declined by a large 17.8 per cent, reflecting the impact on overall consumer spending. Income tax held up remarkably well, with a decline of just 1 per cent. Given the sharp increase in unemployment as a result of COVID, the income tax take is very resilient. This reflects the very progressive nature of the Irish tax system. Lower paid workers in sectors such as accommodation and retail were worst affected by the crisis, but they make a small contribution to the overall income tax take. On the other hand, workers in sectors such as the FDI sector, the public sector, financial services, and professional services, who pay the bulk of income tax, maintained earnings during the crisis.

Table 4: Tax Revenues 2020

HEADING	€ (M)	% OF TOTAL	YEAR-ON-YEAR (%)
Income Tax	22,711	39.7%	-1.0%
VAT	12,424	21.7%	-17.8%
Corporation Tax	11,833	20.7%	+8.7%
Excise	5,448	9.5%	-8.3%
Stamps	2,090	3.7%	+38.0%
Capital Gains Tax	951	1.7%	-11.5%
Capital Acquisitions	494	0.9%	-7.3%
Customs	276	0.5%	-20.9%
Motor Tax	939	1.6%	-2.4%
Total	57,165	100.0%	-3.6%

Source: Department of Finance, Fiscal Monitor, Jan 5th 2021.

The real and most painful impact of COVID-19 on the public finances was seen on the expenditure side of the national balance sheet. Total net voted expenditure increased by 25.3 per cent or €13.7 billion on the previous year. Within expenditure, net voted current expenditure was 24.4 per cent or €11.4 billion higher than in 2019; and net voted capital expenditure was 31.2 per cent or €2.3 billion ahead of 2019.

Net voted current spending on social protection was 60.8 per cent ahead of 2019 at €17.1 billion; and total expenditure on health increased by 20.1 per cent to reach €20.4 billion.

Not surprisingly, given the ongoing significant restrictions that are in place, the damage to the public finances has continued into 2021. In the first 2 months of the year, total tax receipts were 9 per cent lower than the first 2 months of 2020. Gross voted expenditure was 20.5 per cent higher than in 2020, with health expenditure up by 2.8% at €2.79 billion, and social protection expenditure up by 51.3 per cent at €5.32 billion.

For the full year 2020, the Department of Finance is projecting a General Government Deficit of around €19 billion, equivalent to around 5.5 per cent of GDP. At the beginning of 2020, the Department of Finance was projecting a General Government surplus of around €2.5 billion.

The latest analysis from the Department of Finance shows that the public debt to income ratio has ratcheted up significantly as a result of the Government response to COVID-19.⁴ At the end of 2020, the public debt to GDP ratio stood at 62.6 per cent, up from 57.4 per cent at the end of 2019. It is expected to reach 66.6 per cent at the end of 2021. The debt to modified gross national income (GNI*) ratio, which is the modified and more realistic measure of economic activity, stood at 107.8 per cent at the end of 2020, up from 95.6 per cent at the end of 2019. This is projected to reach 114.7 per cent at end of 2021.

In monetary terms, the public debt amounted to an estimated €218.6 billion at the end of 2020, up from €204.2 billion at the end of 2019. This is equivalent to €44,000 for every person resident in the State. This is amongst the highest in the developed world and is expected to increase to €47,700 by the end of 2021, with public debt projected to reach €239 billion.

COVID-19 has had and continues to have a dramatic impact on the public finances. However, there is nothing that can be done about this as long as the Government response to COVID-19 is characterised by rolling lockdowns of large segments of the economy and society. It is essential that households and businesses are given as much financial support as possible during these lockdowns, but it is a very expensive process that will have long-term ramifications for the public finances for years to come.

TOURISM AND HOSPITALITY SECTOR

The tourism and hospitality sector has been disproportionately affected by the health crisis. This sector is comprised of more than 20,000 SMES; it employs around 260,000 people; and it has a very significant regional and rural footprint. The sector has been severely damaged, and prospects for recovery over the coming years look very challenging.

In 2019, tourism revenues totalled €9.5 billion, with €7.79 billion coming from overseas visitors, and €2.15 billion from domestic tourists.⁵ ITIC estimates that tourism revenue was down by 90 per cent in 2020, which makes it the worst ever year for the sector.⁶ Revenue from overseas visitors is estimated to be down by 82.6 per cent, and 60 per cent for domestic tourists. Revenue for the hotel sector is estimated to be down by 60 per cent, and occupancy rates fell by 60 per cent.

The road to recovery for the tourism and hospitality sector will be long and difficult. For the small open island economy air connectivity is vital, and unfortunately air connectivity has been decimated over the past year. Data from the Irish Aviation Authority (IAA)⁷ shows that in 2020 commercial flight movements at the 3 main airports were down by 58 per cent, with passenger numbers at Dublin Airport down by 77 per cent; Cork 79 per cent; and Shannon 78 per cent. In January 2021, Dublin Airport recorded a decline of 76 per cent in air traffic compared to a year earlier; Cork saw a decline of 94 per cent; and Shannon saw a decline of 73 per cent.

The reality is that airlines have curtailed or abandoned services, at least temporarily, on many routes. In 2020, Dublin Airport lost services to over 100 airports, and Irish air connectivity has fallen by more than two thirds.

It will prove very challenging to restore capacity, and this will seriously undermine attempts to rebuild Ireland's international visitor market, and by implication the tourism product. ITIC suggests that on the most optimistic scenario, the volume and value of overseas tourism can recover to 2019 levels by 2025.

THE CONSTRUCTION SECTOR

In the February 2020 General Election, housing was correctly identified as one of Ireland's most pressing and difficult challenges. There are many estimates about Ireland's future housing requirements, based on varying assumptions. However, there is a clear view that Ireland needs a considerably higher supply of housing than is currently been delivered. For example, the Central Bank of Ireland⁸ (December 2019) concluded that an average of around 34,000 new homes would be required per year out to 2030. This is close to the consensus view.

The construction sector was subject to significant restrictions for much of 2020, but still managed to deliver 20,676 new dwellings. The sector has been subject to Level 5 restrictions since the beginning of 2021. This means that very few activities are permitted. In relation to private housing, construction is only allowed where a house is close to completion and scheduled for habitation by 31st January 2021. In relation to social housing, construction is only allowed on projects designated as essential sites by Local Authorities based on set criteria

The results of the lack of housing supply include very high rents, high house prices, difficulty for first-time buyers to get on the housing ladder, and high mortgage indebtedness. With construction activity seriously restricted until at least 5th April 2021, housing supply in 2021 will once again fall well short of what is required, and this will further exacerbate the social and economic implications of the dire housing crisis.

There are 147,000 people employed in the construction industry. 80,000 are trades and craftspeople who are required on site. The remainder are working in support roles such as design, management, finance, and commercial. Hence, they can work remotely. The workers on site are in an open-air setting in the main, and most indoor work is well ventilated. The risks on construction sites are relatively low, and data back this up. Nevertheless, most of the sector is shut down and there is an ongoing failure to deliver much needed housing.

SECTION 3

THE ECONOMIC AND FISCAL LEGACY OF THE GOVERNMENT APPROACH TO COVID-19

Section 2 has highlighted some of the key impacts that the Government approach to COVID-19 has had and continues to have on the economy and the public finances. The legacy of these effects will cast a dark shadow on the Irish economy and the fiscal capability of the country for some years to come.

There are a number of fundamental issues and considerations that should inform Government strategy in relation to controlling the virus.

THE SME SECTOR

The impact on the hospitality sector, non-essential retail, personal services, and the aviation industry has been catastrophic. There appears to be a belief that when the time comes, it will be possible to turn back on the switch and all of the businesses that were forced to shut down completely, or operate at very limited capacity, will be able to re-open and re-employ their staff immediately, and help to rebuild the very damaged economy.

Despite Government financial assistance, many smaller businesses in particular will be left with a significant debt legacy and will struggle to survive once they re-open in an environment where international visitor numbers to Ireland will be a fraction of what they were prior to the crisis. In addition, many businesses will not be in a position to re-open at all. Ireland will be left with fewer SMEs and an even more acute dependence on a relatively small number of large multi-national companies.

There is a high risk for some sectors, particularly in the hospitality area, that employees will just leave the sector and get employment elsewhere. This could lead to serious skill shortages in sectors that will be vital to rebuild the economy.

There is a distinct risk that many retail and hospitality businesses will shut down permanently and this will leave a serious scar on the streets of villages, towns, and cities around the country. The Government approach to COVID-19 has damaged town and city regeneration, and is at odds with official regional economic development strategy.

Government clearly believes that tourism will have to play an important role in rebuilding the Irish economy. However, the COVID-19 restrictions put in place disproportionately affect activities that are an integral part of the tourism product; and without those businesses it will be very difficult to rebuild the sector and regain its substantial economic contribution.

A labour market report published jointly by the IDA, Microsoft, and LinkedIn suggests that the pressure of pandemic-related restrictions on certain sectors has influenced workers 'to seek employment in new areas.' Workers in tourism, hospitality, and retail 'are considering their long-term future in their respective areas.'⁹ This is consistent with concerns expressed by operators in the hospitality sector that the loss of key staff will be one of the biggest challenges faced when the economy is allowed re-open. Without skilled staff, the hospitality sector will struggle to re-build and drive the tourism recovery.

THE AVIATION INDUSTRY AND INTERNATIONAL CONNECTIVITY

Significant aviation capacity has been taken out of Ireland over the past year. Over the past three decades Ireland has built up a very vibrant aviation sector, and it has dramatically increased connectivity. This is vital for a small open island economy, that has such a strong reliance on FDI and inward tourism. The global aviation industry has been badly damaged by COVID-19, but the sector in Ireland has been decimated. It will take a long time to rebuilt global air capacity, but for Ireland the challenges will be incredibly difficult.

Airline capacity in Ireland has been destroyed by the policies put in place to deal with COVID-19 and it will prove incredibly difficult to rebuild that capacity. Without adequate international connectivity, tourism and FDI will be seriously undermined.

CONSTRUCTION

Despite a lack of credible evidence, the construction sector has been subjected to significant levels of restriction. This approach has seriously undermined the capacity to deliver essential construction output. The housing crisis will be prolonged, with very negative consequences for housing affordability; the supply of rental properties; and homelessness.

The latest forecast from the ESRI¹⁰ suggests that the Level 5 restrictions in place since the beginning of January will seriously undermine the delivery of housing this year and next. It is forecasting 15,000 housing completions in 2021 and 16,000 in 2022. This is less than half what is required and will just serve to exacerbate the pressure on rents, house prices, and homelessness.

The construction sector provides a strong case study of a sector where the costs of the restrictions will far outweigh the benefits. It represents a failure by Government to give priority to an issue that the electorate has clearly given priority to. The political and social costs of this failure will be high.

THE RETAIL SECTOR

Non-essential retail has been shut down or forced to operate with serious restrictions and the associated costs since March 2020. In 2020, the volume of retail sales of Department Stores declined by 19 per cent; and sales of Textiles, Clothing and Footwear declined by 21.9 per cent. Non-essential retail in Ireland has been shut for 7 of the last 12 months, which is longer than anywhere else in Europe.

The Retail sector is a key component of the economy. It facilitates consumer wants and also provides high levels of employment all over the country, in rural and large urban economies. Many towns and cities around the country have struggled to maintain economic vibrancy and life in recent years, and having a vibrant retail offering is absolutely essential to address the problems. The danger at the end of the COVID-19 crisis is that there will be a further diminution of the retail offering in towns and cities around the country and the problems of maintaining vibrancy will be exacerbated. This cannot be allowed happen as the social and economic consequences would be detrimental to the regional economic growth agenda, and consumer choice.

THE PUBLIC FINANCES

The Government approach to COVID-19 has necessitated very significant expenditure on social protection and various business supports. Tax revenue growth has been undermined due to the very significant constraints on business activity. The net result is that Ireland is now running very significant budget deficits and is accumulating very high levels of debt.

This fiscal approach is essential to protect households and businesses as much as possible from the consequences of the restrictions put in place to deal with COVID-19. Borrowing and debt of this magnitude is manageable in an environment of historically low long-term interest rates as a result of Quantitative Easing by global central banks. However, there are now risks posed by inflationary threats and the potential reaction by the monetary authorities.

Ireland is now in a situation of fiscal vulnerability, given the very high level of debt that is accumulating. This vulnerability would be exposed by higher debt servicing costs, or a loss of international market confidence. 2010 provides a compelling example of what can go wrong. The Minister for Finance has alluded to the requirement to reduce the budget deficit once the crisis abates.¹¹ The debt legacy from COVID-19 will have long-term implications for the future personal tax burden, and Government expenditure on essential services such as health.

ENTREPRENEURSHIP AND INVESTMENT IN IRELAND

Entrepreneurship is defined as the activity of setting up a business or businesses, and taking on financial risks in the hope of making a profit. Entrepreneurs are an essential part of any economy and any society, and without them, economic growth and development will not be possible. There is a distinct risk that the way in which Government has treated business during the pandemic will do long-term damage to the spirit of entrepreneurship in Ireland.

In March, the Irish Times¹² reported that major international retailers are expressing frustration over the Government's prolonged shutdown of the non-essential retail sector and have warned that it is costing investment in the Irish economy. Decathlon has postponed two openings in Ireland this year due to the restrictions on retail activities, which it says are the most severe of any of the 59 countries in which it operates.

There has to be an understanding that the Government approach to COVID-19, based on rolling lockdowns and significant restrictions have huge economic, financial, social, and health consequences. The Government approach will have many long-term consequences that will only become apparent over time.

SECTION 4

THE HEALTH AND SOCIAL CONSEQUENCES OF THE OFFICIAL RESPONSE TO COVID-19

The economic and financial consequences of the Government approach to controlling COVID-19 are very clear and quite measurable. The longer-term implications are more difficult to quantify, because after all one is trying to forecast the future, but the negative legacy and longer-term implications are potentially very significant.

The Irish health system was in a difficult position coming into the COVID-19 crisis after years of inadequate investment, and a total failure to effectively reform the delivery of health services. This has resulted in a situation where the lack of capacity and systems has resulted in the Irish Government implementing amongst the most severe restrictions on economic activity and personal freedom than any other country in the world.

The damage is manifested in many different areas and will reverberate for years to come.

The health and social consequences of the Irish Government's stringent approach to restrictions are less clear at this juncture. However, many medical professionals believe that the restrictions are having a very serious impact on physical and mental health and that the longer-term consequences will be very significant. The question can be justifiably asked if the cure might turn out to be worse than the disease. Some believe it will.

The potential health and social implications can be categorised under a number of headings:

Older People

Older people were forced to 'cocoon' during the first stage of the pandemic, and have subsequently been discouraged from or not allowed engage in social interaction. This has created a strong sense of isolation and loneliness, and significant mental health issues.

There will be immense challenges for older people in getting back to 'normal' living. This will include the impact of the lack of socialisation; the fear of going out; the nervousness about driving; and the damage to mobility.

School Children and Young Adults

The closure of schools has had a very significant impact on young people and children, and on their parents. Children have not been able to socialise at a very important stage of their emotional development; education has been undermined; and significant pressure has been placed on parents through home schooling. Depending on social status, IT capability and commitment to home schooling, the impact and effectiveness of home schooling is likely to have been very skewed. This will just further serve to exacerbate social inequality resulting from low levels of educational attainment.

The British Medical Journal (BMJ)¹³ in a recent editorial (Feb 21st 2021) puts the case forward in a very clear way.

'For some children education is their only way out of poverty; for others school offers a safe haven away from a dangerous or chaotic home life. Learning loss, reduced social interaction, isolation, reduced physical activity, increased mental health problems, and potential for increased abuse, exploitation, and neglect have all been associated with school closures. Reduced future income and life expectancy are associated with less education. Children with special educational needs or who are already disadvantaged are at increased risk of harm. The 2019 report of the children's commissioner for England estimated that 2.3 million children in England were living in unsafe home environments with domestic violence, drug or alcohol abuse, or severe mental problems among parents. These long-term harms are likely to be magnified by further school closure.'

In Ireland, the longer-term implications of school closure and home schooling will only become apparent over time, but the implications are unlikely to be good.

Research from the ESRI and Trinity College¹⁴ shows the serious impact of COVID-19 and the associated restrictions on areas such as lifestyle, home learning, health, work, and income. The key finding is that the pandemic and the associated restrictions are affecting children and young adults from low-income families negatively in terms of internet access, quiet places to study, and higher likelihoods of living with someone vulnerable to severe COVID-19.

Waiting Lists

The impact on the health service of COVID-19 and the restrictions put in place to deal with is quite dramatic. It is possible to quantify the short-term impact in many respects, but it is impossible to quantify the longer-term effects. However, it is clear that the legacy will last a long time, and will have negative repercussions for the health of the nation, and the delivery of health service for years to come.

The latest data from the National Treatment Purchase Fund (NTPF) in relation to waiting lists gives a clear indication of how serious the situation is.

At the end of February 2021:

- 80,936 people were waiting for inpatient/day case care, which is 21.3 per cent higher than a year earlier. Of these, 22,832 were waiting for a year or longer, which is 136 per cent higher than a year earlier.
- 626,895 people were waiting for outpatient appointments, which is 12.2 per cent higher than a year earlier. Of these, 280,717 were waiting for more than a year, which is 62.1 per cent higher than a year earlier.

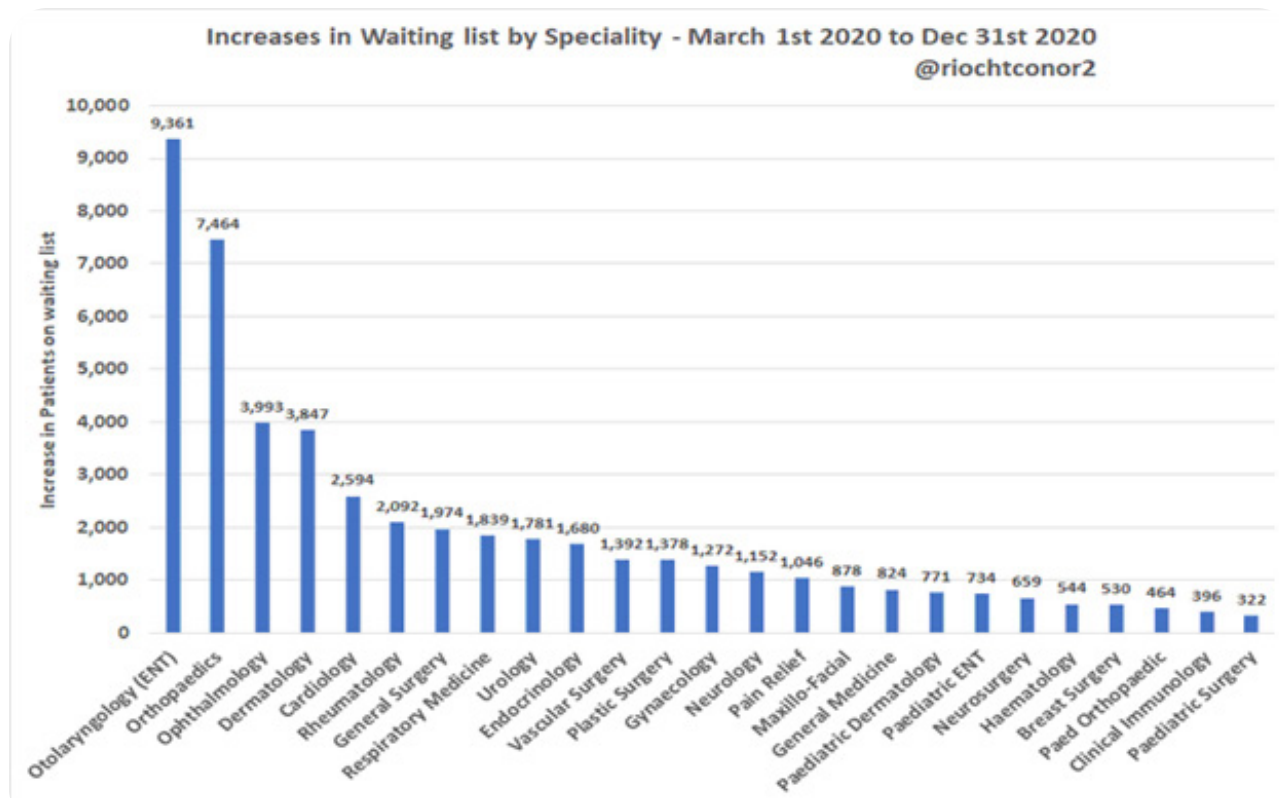
The Irish Hospital Consultants Association (IHCA)¹⁵ has pointed out that the number of patients waiting over 15 months for inpatient/day case treatment has increased from 56 patients in January 2014 to 14,334 in January 2021. The IHCA is urging the Government to put in place 'the capacity and resources over the coming months to catch up on the essential hospital care that is being postponed or delayed due to the pandemic.'

The IHCA has also warned¹⁶ that almost 1 million people could be on waiting lists for hospital care by the end of 2021. It suggests that public hospitals are likely to suspend more than 900,000 patient appointments by the end of this year when 2020 and 2021 figures are combined and when compared with pre-Covid times. It cites HSE data showing that there were 248,000 fewer inpatient/day cases and 475,000 fewer outpatient appointments in 2020 when compared with the previous year.

Figure 3 shows the dramatic increase in waiting lists between March and December 2020. This paints a stark and very worrying picture in relation to future health status and demands on the health service.

Long waiting lists delay diagnosis and treatment; cause undue mental strain; result in more serious illness; undermine quality of life; and increase mortality.

Figure 3: Increases in Waiting Lists by Speciality (March 1st to December 30th 2020)



Domestic Violence

The restrictions in place have also had a significant impact on reported domestic violence. Data from *safeireland*¹⁷ suggests that on average 20,018 women and 550 children received support from a domestic violence service each month from September to December 2020. Over 2,445 women and 486 new children contacted a domestic violence service for the first time during that 4-month period. The statistics reported for the latter part of 2020 were generally higher than those reported over the first 6 months of the pandemic.

Cancer Diagnosis and Treatment

There is strong anecdotal evidence suggesting that many people are not presenting to the health service with various ailments due to a very justifiable fear of contracting the virus in a hospital setting; or due to the fact that a significant proportion of resources have been reassigned to dealing with the pandemic. This could store up significant trouble for the health of the nation, future death rates, and the health services. Cancer diagnosis and treatment is of particular concern, given how important early detection and treatment are in controlling and curing the disease.

The impact of treatment delay on health outcomes has become very relevant in the context of COVID-19 as many countries have deferred elective cancer surgery and radiotherapy, and reduced the use of systemic treatments because healthcare has been re-assigned. A scientific review and meta-analysis¹⁸ looking at mortality due to cancer treatment delay concludes that even a four-week delay of cancer treatment is associated with increased mortality across surgical, systemic treatment, and radiotherapy indications for seven cancers considered. The authors recommend that policies based on minimising system level delays to cancer treatment initiation could improve population level survival outcomes.

The National Director of the National Cancer Control Programme (NCCP) reported a dramatic reduction in breast, lung, and prostate cancer detection (overall about 50 per cent) during the lockdown in April 2020.¹⁹ Professor Risteárd Ó Laoide said that when all cancers are considered the total number of missed cancers could be as high as 2,000 cases, which is consistent with the UK experience where there was a 72 per cent reduction in the number of colon cancers diagnosed between March and June 2020. The obvious concern is that missed diagnosis means a missed opportunity to control and cure, and a higher risk of mortality.

Professor Seamus O'Reilly a consultant medical oncologist at Cork University Hospital has said that 'the shattering cost of disruption to health services to deal with the pandemic will be higher death rates from cancer for the next decade'.²⁰ He argues that 2,000 cancers were missed last year during the smaller waves, and that the third wave is much bigger, and that cancer trials were reduced by 40 per cent. Professor O'Reilly goes on to suggest that 'when you disrupt a service for six months, death rates are increased for a decade'. He cites a number of very worrying developments in 2020. These include, cancer screening was put on hold; just 1 in 5 women attended for cervical screening; diagnostics suffered and caused delays in radiology and endoscopy; mammograms were cancelled for 6 months; and some surgeries were put back.

The HSE plan to restore non-COVID services envisages that cancer care will not be back to 90 per cent until the end of 2021; screening services will operate at reduced capacity until June, with the aim of having it up to 90 per cent from July; and from March to June, it will aim to address backlogs in areas such as surgery, CT and MRI scans.

These delays will inevitably result in increased deaths over the coming years, and the impact will be felt most significantly by less well-off patients who do not have private health insurance and who cannot afford private care.

The ultimate result is likely to be higher mortality, and increased costs involved in the provision of more intensive care as the disease progresses.

Mental Health

The WHO²¹ reported in October 2020, that bereavement, isolation, loss of income and fear are triggering mental health conditions or exacerbating existing ones. One consequence is that many people may be facing increased levels of alcohol and drug use, insomnia, and anxiety.

The effects of COVID-19 on mental health issues and associated suicide in Ireland is not yet clear as data collection and coroners' reports have a significant time lag. However, there is significant evidence to suggest that the combined effect of COVID-19 and the associated restrictions is having a significant impact. Kelly (November 2020)²² suggests that the combined effect of COVID-19 and the associated restrictions has resulted in increased psychological distress for approximately 1 person in every 5 in the general population.

Kelly cites 3 research papers relating to Ireland.

- The first from Maynooth College and Trinity College²³ studied 1,000 people in March and April 2020 (during the initial restrictions) and found that 41 per cent of respondents reported feeling lonely, 23 per cent reported clinically meaningful depression, 20 per cent reported clinically meaningful anxiety and 18 per cent reported clinically meaningful post-traumatic stress.
- The second paper cited²⁴ is a peer-reviewed study of 847 members of the public in Ireland between March and June 2020. It found significant increases in depression, anxiety and stress compared to before the restrictions were imposed.
- The third paper cited is a survey of 195 psychiatrists by the College of Psychiatrists of Ireland²⁵ in May and June 2020. This study found that the majority reported increased referrals. 79 per cent reported an increase for generalised anxiety; 72 per cent reported an increase for health anxiety; 57 per cent reported an increase for depression; and 54 per cent reported an increase for panic.

Kelly concludes that particular stressors include longer duration of quarantine, infection fears, frustration, boredom, inadequate supplies or information, financial loss and stigma. The author suggests that 'distress associated with restrictions can be diminished by maintaining restrictions for no longer than required, providing clear rationales and information about protocols, ensuring sufficient supplies and reminding the public about the benefits.'

SECTION 5

CONCLUSIONS

The initial response of most countries around the world to COVID-19 in March 2020 was to impose lockdowns and significant restrictions on economic and social life. The various restrictions put in place, which have differed in intensity from country to country, represent a public health response aimed at improving population health outcomes from the pandemic. The restrictions have included placing serious constraints on domestic and international travel, work, education, social gatherings, sporting activities, and many other aspects of normal life.

Appendix 2 contains a list of 36 peer reviewed papers that seriously question the efficacy of a policy of lockdown. This perspective was obviously not considered or appreciated by Government or NPHET. However, there is ample solid evidence to suggest there has to be a better approach than rolling lockdowns.

Joffe²⁶ has admitted that he initially supported a policy of lockdown, but has changed his mind. He argues that the initial modelling carried out induced fear and crowd-effects, or groupthink, but then over time evidence emerged of a lower infection mortality rate than the modelling had predicted, clarification of high-risk groups, lower herd immunity thresholds, and the difficulties inherent in developing exit strategies. However, of most significance is the realisation that lockdowns have had on many millions of people through increased poverty, food insecurity, loneliness, unemployment, school closures, and interrupted healthcare.

The Irish authorities have not conducted any type of cost-benefit analysis on the policy of imposing amongst the most stringent restrictions in the world on the Irish population. The costs of the policy approach in economic, financial, social, and health terms has been elucidated in so far as is possible. Not all of the costs can be measured accurately at this point in time, but nonetheless look quite compelling in the view of the author of this report.

Joffe describes a metric that has been developed for purposes of cost-benefit analysis. The goal is to maximise the sum of years lived by the population, weighted by the health quality of those years. This is the Quality Adjusted Life Years (QALY). However, QALY does not include other factors that are valued by people, such as joy, status, and things that give fulfilment such as work. The WELLBY seeks to measure the value of anything that makes life enjoyable, and seeks to capture almost everything that is important to people. The author argues that cost and benefit should be measured in terms of human welfare in the form of length, quality, and wellbeing of lives, and 'to make no assessment is just to make policy in a vacuum'. The Irish authorities have not considered QALY or WELLBY in their approach to COVID-19. The approach has been totally one-dimensional.

The cost-benefit analysis described by Joffe has COVID-19 deaths prevented as the benefit, and recession, unemployment and loneliness as the main costs. He does not include disrupted health services, disrupted education, famine, social unrest, violence, and suicide in the cost calculation.

The analysis described by Joffe suggests that at a global level the lockdowns cost a minimum of 5X more WELLBY than they save, and more realistically could cost 50-87X more. For Canada the cost is at least 10X higher for lockdowns than the benefit. It is important to point out that the analysis described by Joffe does not seek to compare COVID-19 deaths with economy as prosperity, but rather it compares COVID-19 deaths with recession deaths.

The reality is that extreme measures have been introduced in many countries, but Ireland in particular, without any real questioning of the assumption that there are no alternatives to the extreme measures imposed, and very little consideration was given to the overall cost and consequences of the policies pursued. Negative externalities do not appear to have entered the mindset of Government and NPHET.

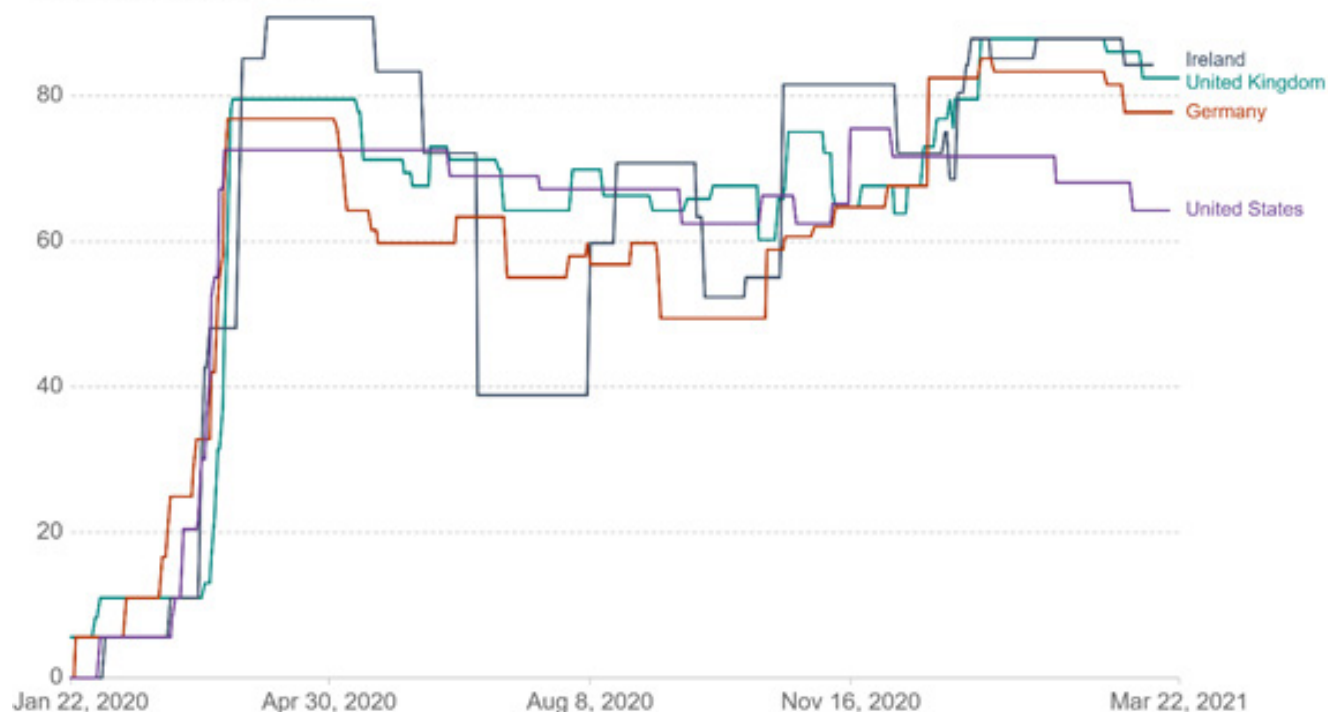
It is inevitable that Government expenditure on healthcare, water and sewage, education, social services, infrastructure, transport, housing, clean energy and childcare, will be constrained over the coming years by the economic and fiscal costs of the very stringent restrictions regime that the Irish Government has pursued since the beginning of the pandemic. This will undermine future quality of life and wellness.

Lockdowns have saved some lives and controlled pressure on the hospital service, but are contributing to higher unemployment; business failure; poverty; inequality; interrupted preventative, diagnostic, and therapeutic healthcare; interrupted education; loneliness; mental health issues; and domestic violence. These externalities have not been given anything remotely resembling proper consideration in Ireland's stringent lockdown strategy.

APPENDIX 1

COVID-19: Stringency Index

This is a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (100 = strictest). If policies vary at the subnational level, the index is shown as the response level of the strictest sub-region.



Source: Hale, Angrist, Goldszmidt, Kira, Petherick, Phillips, Webster, Cameron-Blake, Hallas, Majumdar, and Tatlow. (2021). "A global panel database of pandemic policies (Oxford COVID-19 Government Response Tracker)." *Nature Human Behaviour* – Last updated 22 March, 15:00 (London time)
OurWorldInData.org/coronavirus • CC BY

APPENDIX 2

1. [STANFORD– Effects of NPI on Covid-19 – A Tale of Three Models](#)
2. [Stay-at-home policy is a case of exception fallacy – an internet-based ecological study](#)
3. [LANCET NO EFFECT ON MORTALITY Paper](#)
4. [Was Lockdown in Germany Necessary? – Homburg](#)
5. [KOCH Institute Germany Analysis](#)
6. [BRISTOL UNIVERSITY Paper](#)
7. [NATURE Submission Flaxman et al Response](#)
8. [PROFESSOR BEN ISRAEL ANALYSIS](#)
9. [NIH Paper](#)
10. [WOODS HOLE INSTITUTE Paper](#)
11. [EDINBURGH STRATCLYDE UNIVERSITY Paper](#)
12. [BRITISH MEDICAL JOURNAL BMJ Paper](#)
13. [ISRAEL MASSIVE COST OF LOCKDOWN Paper](#)
14. [EPIDEMIOLOGY Too Little of a Good Thing Paper](#)
15. [Smart thinking: lockdown and Covid-19 Implications-for-Public-Policy](#)
16. [SCOTLAND Life Expectancy Paper](#)
17. [LOCKDOWN COSTS MORE LIVES Paper Federico](#)
18. [DID LOCKDOWN WORK? Paper](#)
19. [FOUR STYLIZED FACTS ABOUT COVID-19](#)
20. [HOW DOES BELARUS...](#)
21. [LIVING WITH CHILDREN IN UK](#)
22. [PANDATA COUNTRY ANALYSIS](#)
23. [NEJM MARINE STUDY QUARANTINE](#)
24. [A MATTER OF VULNERABILITY STUDY](#)
25. [Government Mandated Lockdowns do NOT Reduce Mortality – New Zealand Wrong](#)
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