

Zero Covid: fewer deaths and much less contraction in GDP*



By Cécile Philippe and
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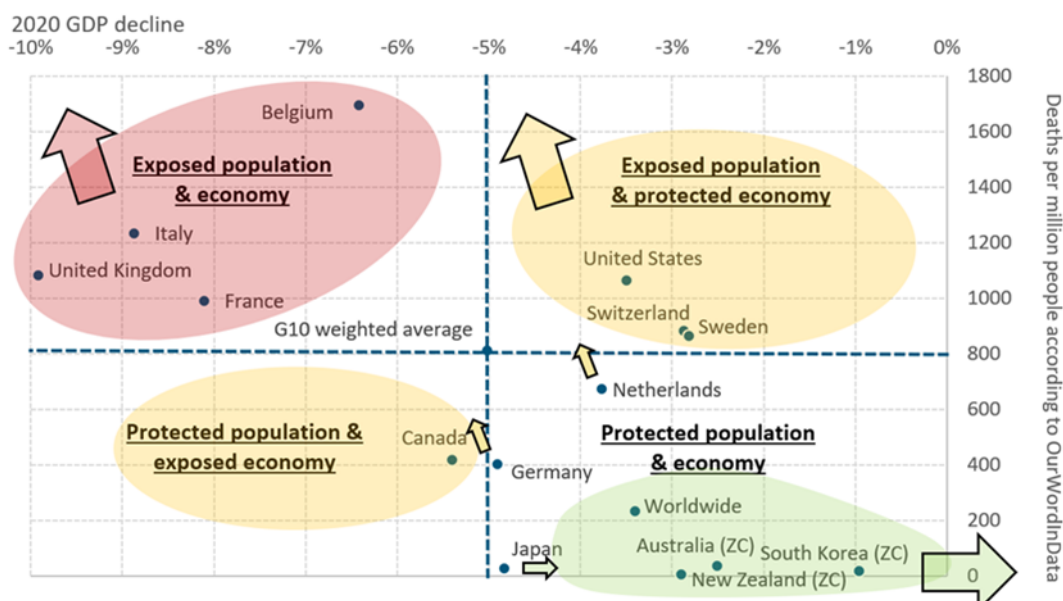
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The Zero Covid strategy is by far the most effective way to fight the current pandemic as show a comparison of the G10 countries to three OECD countries that have implemented an elimination strategy (Australia and New Zealand) or something similar (South Korea).

After a Covid-19 fight lasting more than 12 months, the data show the value of the elimination strategy and contradict the idea, widespread in France and in most Western countries, that it was necessary to choose between protecting the economy and protecting public health on the grounds that these two goals were in conflict. At this stage, experience shows the elimination strategy (Zero Covid) to be more effective in both health and economic terms than the mitigation strategy applied in many countries.

*The full report “The Zero Covid strategy protects people and economies more effectively” is available on IEM’s website at <https://www.institutmolinari.org/2021/04/03/the-zero-covid-strategy-protects-people-and-economies-more-effectively/>

Covid: The countries that performed best protected both their people and their economies in 2020

Reading: France, with nearly 1,000 deaths per million people and a decline in GDP in 2020, is among the countries that protected neither its people nor its economy. Sources: Institut économique Molinari, based on OECD real annual 2019-2020 GDP growth rate (March 2021), stats.govt.nz and OurWorldData (Cumulative confirmed COVID-19 deaths per million people) for the 11 G10 countries plus Australia, South Korea and New Zealand, which have applied the Zero Covid (ZC) strategy.

The Zero Covid strategy benefits the economy

- **Short-term positive effects:** Countries pursuing a Zero Covid strategy experienced a less severe economic decline in the second quarter of 2020 than the countries that allowed the virus to spread to such an extent that their health systems were saturated (-4.5% versus -11.7%).
- The Zero Covid strategy **is showing lasting positive effects:** In the fourth quarter of 2020, the countries applying this strategy had almost returned to normal economic activity. Their GDP was down only slightly (-1.2%) compared to 2019. Meanwhile, the decline in GDP was greater (-3.3%) in countries that had not eradicated the virus.

Change in quarterly GDP compared to the same period a year earlier (%)

Country	2020-Q1	2020-Q2	2020-Q3	2020-Q4	Full year	Strategy
Germany	-2.2	-11.3	-4.0	-3.6	-4.9	Other
Australia	1.4	-6.3	-3.7	-1.1	-2.5	ZC
Belgium	-2.0	-13.9	-4.3	-5.1	-6.4	Other
Canada	-0.3	-12.7	-5.3	-3.2	-5.4	Other
South Korea	1.4	-2.8	-1.1	-1.3	-1.0	ZC
United States	0.3	-9.0	-2.8	-2.4	-3.5	Other
France	-5.6	-18.6	-3.7	-4.9	-8.1	Other
Italy	-5.8	-18.2	-5.2	-6.6	-8.9	Other
Japan	-2.1	-10.3	-5.8	-1.1	-4.8	Other
New Zealand	0.0	-11.3	0.4	-0.9	-4.8	ZC
Netherlands	-0.4	-9.2	-2.5	-3.0	-3.8	Other
United Kingdom	-2.2	-21.0	-8.7	-7.8	-9.9	Other
Sweden	0.1	-7.7	-2.2	-2.1	-2.8	Other
Switzerland	-0.6	-8.1	-1.6	-1.7	-2.9	Other
Zero Covid	1.3	-4.5	-1.9	-1.2	-1.8	ZC
Other strategies	-1.3	-11.7	-4.0	-3.3	-5.0	Other
Zero Covid advantage vs. other strategies	+2.6	+7.2	+2.1	+2.1	+3.3	

Source: OECD, data consulted 2021-03-08, and stats.govt.nz for the 11 G10 countries plus Australia, South Korea and New Zealand. Weighted averages. Reading: In the second quarter of 2020, GDP fell by 4.5% in the Zero Covid countries, 7.2 points less than in the countries applying another strategy, down 11.7%.

Zero Covid: mobility that stands up better over time

- Mobility data from Google show that “workplace” traffic in the second quarter of 2020 fell by less in the countries applying the Zero Covid strategy (-14 % compared to -36 %). These data also show that Zero Covid countries retained a significant advantage with a 15% reduction in mobility in January-February 2021 compared to 28% in countries not applying a Zero Covid strategy.
- Google data show that traffic in “cafés, restaurants, hotels, non-food businesses and leisure and cultural activities in general” was down by 14% in January and February 2021, compared to 2020, in the countries applying the Zero Covid strategy. This is a much smaller decline than in the countries applying a mitigation strategy (down 35%).

Change in Google "workplace" and "leisure and retail" mobility indices compared to a 5-week benchmark period in early 2020 (%)

Country	Workplace				Retail and recreation				Strategy
	2020 Q2	2020 Q3	2020 Q4	2021 Jan.-Feb.	2020 Q2	2020 Q3	2020 Q4	2021 Jan.-Feb.	
Germany	-27	-18	-22	-29	-33	-4	-29	-57	Other
Australia	-27	-19	-15	-16	-29	-18	-10	-13	ZC
Belgium	-41	-27	-30	-26	-47	-11	-39	-43	Other
Canada	-44	-31	-29	-34	-37	-12	-24	-40	Other
South Korea	-6	-9	-8	-15	-7	-12	-15	-16	ZC
United States	-38	-31	-29	-29	-28	-15	-18	-25	Other
France	-43	-26	-28	-27	-53	-9	-34	-42	Other
Italy	-42	-23	-27	-28	-52	-7	-31	-39	Other
Japan	-20	-16	-11	-18	-24	-10	-7	-20	Other
New Zealand	-31	-6	-5	-12	-49	-9	4	-2	ZC
Netherlands	-32	-25	-25	-31	-27	-2	-31	-53	Other
United Kingdom	-55	-35	-34	-45	-67	-26	-38	-61	Other
Sweden	-25	-28	-24	-27	-12	-1	-18	-29	Other
Switzerland	-31	-21	-22	-27	-43	-11	-25	-50	Other
Zero Covid	-14	-12	-10	-15	-17	-13	-13	-14	ZC
Other strategies	-36	-26	-26	-28	-36	-12	-22	-35	Other
Zero Covid advantage vs. other strategies	+22	+14	+15	+13	+19	-1	+10	+20	

Source: Calculations by the Institut économique Molinari based on the Google Covid-19 Community Mobility Trend. Non-seasonably-adjusted data, weighted averages.

We advise against comparing levels between countries on a one-on-one basis as local differences may be misleading.

Reading: In the fourth quarter of 2020, workplace traffic in countries with Zero Covid fell by 10% in the Zero Covid countries, 16 points less than in the countries applying another strategy, down 26%.

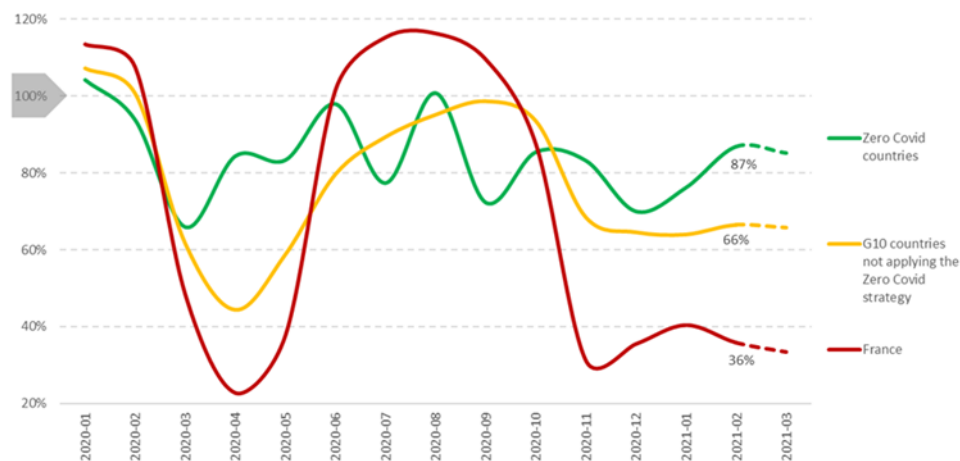
Zero Covid helps control uncertainty

Cross-referencing of quarterly economic and health data confirms the superiority of the elimination strategy in terms of anticipation. People in those countries benefit from a level of visibility enabling them to project their societies and economies into the future.

In contrast, the course taken by the G10 countries has produced fluctuations, with the epidemic rebounding in the fourth quarter of 2020 everywhere except Japan, which is moving closer to Zero Covid. The mitigation strategy is causing them to seesaw, making it difficult to project into the future and thereby penalising societies and economies. This is especially problematic for businesses that depend on significant social interaction, which have been closed for months, as representatives of the hotel, restaurant, culture and recreation sectors have stated repeatedly.

In February 2021, Google searches for the word “Restaurant” were 64% lower than in February 2019. This decline was five times greater than in the Zero Covid countries, where restaurants are open and searches are down only 13% from February 2019.

Restaurants better protected in the Zero Covid countries: the example of changes in the number of Google searches for “Restaurant” compared to the same month in 2019



Source: Calculations by the Institut économique Molinari based on Google Trends.

Participation in economic and social life is a function of people’s confidence in being able to take part without running the risk of falling ill, contaminating others or seeing health services overwhelmed.

It is not only government-imposed restrictions that reduce movement. Voluntary decisions by individuals to cut back on social life in the face of a fast-spreading virus also play a key role. The Swedish example shows the importance of this phenomenon since, even without a lockdown, the decline in mobility was significant. This explains why Sweden’s economic contraction was close to the levels observed in Scandinavian countries that went into formal lockdown. Where the elimination strategy is implemented, the end of the tunnel becomes predictable, and it is then possible to make reliable long-term plans, resulting in stronger economic performance and lower mortality.

Recommendations

1. Invite an open dialog about the adoption of a Zero Covid strategy to include experts from countries that have implemented it thus far.
2. Rally the diplomatic network and parliamentarians representing French citizens abroad to broaden feedback on Zero Covid strategies.
3. Assign mandates to assess the advantages and disadvantages of strategies for fighting SARS-CoV2 by calling, in particular, upon French public organisations that analyse public policy (Conseil d’analyse économique, CESE, France stratégie, etc.)
4. Organise feedback from French communities that have implemented the Zero Covid approach (New Caledonia, etc.).
5. Support pilot projects in parts of France when local executives are receptive to the advantages of the Zero Covid strategy.
6. Bring the Zero Covid strategy into analysis of risks related to the health crisis at both the French and European levels. The European Union can be a major player in the strategy’s coordination. ■

Reference

Philippe Cécile and Nicolas Marques (2021), "[The Zero Covid strategy protects people and economies more effectively](#)", Institut Économique Molinari, Paris-Brussels, April.

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