

# Longer, stricter lockdowns most effective, economist finds

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Queen's researcher Christopher Cotton is one of the authors of "[Building the Canadian Shield](#)," an approach that says a longer lockdown will save more lives and cost less economically.

As we settle into the first week of the declared State of Emergency,

many Ontarians are wondering what impact the restrictions will have on COVID-19 cases and our local, regional, and national economies.

Queen's researcher Christopher Cotton (Economics) is the senior economist on the COVID Strategic Choices Group, an interdisciplinary taskforce that includes doctors, epidemiologists, [public policy](#) and industry experts, and economists. The group has modeled the epidemiological and economic consequences of various [lockdown](#) scenarios. In their recently released strategy paper, "Building the Canadian Shield," they say their alternative—a pan-Canadian, longer lockdown, followed by a gradual results-based relaxing of restrictions—will save more lives and cost less economically than the COVID-mitigation strategies most of the country has adopted.

For the [economic analysis](#), the group adapted the STUDIO (Short-Term Under-capacity Dynamic Input-Output) model, developed by Cotton with Queen's economics faculty in partnership with Limestone Analytics, a Kingston-based research and analytics firm, to map [economic losses](#) from COVID-19.

The Canadian Shield approach caught the attention of decision makers and media across Canada when it was released last week. The Gazette caught up with Dr. Cotton, the Jarislowsky-Deutsch Chair in Economic and Financial Policy, to understand more about the modeling and the recommendations.

**You have been mapping COVID economic losses and economic recovery efforts since the spring. How did the combination of the economic modeling with epidemiological predictions cause you to look differently at the types of lockdowns?**

Christopher Cotton: The STUDIO model was originally developed to help quantify the economic costs of alternative lockdown and reopening scenarios, in terms of jobs and GDP loss, at the national, provincial, and local levels. Lockdown policies are very costly for the economy and our analysis helped local policymakers understand how their communities were affected, and weigh the tradeoffs between health and economic projections. Since the beginning of the lockdowns last year, the tension between health and the economy has been front and center in the policy discussion and our model added some hard evidence to this discussion.

At the end of 2020, our team started working with epidemiologists who were providing longer-term projections of how the different lockdown strategies are likely to affect future waves of COVID-19 and lockdown policies that are likely to occur between now and when the vaccine is widely disseminated. We compared economic outcomes under several alternative mitigation and recovery scenarios, matching them to the long-term epidemiological and policy projections being considered by Global Canada's COVID Strategic Choices initiative.

## **Was there anything surprising from the results of your modeling for the COVID Strategic Choices Group?**

Christopher Cotton: Since the beginning of COVID, our team has been providing local economic estimates of the job and GDP loss associated with stricter lockdown policies. In many ways, our model provides policymakers evidence about the benefits of relaxing lockdown restrictions more quickly, at least in locations or sectors where it can be done safely.

When we started looking beyond the short-term relaxations of lockdown restrictions to also consider how today's policies affected the probability

of additional waves of lockdown later in the year, the results were remarkable. It showed us just how important it is to consider the tradeoffs between economics and health over the longer term, and not just during the current wave of the disease.

Our model allowed us to ask whether the economy is better off under an on-again, off-again cycle of less-strict lockdowns, or a stricter lockdown in the beginning of 2021, which allowed for a more-full recovery more quickly. The analysis is clear: The on-again, off-again lockdown cycle is worse for the economy than a stricter up-front lockdown that avoids future waves later in the spring.

**The argument for the mitigation approach (on and off-again lockdowns) has generally been that, following a lockdown, restrictions must be quickly eased to kick-start economies. Can you tell us why this is not the case?**

Christopher Cotton: A quicker reopening might be good for the economy in the short run, but it makes it more likely that we will need another wave of lockdowns later in the year, perhaps multiple waves, before vaccines are available widely enough to allow for full reopening. The epidemiological projections are showing that if we rush into reopening too soon, or we don't take the current lockdown measures seriously enough, then we will have to go through additional waves of lockdowns before the vaccine is distributed widely enough to prevent shutdown. If we prioritize reopening as quickly as possible or don't take the current measures seriously, we will enter a cycle of on-again, off-again restrictions for the next eight months.

Our economic model allows us to compare the overall costs to the Canadian economy of such an on-again, off-again cycle of lockdown

restrictions, with the overall economic costs associated with a stricter, longer lockdown in the beginning, which lets us avoid additional waves of lockdowns later in the spring. We see that a stricter lockdown in the beginning is less costly in terms of lost jobs and GDP if it means no additional waves of lockdowns later.

This is because the economic downturn associated with a lockdown doesn't disappear as soon as lockdown restrictions are lifted. Rather, it takes several months for the economy to recover after a lockdown, even a relatively short one. So, the on-again, off-again lockdown cycle is particularly costly for the economy because we start to recover, and then, even before we are fully recovered, we end up having to lockdown again and start the long recovery process over.

## **The "Building the Canadian Shield" strategy calls for a pan-Canadian approach to a longer, stricter lockdown. How is this defined?**

Christopher Cotton: The paper outlines three major steps—the Canadian Shield approach—that the epidemiological research indicates could be taken to get COVID-19 cases under control as quickly as possible and avoid additional waves of the lockdown:

1. Sustain an effective lockdown until COVID-19 cases are low enough that testing, tracing and isolation can work effectively;
2. Relax restrictions only to the extent that new COVID-19 cases continue a steady decline of 17 percent to 25 percent per week; and
3. Proactively assist the individuals, businesses and communities most affected by these policies.

It is important to note, however, that although the Canadian Shield

approach involves strict lockdown measures today, it also recognizes that such restrictions are very costly and emphasizes the need to relax them in places where this can be done without seeing another uptick in transmission rates. The recommendations are mainly about avoiding a third wave later in the spring; which means a more cautious reopening strategy over the coming weeks and months.

## **What has the response been to the strategy? Has it caught the attention of decision-makers?**

Christopher Cotton: Over the past several weeks, our research team's economic analysis and the Canadian Shield proposal more broadly have been central in discussions of COVID-19 strategy at both a federal and provincial level. Not only has our analysis received a lot of media attention, but we have also engaged in discussions with or provided additional projections and analysis for policymakers. Newly announced measures in Ontario and Quebec are broadly consistent with the Canadian Shield strategy.

Our analysis is showing how the economic and health recommendations are not really at odds. Elimination of the disease and returning to normal sooner than later is better for both public health and the economy, even if the short run economic costs are high.

Provided by Queen's University

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