

Chapter 1

Overview: Life under COVID-19

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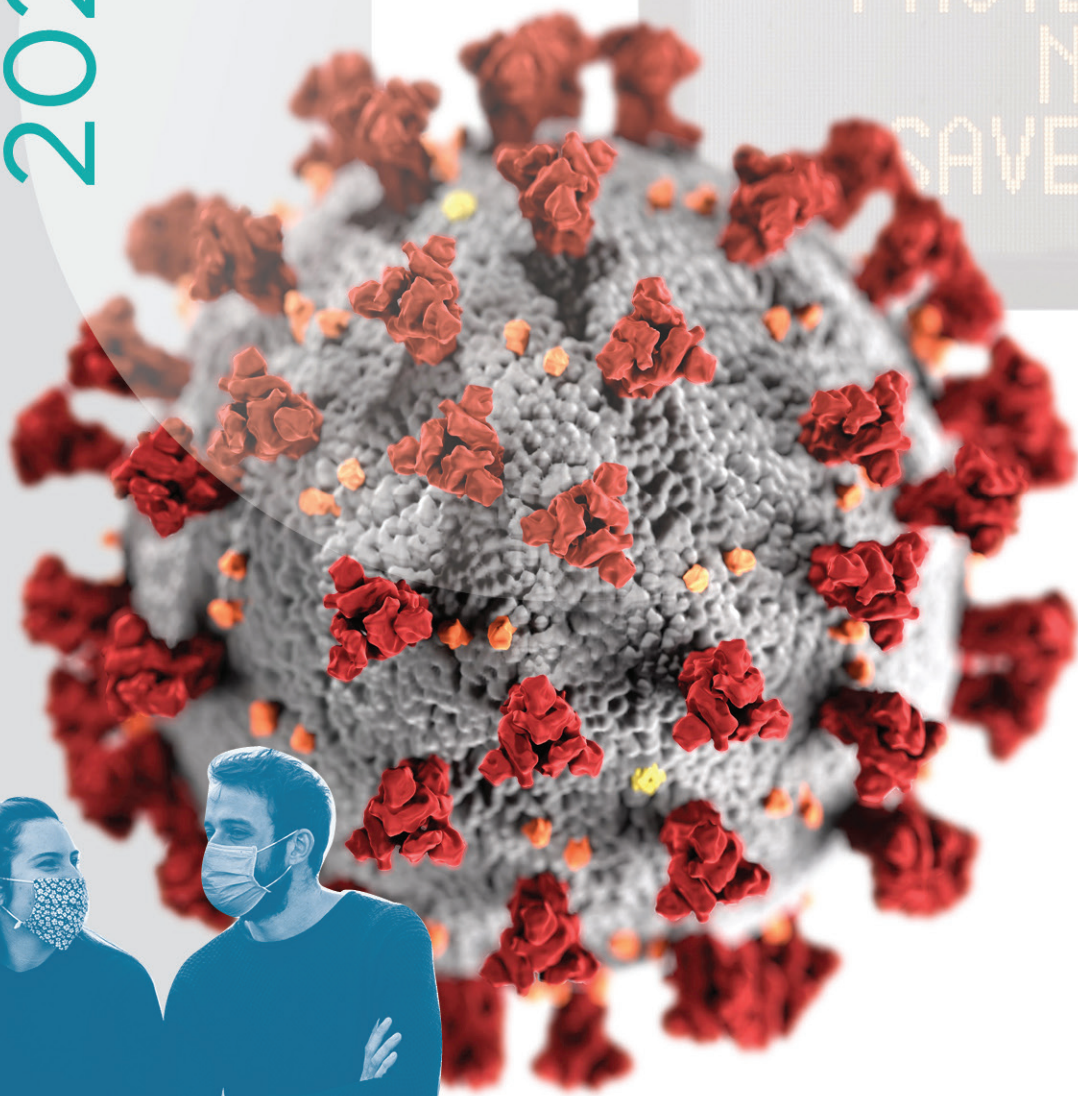
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2020 like no o



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2020 has been a year like no other. This whole report focuses on the effects of COVID-19 and how people all over the world have fared. Our aim was two-fold, first to focus on the effects of COVID-19 on the structure and quality of people's lives, and second to describe and evaluate how governments all over the world have dealt with the pandemic. In particular, we try to explain why some countries have done so much better than others.

- The pandemic's worst effect has been the 2 million deaths from COVID-19 in 2020. A rise of nearly 4% in the annual number of deaths worldwide represents a serious social welfare loss.
- For the living there has been greater economic insecurity, anxiety, disruption of every aspect of life, and, for many people, stress and challenges to mental and physical health.

Happiness, trust and deaths under COVID-19 (Chapter 2)

There has been surprising resilience in how people rate their lives overall. The Gallup World Poll data are confirmed for Europe by the separate Eurobarometer surveys and several national surveys.

- The change from 2017-2019 to 2020 varied considerably among countries, but not enough to change rankings in any significant fashion materially. The same countries remain at the top.
- Emotions changed more than did life satisfaction during the first year of COVID-19, worsening more during lockdown and recovering faster, as illustrated by large samples of UK data. For the world as a whole, based on the annual data from the Gallup World Poll, there was no overall change in positive affect, but there was a roughly 10% increase in the number of people who said they were worried or sad the previous day.

- Trust and the ability to count on others are major supports to life evaluations, especially in the face of crises. To feel that your lost wallet would be returned if found by a police officer, by a neighbour, or a stranger, is estimated to be more important for happiness than income, unemployment, and major health risks (see Figure 2.4 in chapter 2).
- Trust is even more important in explaining the very large international differences in COVID-19 death rates, which were substantially higher in the Americas and Europe than in East Asia, Australasia, and Africa, as shown here (see Figure 2.5 of chapter 2). These differences were almost half due to differences in the age structure of populations (COVID-19 much more deadly for the old), whether the country is an island, and how exposed each country was, early in the pandemic, to large numbers of infections in nearby countries. Whatever the initial circumstances, the most effective strategy for controlling COVID-19 was to drive community transmission to zero and to keep it there. Countries adopting this strategy had death rates close to zero, and were able to avoid deadly second waves, and ended the year with less loss of income and lower death rates.
- Factors supporting successful COVID-19 strategies include
 - confidence in public institutions. Trusted public institutions were more likely to choose the right strategy and have their populations support the required actions. For example, Brazil's death rate was 93 per 100,000, higher than in Singapore, and of this difference, over a third could be explained by the difference in public trust.
 - income inequality, acting partly as a proxy for social trust, explains 20% of the difference in death rates between Denmark and Mexico. A second measure of social trust, whether there was a high expected return of lost wallets found by

neighbours or strangers, was associated with far fewer deaths.

- whether the country had, or learned from, the lessons from SARS and other earlier pandemics.
- whether the head of the government was a woman.

- In early 2020, East Asian countries were better prepared to act because of their previous pandemics experience. However, by mid-2020, the international evidence was clear – you have to suppress the virus. But in the summer, the West opened up and had a second wave of infections that as bad as the first.

COVID-19 prevalence and well-being: lessons from East Asia (Chapter 3)

East Asia, Australia, and New Zealand's success are explained in detail as a case study in Chapter 3. The chapter describes country by country, the workings of test and trace and isolate, and travel bans to ensure that the virus never got out of control. It also analyses citizens' responses, stressing that policy can be effective when citizens are compliant (as in East Asia) and more freedom-oriented (as in Australia and New Zealand). In East Asia, as elsewhere, the evidence shows that people's morale improves when the government acts.

- The success of the Asia/Pacific countries in controlling deaths has not been at the cost of greater economic losses. In fact, countries with the highest deaths also had the greatest falls in GDP per head ($r = 0.34$). Thus, in 2020, there was no choice between health and a successful economy. The route to success on both scores came from rapid, decisive intervention wherever cases appeared (test and trace, and quarantining of those at risk) as well as personal hygiene (including masks) and quarantining of international travellers.
- The rise in the daily number of new confirmed cases was found to be associated with a lower level of the public expressed happiness in mainland China, and a higher level of negative affect in the other four East Asian regions. However, having stricter mobility control and physical distancing policies considerably offset the decrease in happiness caused by the rise in the daily new confirmed cases.

Reasons for Asia-Pacific success in suppressing COVID-19 (Chapter 4)

- The Asia-Pacific region has achieved notable success compared to the North Atlantic region in controlling the pandemic, with far lower mortality rates and greater successful implementation of Non-Pharmaceutical Interventions (NPIs) to stop the spread of the disease, such as border controls; face-mask use; physical distancing; and widespread testing, contact tracing, and quarantining (or home isolation) of infected individuals.
- The successes of NPI implementation in the Asia-Pacific region resulted from measures that were both *top-down*, with governments setting strong control policies, and *bottom-up*, with the general public supporting governments and complying with government-directed public health measures.
- The more individualistic culture of the North Atlantic countries compared to countries in the Asia-Pacific region and the relative looseness of social norms may also have contributed to lower public support for NPIs. Assertions of "personal liberty" and demands for privacy in the North Atlantic contributed to the reluctance of individuals in the North Atlantic countries to comply with public health measures such as contact tracing.
- A lack of sufficient scientific knowledge among the populations of the North Atlantic countries has also contributed to the failure of effective pandemic control due to the public's lack of understanding of the epidemiology of the pandemic and susceptibility to false information and fake news.

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Mental health in the COVID-19 pandemic (Chapter 5)

Mental health has been one of the casualties both of the pandemic and the resulting lockdowns. As the pandemic struck, there was a large and immediate decline in mental health in many countries worldwide. Estimates vary depending on the measure used and the country in question, but the findings are remarkably similar. In the UK, in May 2020, a general measure of mental health was 7.7% lower than predicted in the absence of the pandemic, and the number of mental health problems reported was 47% higher.

- The early decline in mental health was higher in groups that already had more mental health problems – women, young people, and poorer people. It thus increased the existing inequalities in mental well-being.
- However, after the sharp initial decline in mental health, there was a considerable improvement in average mental health, though not back to where it started. But a significant proportion of people (22% in the UK) had mental health that was persistently and significantly lower than before COVID-19.
- At the same time, as mental healthcare needs have increased, mental health services have been disrupted in many countries. This is serious when we consider that the pandemic is likely to leave a lasting impact on the younger generation.
- On the positive side, the pandemic has shone a light on mental health as never before. This increased public awareness bodes well for future research and better services that are so urgently needed.
- People whose feeling of connectedness fell had decreased happiness, as did people whose sense of loneliness increased and whose social support was reduced.
- Many positive features of a person's life helped to protect their sense of connectedness. These included gratitude, grit, prior connections, volunteering, taking exercise, and having a pet. It also helped to have activities that provided 'flow.'
- Likewise, there were negative features that weakened a person's protection. These included prior mental illness, a sense of uncertainty, and a lack of proper digital connections. Clearly, digital connection is vital, and many people have been helped by digital programmes promoting mental health.

Work and well-being during COVID-19: impact, inequalities, resilience, and the future of work (Chapter 7)

- Global GDP is estimated to have shrunk by roughly 5% in 2020, representing the largest economic crisis in a generation. In many countries, job vacancies remained approximately 20% below normal levels by the end of 2020. Young people, low-income, and low-skill workers have also been more likely to lose working hours or lose their jobs entirely.
- Not being able to work has had a negative impact on well-being. Unemployment during the pandemic is associated with a 12% decline in life satisfaction and a 9% increase in negative affect. For labour market inactivity, these figures are 6.3% and 5%, respectively. While young people report lower levels of well-being than other age groups, the effect of not being able to work is less severe than older cohorts, suggesting that they may be more optimistic about future labour market opportunities post-COVID-19. Countries that have introduced more substantial labour market

Social connections and well-being during COVID-19 (Chapter 6)

- One major element in COVID-19 policy has been physical distancing or self-isolation, posing a significant challenge for people's social connections, vital for their happiness.

protections for workers have generally seen less severe declines in well-being.

- For those who have remained at work, the impact is mixed. In the United States, workplace happiness declined just before the federal emergency declaration in March, followed by a quick recovery. Suggesting that (a) happier workers may have been more likely to retain their jobs, (b) workers' reference groups may have changed, or (c) workers remaining employed may have been more able to work from home in the first place, and therefore have been less negatively affected. Supportive management and job flexibility have become even more important drivers of workplace well-being during the pandemic. Purpose, achievement, and learning at work have become less important. However, other drivers' importance (trust, support, inclusivity, belonging, etc.) have remained unchanged, suggesting that what makes workplaces supportive of well-being in normal times also makes them more resilient in hard times.
- Social support can protect against the negative impact of not being able to work. In the United Kingdom, the negative effect of not working on life satisfaction was 40% more severe for lonely workers to begin with. Furloughing helps but may not fully compensate for the negative impact of not working. Furloughed workers, even those without any income loss, still experienced a significant decline in life satisfaction relative to those who continued working.
- The impacts of the pandemic on the world of work are likely to endure. Evidence from past recessions and early research from the COVID-19 pandemic suggests that young people who come of age in worse macro-economic conditions are more likely to be driven by financial security in adulthood. The shift to remote working is likely to last long after the crisis has subsided. Providing future workers with more flexibility and control over their working lives, but at the risk of undermining social capital at work.

Living long and living well: the WELLBY approach (Chapter 8)

To evaluate social progress and to make effective policy, we have to take into account both:

- o the quality of life, and
- o the length of life.

Health economists use the concept of Quality-Adjusted Life Years to do this, but they only count the individual patient's health-related quality of life. In the well-being approach, we consider total well-being, whoever experiences it, and for whatever reason: All policy-makers should aim to maximise the Well-Being-Adjusted Life-Years (or WELLBYs) of all who are born. And include the life-experiences of future generations (subject to a small discount rate).

- The well-being approach puts a lower value than is customary upon money relative to life. According to many studies in rich countries, an extra \$1 raises WELLBYs by around 1/100,000 points. But an extra year of life increases WELLBYs by around 7.5 WELLBYs. So, the community should value a year of life equally to \$750,000 of GDP.
- The WELLBY approach also provides a more complete way of measuring human progress and comparing the performance of different countries. It does this by multiplying average well-being by life expectancy. On this basis, the number of WELLBYs per person rose by 1.3% between 2006-08 and 2017-19, due to higher life-expectancy, especially in the less healthy countries. This was a significant reduction in fundamental inequality across the world, and inequality remains lower in 2020 despite COVID-19.

