Joe Hasell, September 1, 2020

Which countries have protected both health and the economy in the pandemic?

Data **ourworldindata.org**/covid-health-economy

Responses to the pandemic have often been framed in terms of striking a balance between protecting people's health and protecting the economy. There is an assumption that countries face a trade-off between these two objectives. But is this assumption true?

A preliminary way of answering this question is to look at how the health and economic impacts of the pandemic compare in different countries so far. Have countries with lower death rates seen larger downturns?

Comparing the COVID-19 death rate with the latest GDP data, we in fact see the opposite: countries that have managed to protect their population's health in the pandemic have generally also protected their economy too.
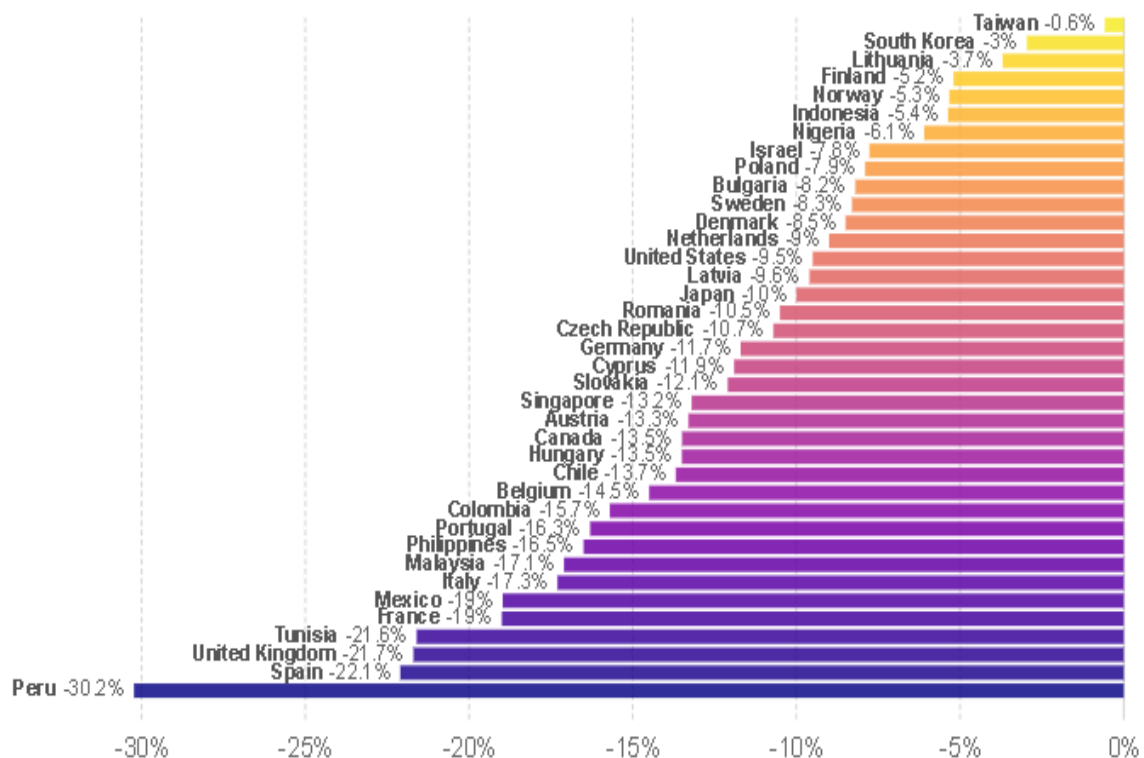
The scale of the economic downturn

This chart shows the scale of the recent economic decline across 38 countries for which the latest GDP data is available.[1] It plots the percentage fall in GDP seen in the second quarter (April – June) of 2020 as compared to the same period last year, adjusted for inflation.

We see that in some countries the economic downturn has indeed been extremely severe: in Spain, the UK and Tunisia, the output of the economy in the second quarter was more than 20% smaller than in the same period last year. This is 4 to 5 times larger than any other quarterly fall on record for these countries.[2] And in Peru the year on year fall was even larger, at 30%.

In other countries, however, the economic impact has been much more modest. In Taiwan, GDP in the second quarter of 2020 was less than 1% lower than in the same period in 2019. Finland, Lithuania and South Korea all saw falls in their GDP of around 5% or less.

Taiwan -0.6%
South Korea -3%
Lithuania -3.7%
Finland -5.2%
Norway -5.3%
Indonesia -5.4%
Nigeria -6.1%
Israel -7.8%
Poland -7.9%
Bulgaria -8.2%
Sweden -8.3%
Denmark -8.5%
Netherlands -9%
United States -9.5%
Latvia -9.6%
Japan -10%
Romania -10.5%
Czech Republic -10.7%
Germany -11.7%
Cyprus -11.9%
Slovakia -12.1%
Singapore -13.2%
Austria -13.3%
Canada -13.5%
Hungary -13.5%
Chile -13.7%
Belgium -14.5%
Colombia -15.7%
Portugal -16.3%
Philippines -16.5%
Malaysia -17.1%
Italy -17.3%
Mexico -19%
France -19%
Tunisia -21.6%
United Kingdom -21.7%
Spain -22.1%
Peru -30.2%

-30% -25% -20% -15% -10% -5% 0%

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No sign of a health-economy trade-off, quite the opposite

Have the countries experiencing the largest economic decline performed better in protecting the nation's health, as we would expect if there was a trade-off?

The chart here shows the same GDP data along the horizontal axis. Along the vertical axis is the cumulative number of confirmed COVID-19 deaths per million people.

Contrary to the idea of a trade-off, we see that countries which suffered the most severe economic downturns – like Peru, Spain and the UK – are generally among the countries with the *highest* COVID-19 death rate.

And the reverse is also true: countries where the economic impact has been modest – like Taiwan, South Korea, and Lithuania – have also managed to keep the death rate low.

Notice too that countries with similar falls in GDP have witnessed very different death rates. For instance, compare the US and Sweden with Denmark and Poland. All four countries saw economic contractions of around 8 to 9 percent, but the death rates are markedly different: the US and Sweden have recorded 5 to 10 times more deaths per million.

Clearly, many factors have affected the COVID-19 death rate and the shock to the economy beyond the policy decisions made by each government about how to control the spread of the virus. And the full impacts of the pandemic are yet to be seen.

But among countries with available GDP data, we do not see any evidence of a trade-off between protecting people's health and protecting the economy. Rather the relationship we see between the health and economic impacts of the pandemic goes in the *opposite* direction. As well as saving lives, countries controlling the outbreak effectively may have adopted the best economic strategy too.

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Economic decline in the second quarter of 2020 vs rate of confirmed deaths
due to COVID-19

The vertical axis shows the number of COVID-19 deaths per million, as of August 30.
The horizontal axis shows the percentage
decline of GDP relative to the same quarter in 2019. It is adjusted for inflation.
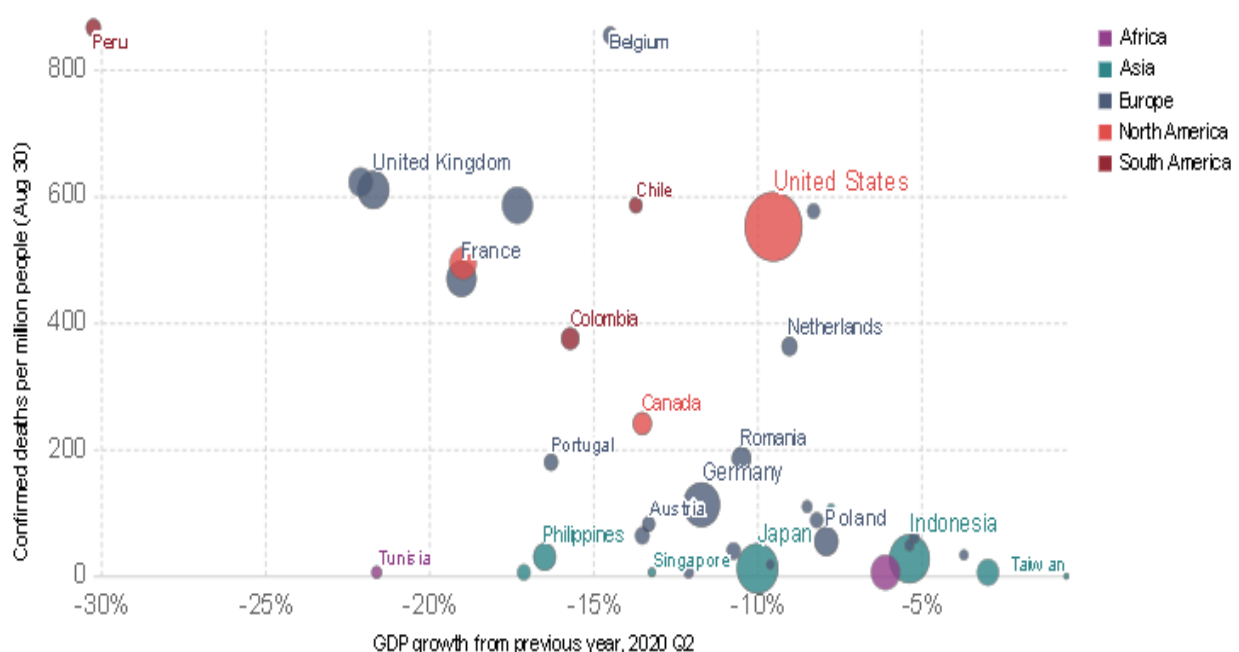
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