



Canada Outsmarting USA on Pandemic Policies

How to excuse 180,000 deaths in the US? Why is testing essential for the re-opening? What are the economic implications of failed US public health policies?

Welcome to a new discussion between Larry and Xin, two prominent economists from the Keynesian tradition, offering a bi-weekly debate. Today, Xin offers two charts on her perspective while visiting family in Ottawa and Larry comments from Washington. Disclaimer: names are fictional but analysis should be realistic.

Xin: Good evening Larry, here in Ottawa it feels cool and quiet. Canada just extended its [border closure with the US](#) again, so many US students cannot return to Canada. And Canadians are quite proud how they managed to reverse the pandemic curve.

Larry: Hello Xin, here in DC it feels hot and miserable; we have the Republican convention this week, then the Jackson Hole symposium on Thursday, and then a major march on Washington on Friday. And Americans are embarrassed that [most countries have barred them entry](#) as a direct result of failed US pandemic policies.

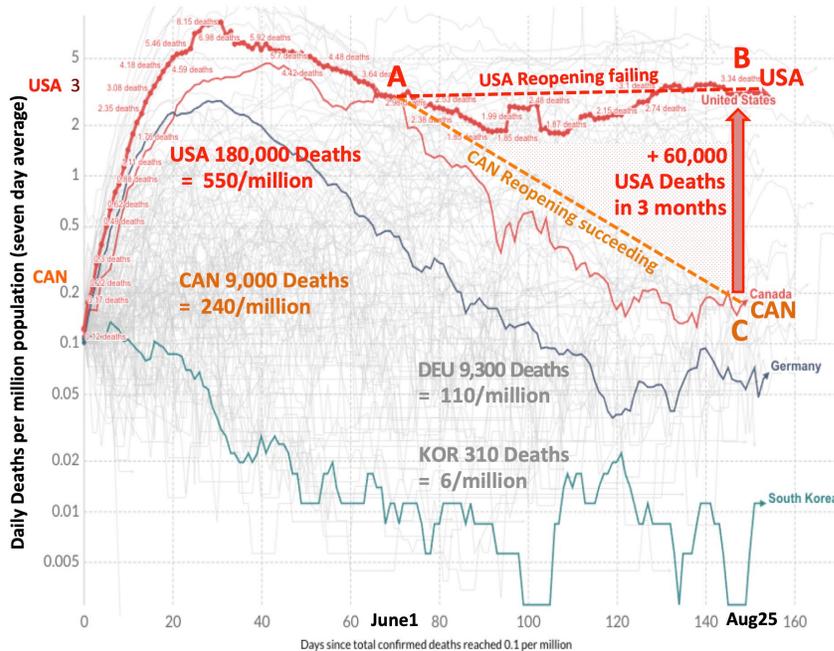
Xin: Well the US President seems to congratulate himself by falsely stating that the US has “[the lowest case-fatality rate in the world](#)”. And then he has bullied the FDA into yet another “[emergency approval](#)” for something that has not been properly tested.

Larry: Numbers don’t lie: sadly, the US has at least 180,000 deaths from the pandemic which are 22% of deaths recorded worldwide, with a population of less than 5%. Those deaths as a share of population represent one of [ten worst results around the globe](#). Canada had 9,000 deaths, which means far less than half of US deaths per capita. Let us understand why Canada is outsmarting the US in keeping its citizens safe.

Daily Covid Deaths per million Chart 15



USA suffering 1,000 unnecessary daily Covid deaths



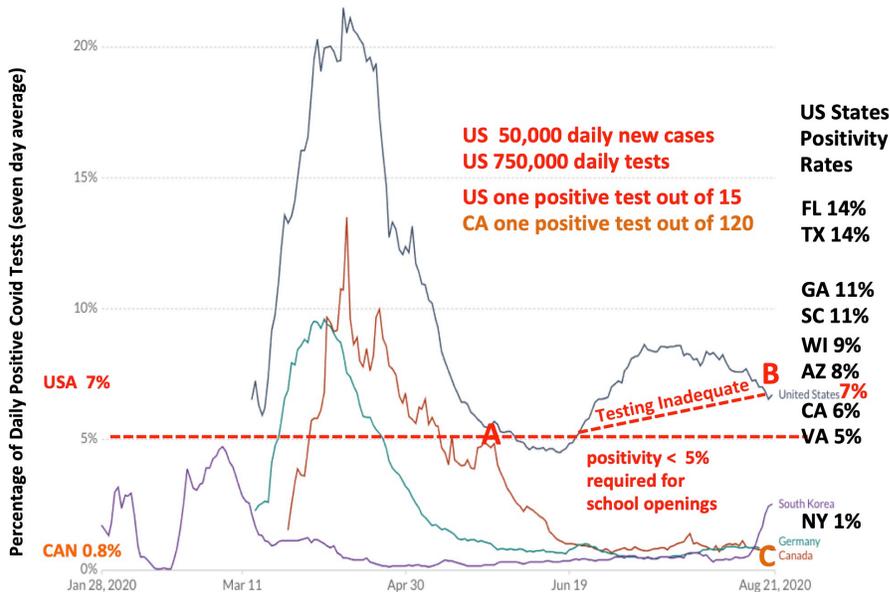
Source: European CDC - Situation Update Worldwide - Last updated 23 August, 08:34 (London time), Our World In Data

Sources: Johns Hopkins University, European CDC, Oxford Martin School, Worldometer, 25 Aug 2020
<https://ourworldindata.org/coronavirus-data-explorer>

Testing positive Covid cases (%) Chart 16



USA testing inadequate, positivity 8 times worse than CAN



Sources: Johns Hopkins University, European CDC, Oxford Martin School, Worldometer, 25 Aug 2020
<https://ourworldindata.org/coronavirus-data-explorer> <https://covidtracking.com/data>

Xin: Exactly, chart 15 illustrates data on [Covid-19 deaths per million population](#): At the beginning of June, the US recorded a seven-day average of **1,000 daily deaths** versus 110 in Canada, the same ratio of 3 deaths per million (point A). Today in late August, the US is still recording more than 1,000 daily deaths (point B), more than 15 times the Canadian death rates, which now have declined into single digits (point C). **If the US had followed the Canadian path (orange A to C, rather than red A to B) then over 60,000 US lives could have been saved over the past three months.**

Larry: Shocking, cruel, unbelievable. And imagine how many more US lives could have been saved if we had followed German or Korean policies, which were much smarter. Canadian policies supported a cautious and successful reopening, whereas US policies failed badly with a haphazard and unsustainable reopening, especially in the South. Americans have gotten used to 1,000+ daily deaths, maybe because they are no longer on television, or they are in other regions, or in different population groups, but this is the equivalent of a 9/11 every other day. A [CBS News & YouGov poll shows](#) that **69% of US voters find that death toll unacceptable, but only 43% of Republicans.**

Xin: That is encouraging, two thirds of all Americans find that utterly unacceptable - a strong majority, but a silent majority. And nearly half of Republicans do not find it acceptable to face such horrendous death tolls as a result of failed US policies. There is little consolation that victims are now younger and treatment methods improved so that fewer of the infected people die, compared to the beginning of the pandemic. But how can we explain such dismal outcomes in the US, given the best health system, the best technology, the best testing, [“the best of everything”](#)?

Larry: We previously developed an analytical cross-country model that distinguished between [initial conditions and policy variables](#) to explain the outcomes. Among the initial conditions, the US was doing well with a record spending on health care, a relatively low population density, a strong government and public health history. The most consequential factor has been [culture](#), as we had analyzed in more depth: concern for the community, with Confucian values in Asia, idealist values in Germany, and Rawlsian empathy in the US have contributed to a more unified response with lower death rates. However, libertarian values, especially in the southern US, have undermined basic public health principles and led to dramatically higher deaths.

Xin: [Canadian and US cultural indicators](#) appear to be very similar: research shows similarly high individualism and high short-termism for both countries. But within Canada, we can recognize that the Asian-dominated West (BC) did much better than the Latin-dominated East (QC). So let us compare Ontario with neighboring Michigan, where outcomes are at least twice as bad in Michigan (6,600 deaths) as compared to Ontario (2,800 deaths). That’s why Canada has closed the border to keep Canadians safe from what appears to be a failing pandemic policy response in the US.

Larry: Indeed, Americans are not really safe, although we have the most expensive health care system in the world, we have the most extensive stimulus program ever, and the FED has undertaken the most expansive monetary program ever. But the key factor is **our failing pandemic policy**: basic social distancing and mask wearing, basic public health communication and enforcement, and basic testing and tracing. These three basic public health policies are very efficient in Canada with superior results.

Xin: Exactly, let's look at [British Columbia](#), where the chief health officer Dr. Henry has become famous for her clear communication: "be kind, be calm, be safe." 90% of Canadian's are [practicing social distancing](#) and respecting public health guidelines. In the US, [wearing a mask](#) has become a political statement, as [18% of Americans](#) are still unwilling to wear masks and only 44% are regularly complying with these policies. Many southern states are still refusing to issue mask mandates and most states do not have any enforcement of public health policies, and quarantining is optional. Not so in Canada, where heavy fines and jailtime are enforced against offenders. And we have transparency and proper information sharing on Canada's public health, unlike in the US, where [some states are manipulating data](#) for political purposes and where the official death toll is undercounted by some 60,000 deaths, according to [CDC data](#).

Larry: And testing is absolutely essential to identify and stop spread of the virus. While the US claims to have the largest ever testing in the world, [40% of test results](#) are returned so late that they are useless, especially in current hotspots. And the relevant measure of testing is the number of tests per identified case, where we have a massive difference between the US and Canada: This week in the US, **one out of 15 tests comes back positive, as compared to one out of 120 in Canada**. That means that the US positivity rate still is 7% as compared to 0.8% in Canada. And that means current US testing levels could be adequate for 5,000 new daily cases but are totally inadequate for 50,000 new daily cases that we have faced this August.

Xin: We agree on that, emphatically. Please look at chart 16 that [plots the positivity rate](#) of testing in the US, Canada, Germany, and Korea during this pandemic. At the beginning of June, 5% of tests were positive in the US and in Canada (point A). Then the rate climbed to 8% and stabilized at 7% in the US (point B) whereas it declined substantially and remained below 1% in Canada (point C). NY and MA have similarly good testing, but those [southern states](#) that opened before May 1 still have positivity rates exceeding 10% (FL, TX, GA, SC) and staggering numbers of new daily deaths. And public health officials have been stating clearly that **positivity rates must decline below 5% before schools can be reopened** (WHO, CDC, White House statements). Sadly, some American politicians continue to ignore common-sense scientific advice.

Larry: But the stock market is going up, so that should signal the pandemic is over? That's at least what politicians make us believe so they can promote their reelection in November. The [National Association of Business Economists](#) and the [US Conference Board](#) are painting a very different picture. They foresee a slow recovery with GDP not reaching pre-pandemic levels until 2022 and risks of a double-dip recession. And unemployment remains stubbornly high in double digits with some economists predicting that "[an unemployment tsunami](#)" is coming as benefits are expiring. And [Maryland's Governor](#) is stating that the state's budget crisis is "three times worse than the Great Recession" with layoffs later this year becoming inevitable.

Xin: [Canada's economic growth](#) is outpacing the US as the success in containing the virus is already paying off, and 14% of GDP in stimulus spending has been supporting the recovery. That confirms our common-sense analysis that the economy can only recover once the pandemic has been contained, these two are joined at the hip.

Larry: So when you keep hearing that the US is becoming great again, remember that Canada has outsmarted the US, and sadly, the US has been [digging the most graves](#).