Lockdowns as a War on the Poor: Looking at Outcomes in Silicon Valley

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Abstract
COVID-19 has led to unprecedented state-sponsored assaults on individual liberty including mask requirements, lockdowns, and mandatory testing and vaccinations. Unfortunately, these broad restrictions have multiple unintended consequences beyond the simple stripping away of individual rights. Silicon Valley, centered in Santa Clara County, represents a particularly compelling case. There has been much dialogue about the digital divide separating poor service workers from wealthy techies, and mandatory lockdowns have had a particularly damaging effect on the divide. They will continue to have negative ramifications long into the future.

1. Introduction

The year following the pandemic was exciting, though not in a good way, and we have seen our basic liberties stripped away with very little consideration for the Constitution or Bill of Rights, which are supposed to guide our government. California provides a particularly interesting case, as it has imposed some of the strictest lockdowns in the country. One county in California, Santa Clara County, is the poster child for lockdowns, as its appointed chief medical officer, chief executive officer, and county attorney have gone one step further than the state by holding county residents to even stricter standards. This has been in response to the notion that COVID-19 is the primary health hazard faced by their residents. The state and the county have acted by fiat and not shared the medical or scientific basis for their actions (Ting 2020).

Santa Clara County in particular has been at the forefront of providing specious arguments to avoid opening up more realms of activities, particularly religious and political activities, in the face of recent Supreme Court decisions requiring that all activities must be judged by the same standards (Morris 2021). Several groups have challenged California to provide their metrics, and those efforts are winding their way through the courts now. Some thoughtful critics of the focus on COVID-19 such as American Institute for Economic Research have argued that it is only one of many health threats that the community needs to consider. Other threats include postponed diagnostic medical treatments, fewer regular checkups and office visits, reduced regular procedures because of fear and hospital restrictions (Mozes 2020),[1] increased family violence (Centers for Disease Control and Prevention 2020), increased drug and alcohol abuse, suicides (Li 2021), serious mental health problems that could last long after the lockdown was removed (Brooks 2002) (anxiety among thirteen- to eighteen-year-olds increased 93.6 percent from April 2019 to April 2020, and major-depressive-disorder claims increased by 83.9 percent; Steinbuch 2021), and business failures, particularly among minorities (Sasso 2020). Many of these will have long-term effects, including the effects of school dropout,[2] that will not be fully identified or understood for years (Brooks 2002).

Unfortunately, there has been less discussion about other unintended consequences of a one-size-fits-all health program based primarily on a single threat. There is a long tradition in economics of outlining the inability of central planners to devise effective solutions in a world of heterogeneous and tacit knowledge of time and place that only individuals possess. "The knowledge of the circumstances of which we must make use never exists in concentrated or integrated form, but solely as the dispersed bits of incomplete and frequently contradictory knowledge which all the separate individuals possess," explains Hayek (1945) in his seminal article "The Use of Knowledge in Society." Many others, including Mises (1949), Hayek (1937, 1948, 1960, 1974), Lavoie (1985), Boettke (2002a, 2002b), and, most recently, Storr et al. (2021), have outlined the problems that planners face when confronted with complex and uncertain circumstances while individuals try to improve their subjective situation. Any one-size-fits-

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[1] Diagnosis of six common cancers declined 46.4 percent compared to 2018.
[2] Bellweather Education Partners estimates that three million students in the US stopped going to classes, both in person and virtual, after the pandemic began (Korman et al. 2020).

all solution is doomed to fail because of unintended consequences. Only a spontaneous order that arises from the interaction of free individuals competing over scarce resources in a private property system with the feedback of profit and loss can possibly improve conditions.[3] To imagine that the central planner can impose a single policy over a broad area and millions of people and generate an outcome that improves those individuals' lives is hubris. Lockdowns are not only ineffective[4] but costly. Lockdown outcomes will have long-lasting costs that far outweigh their benefits and will hurt some much more than others. Real solutions must come from individuals' freedom to discover what best satisfies their preferences. These solutions are the outcomes in a country in which government serves the people and not the other way around. This paper is a case study that provides a look at some disparate outcomes from the state's and Santa Clara County's one-size-fits-all lockdown policies and demonstrates the asymmetrical outcomes experienced in the county. It also shows who bears the greatest costs, and, for those interested in the digital divide, it gives a critical view of the harm done to efforts to create a more livable Silicon Valley.

This is a case study of Santa Clara County zip codes. I focus on the first year of the pandemic. In order to better understand why even a single county is not well served by one centrally planned, uniform policy, I have taken the six Santa Clara County zip codes with the highest infection rates,[5] compared them with the six with the lowest, and compared them across multiple characteristics. Santa Clara County contains 108 zip codes (Zip-codes.com 2021),[6] and a simple regression analysis shows that infection rates correlate most closely with income. However, the more interesting aspect of the data is the other characteristics one can tease out of a detailed analysis of the zip codes hardest hit by COVID-19 versus those hit the least hardest.

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[3] Tucker (2014) puts it plainly, "If those plans are always individual plans, radically individuated and subjectivized, coordinated only through evolved institutions created by no one in particular, the dreams of every would-be master of the universe come crashing down."

[4] American Institute for Economic Research (2020) outlines twenty-four national and international studies.

[5] I would like to compare mortality, as well; however, the county has not released those figures by zip code to date.

[6] Of the 108 zip codes, 50 are for future use and have no population, and 3 have less than one thousand people. I have data for the 58 with population.

2. The Data

What does the data for 2020 show?[7] First, the six hardest-hit zip codes in the county suffered infection rates on average over seven times higher than those least affected and as much as twenty-two times more. San Jose's 95122 has the highest rate at 9,439 per 100,000 residents, while Cupertino's 95014 has one of the lowest at 870.[8] One can get a better understanding of the disparity by looking at the general characteristics of the two groups. Table 1 and figure 1 give a good indication of the relative infection rates of the zip codes.

Table 1: Infection Rates

Zip	City	Infection rate per 100K		Zip	City	Infection rate per 100K
95122	San Jose	9,349		94022	Los Altos	1,362
95116	San Jose	7,863		95070	Saratoga	1,255
95020	Gilroy	7,663		94306	Palo Alto	1,245
95110	San Jose	7,410		94024	Los Altos	1,240
95111	San Jose	7,395		95014	Cupertino	870
95127	San Jose	7,093		94305	Stanford	413

Source: Santa Clara County Public Health, accessed January 6, 2021

Figure 1: Infection Rate per 100,000
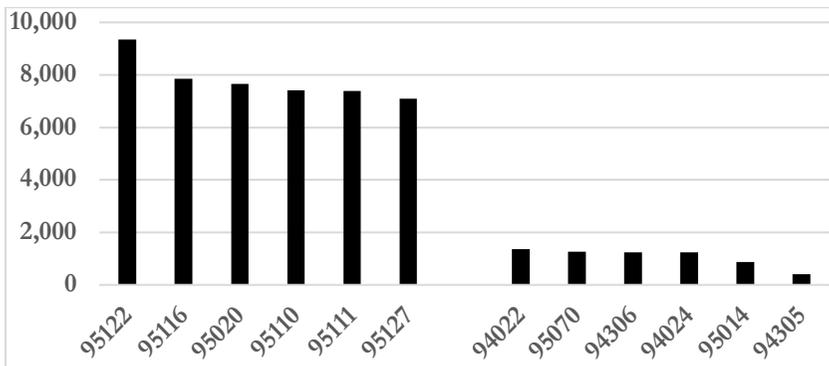
It is helpful to have a visual representation of the various zip codes. Figure 2 maps the high-infection zip codes, which are shown in dark blue. They are generally in the city of Gilroy and the east-central side of the city of San Jose. The zip codes with the lowest infection rates are in the northwest of the county in the light diagonally lined area.

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[7] Much of the data used here come from the SimpleMaps US Zip Codes Database. Other data points are highlighted.

[8] Stanford's 94305 is actually lower at 413. However, this area comprises mainly college students who were locked out of the university. This unusual population has affected many of the zip code's statistics.

Figure 2: Zip Code Map
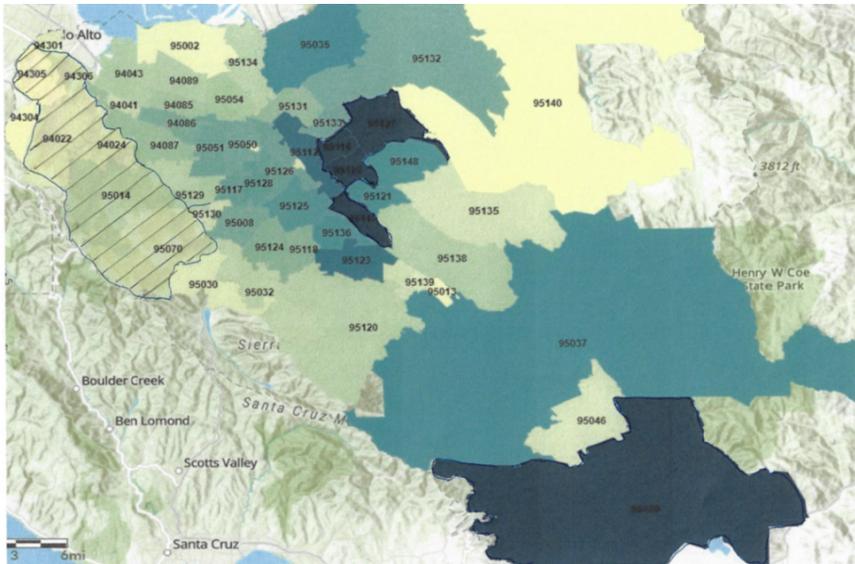
Source: City of San Jose ArcGIS System. Accessed April 18, 2021.

The six zip codes with the highest infection rates are primarily Hispanic and Asian. The Asian component can be quite large and generally consists of people from Southeast Asia, the Philippines, and the poorer areas of West Asia. The six zip codes with the lowest rates are primarily white and Asian. However, the Asian element in these areas tends to consist of wealthier people from West Asia and China. The pie charts in figures 3 and 4 give a better visual representation of these populations (ZipDataMaps.com 2021).

Figure 3: Ethnicity of Zip Codes with Most Infections
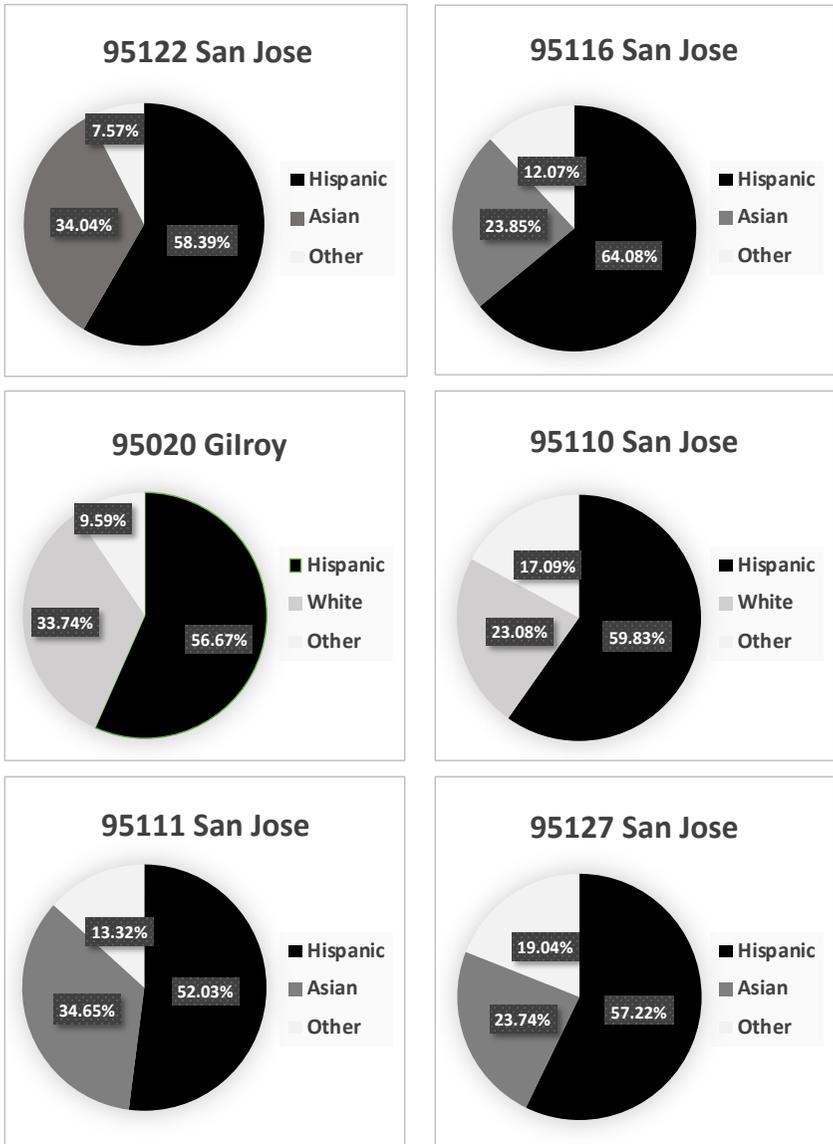
Figure 4: Ethnicity of Zip Codes with Least Infections

94022 Los Altos

- Asian: 26.05%
- White: 65.94%
- Other: 8.01%

95070 Saratoga

- Asian: 44%
- White: 48%
- Other: 8%

94306 Palo Alto

- Asian: 31%
- White: 51%
- Other: 18%

95014 Cupertino

- Asian: 65%
- White: 27%
- Other: 8%

94024 Los Altos

- Asian: 23.77%
- White: 67.03%
- Other: 9.20%

95035 Stanford

- Asian: 26%
- White: 49%
- Other: 25%
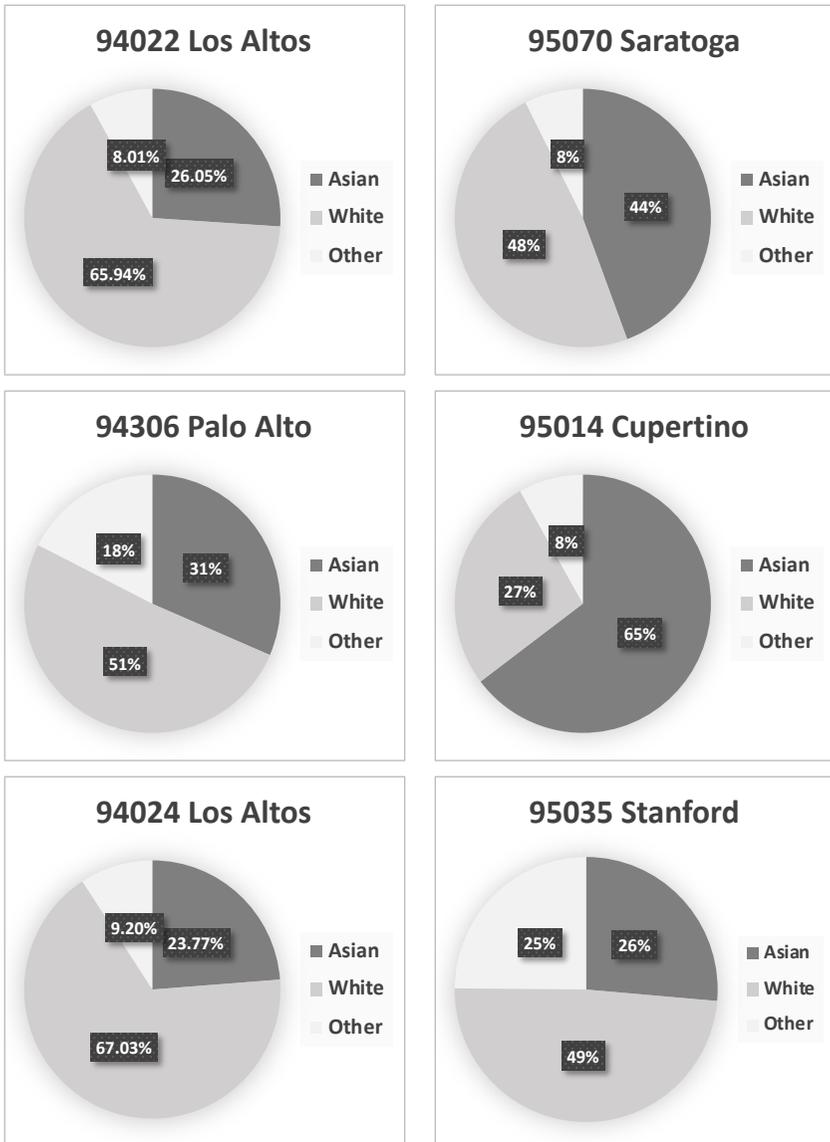
Household median income and adjusted gross income in these zip codes are both below $100,000, and 95122 (in San Jose), the zip code with the highest infection rate, has adjusted gross income below $50,000. The individual median income for these six zip codes is roughly $30,000. For comparison, Federal Reserve Economic Data (2021) reports that median household income in Santa Clara County was $132,444 in 2019; meanwhile, individual median income was $62,246 (Department of Numbers 2021). Comparing these zip codes with the six zip codes with the lowest infection rates, household median income in the latter areas ranges from $160,000 to $240,000 except for Stanford because of the high number of students there; adjusted gross income ranges from $213,000 (Stanford) to $749,000. Individual median income averages around $80,000 except, again, for Stanford because of the large number of students. Thirty-nine percent of the high-rate zip codes have household incomes over $100,000, and 65 percent of the low-rate zip codes have that level of income. For figure 5 I used average adjusted gross income, as it is a good proxy for the various income statistics (ZipDataMaps.com 2021).

Figure 5: Average Adjusted Gross Income
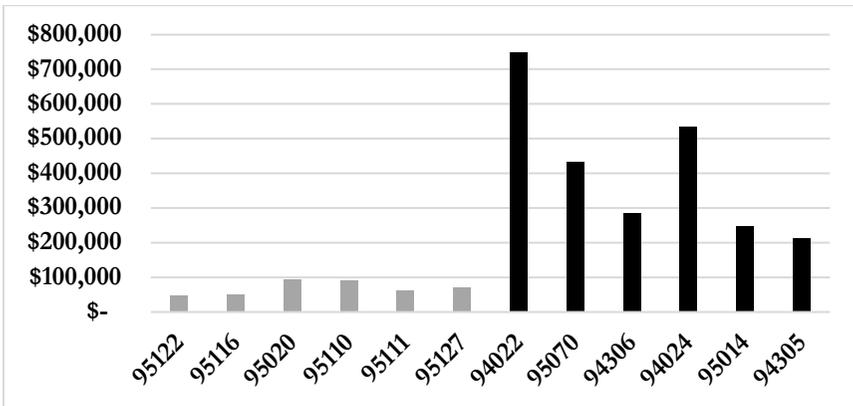
Unemployment numbers also show a significant difference. Prior to the outbreak of COVID-19, unemployment in the region was generally around 2 percent (the high was 2.7 percent in Gilroy). However, with the institution of lockdowns, unemployment jumped to 12.5 percent in the high-infection zip codes, while it only rose to around 6 percent for the low-infection zip codes. Many of the lower-income workers were working in food and hospitality services while many in the low-infection zip codes had access to work-at-home online strategies. The

food and hospitality industries suffered some of the highest rates of, and most persistent, layoffs as demonstrated in table 2.[9]

Table 2: Select Employment Data

December 18, 2020						
Employment Development Department		**San Jose Sunnyvale Santa Clara MSA**				
Labor Market Information Division		**(San Benito and Santa Clara Counties)**				
(916) 262-2162		Industry Employment & Labor Force				
		March 2019 Benchmark				
Data Not Seasonally Adjusted						
	Nov 19	Sep 20	Oct 20	Nov 20	Percent	Change
			Revised	Prelim	Month	Year
Civilian Labor Force (1)	1,090,600	1,053,000	1,089,700	1,073,500	-1.5%	-1.6%
Civilian Employment	1,064,700	979,500	1,026,700	1,018,200	-0.8%	-4.4%
Civilian Unemployment	25,900	73,500	63,100	55,300	-12.4%	113.5%
Leisure & Hospitality	105,200	72,600	77,500	80,600	4.0%	-23.4%
Accommodation & Food Services	89,800	59,300	63,400	65,500	3.3%	-27.1%
Accommodation	9,400	6,000	6,400	6,300	-1.6%	-33.0%
Food Services & Drinking Places	80,400	53,300	57,000	59,200	3.9%	-26.4%
Restaurants	68,400	45,900	47,100	48,700	3.4%	-28.8%
Other Services	29,500	22,900	24,200	23,700	-2.1%	-19.7%

One other area that suffered high job losses was clothing and clothing accessories stores (24.6 percent).

Even with the loosening of restrictions, the high-infection zip codes remained at 6.5 percent unemployment versus 3.7 percent in those with low infection rates (ZipDataMaps.com 2021). These figures do not include discouraged workers from the pandemic who have left the workforce; worker participation fell 1.8 percent (2.9 million) from February 2020 to March 2021 in the US, 2 percent during the same period in California (370,000), and 1.9 percent in Santa Clara County (36,000) (US Bureau of Labor Statistics 2021; California Employment Development Market 2020). Figure 6 graphically shows the comparative outcomes.

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[9] Select figures from California Employment Development Department, Market Labor Division, December 18, 2020.

Figure 6: Unemployment
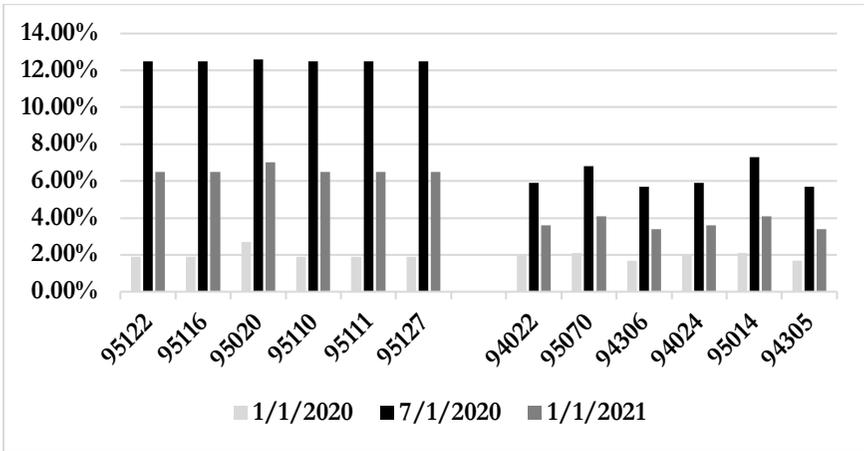
There are several other characteristics that distinguish these two populations. Density in the high-infection-rate zip codes averages almost three thousand persons per square kilometer, while the low-rate group averages just over one thousand. Gilroy is the exception because it and Morgan Hill (just north of it) are the two most agricultural zip codes in the county. However, much of the Hispanic population resides in the denser central section of the county.

Figure 7: Population Density per Square Kilometer
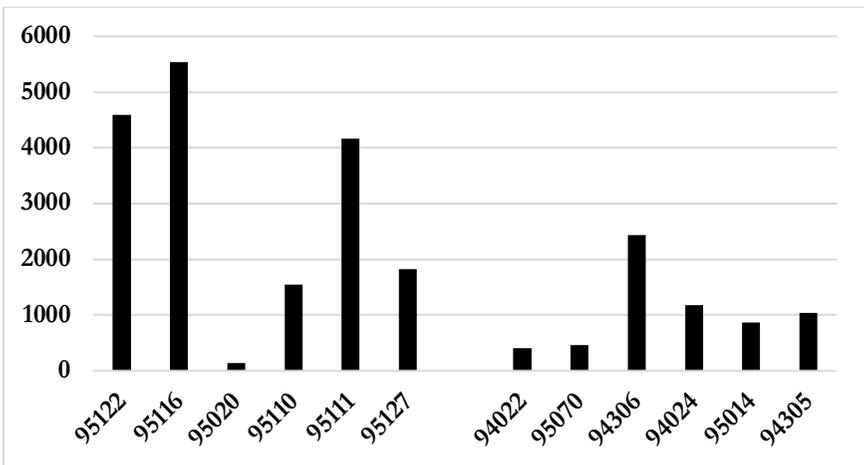
Family size in the high-rate zip codes averages around four, while in the low-incident group it is close to three.

Figure 8: Family Size
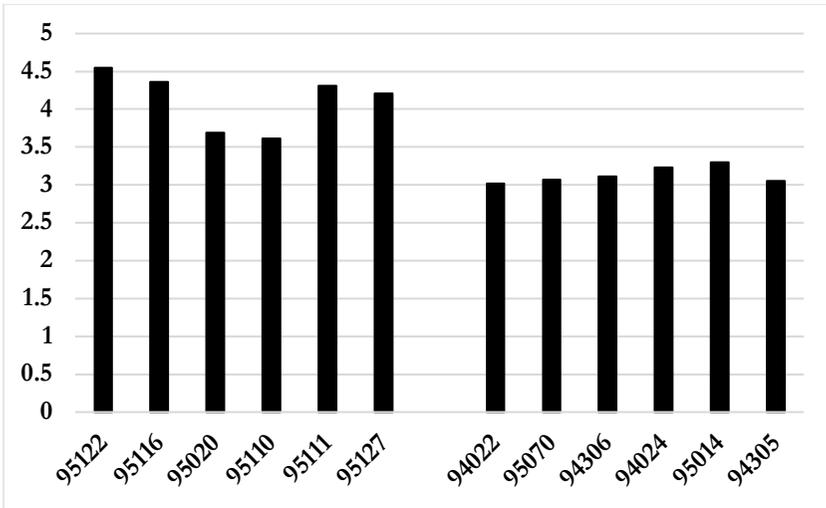
Median age in the high-rate zip codes is just over 33, while in the low-rate group it is just over 45 (Stanford, at 22.4 years, is the exception because of its large student population).

Figure 9: Median Age
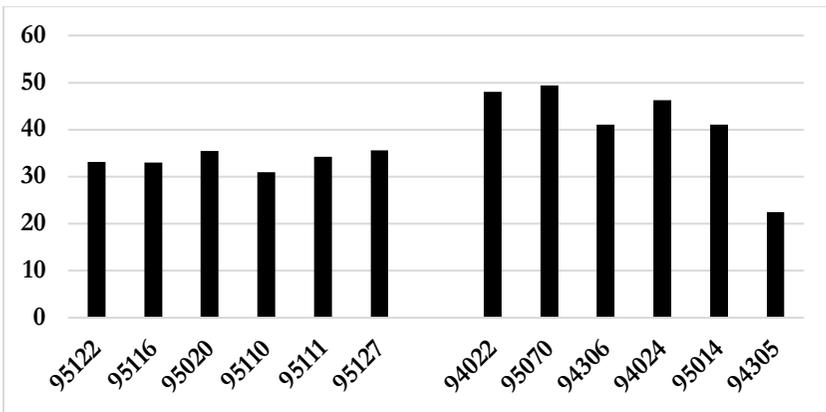
The percentage of the population that is sixty-five years or over is 15 percent in high-infection zip codes and 22 percent in low-infection zip codes, while the percentage of people without health insurance averages 8.2 percent in the high-rate group and under 2 percent for the low-rate group (Areavibes 2021).[10]

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[10] All data are by city rather than zip code.

Figure 10: Percent Uninsured Health
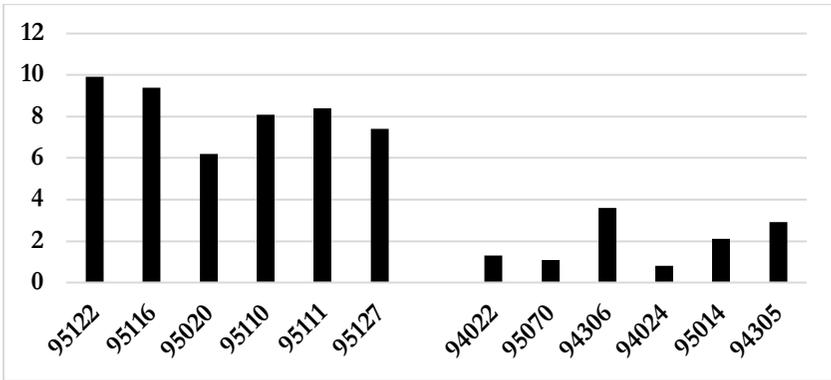
The percentage of residents with a college education or better is 22 percent (from 15 to 35 percent) while the low-rate zip codes average 83 percent (from 78 to 94 percent).

Figure 11: Percent College or Above
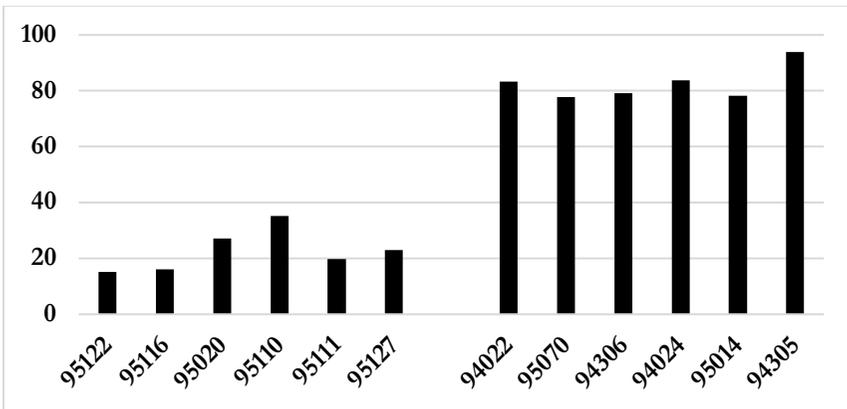
The percentage of residents living below the poverty line is just over 12 percent in high-rate zip codes versus 4.6 percent in low-rate zip codes (not counting Stanford, at 23.5 percent, where many students report poverty-line earnings while attending school) (SimpleMaps 2021).

Figure 12: Percent in Poverty
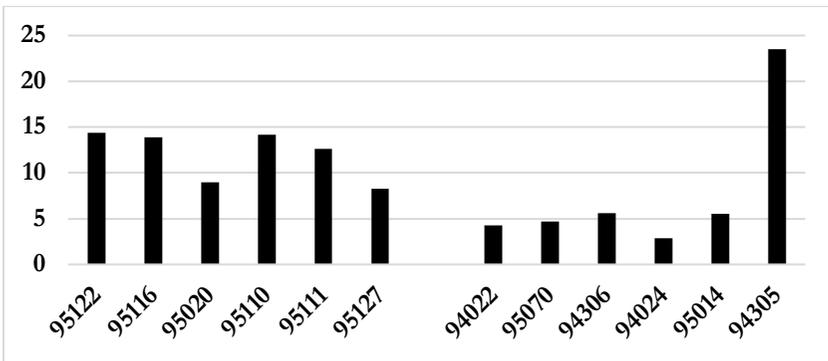
Finally, reported crimes in the high-rate zip codes average 2,861 reported incidents per year while the low-rate zip codes average 1,486, which is skewed upward by 95306 (Palo Alto) because a portion of the east side of the city has a particularly high crime rate (3,091) (AreaVibes 2021).

Figure 13: Total Crime per Year
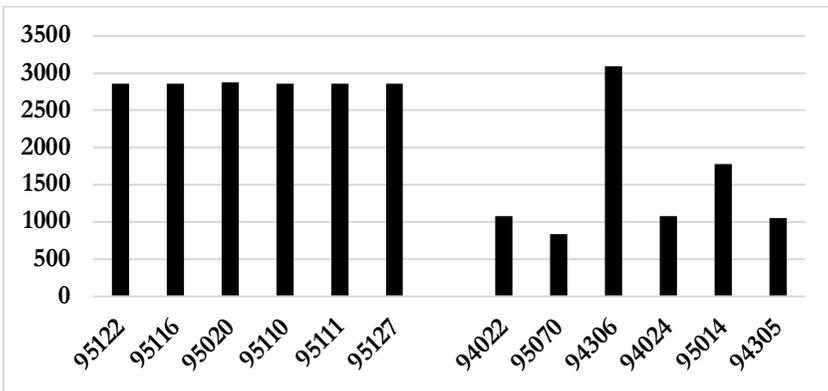
Clearly, the differences in these zip codes are dramatic. The high-infection-rate zip codes are primarily east of downtown San Jose and are largely Hispanic, live at higher density, have larger and younger families, often lack health insurance, are significantly poorer and less educated, are more susceptible to losing service-oriented jobs, and are subject to more crime. Such differences make treating a single county such as Santa Clara, much less the entire state, with a single health policy ripe for unintended consequences. And, in this case, one of the most serious consequences is infection rates nearly eight times greater

on average for those in the six poorest neighborhoods versus those in the six wealthiest.

Conclusion

What are some of the additional consequences one can expect from this focus on a single health problem at the expense of all other health and economic considerations? While it may take years to fully document many of these unintended results, preliminary research indicates that postponed medical exams and treatments will lead to greater mortality in the future as well as significant increases in mental health problems among adults and particularly young people deprived of the normal socializing that would have occurred in the year of lockdowns. Additionally, many young residents, especially those in poor communities with low graduation rates and low college-participation rates, have lost a year of in-person learning that they will never make up. Family violence has increased, as have suicides and drug and alcohol overdoses. Many families have experienced poverty and homelessness for the first time, and not all will recover. Many small businesses have closed (and will not reopen), taking lifelong savings with them. Finally, barring employment and sending food-service workers, hospitality workers, and retail salespeople home to high-density, multigenerational housing has led to higher infection rates and more deaths among the elderly in these families than necessary. In the future, politicians, bureaucrats, and health officials must create a more nuanced system for protecting their residents' health and well-being, one that includes widespread home testing and voluntary monitoring and isolating. While these political actors may want to exercise a newly found power as central planners as they commute safely from home via computer, their residents deserve more from them than a diktat, particularly given the county's economic and social divides. This is not to mention the infringement on the residents' constitutional rights to life, liberty, and the pursuit of happiness. Central planners are always limited in their viewpoints, looking backward to solve what has already happened rather using entrepreneurial foresight that each individual uses to protect themselves in the future.

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