

ICEA

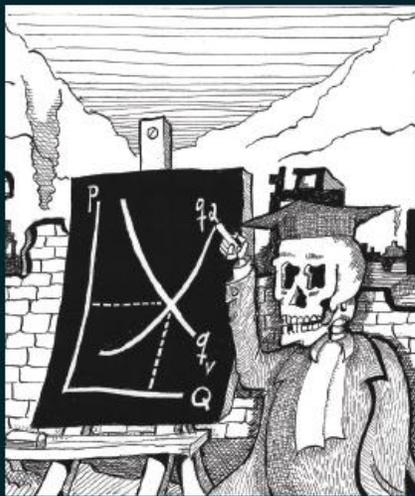


INTERNATIONAL CENTRE
for ECONOMIC ANALYSIS

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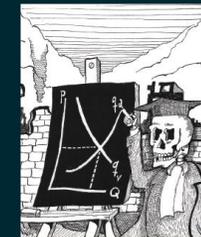
Pandemic Economics



The political economy of the next pandemic – an update

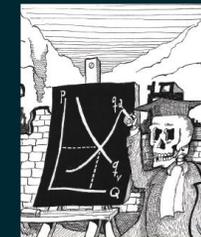
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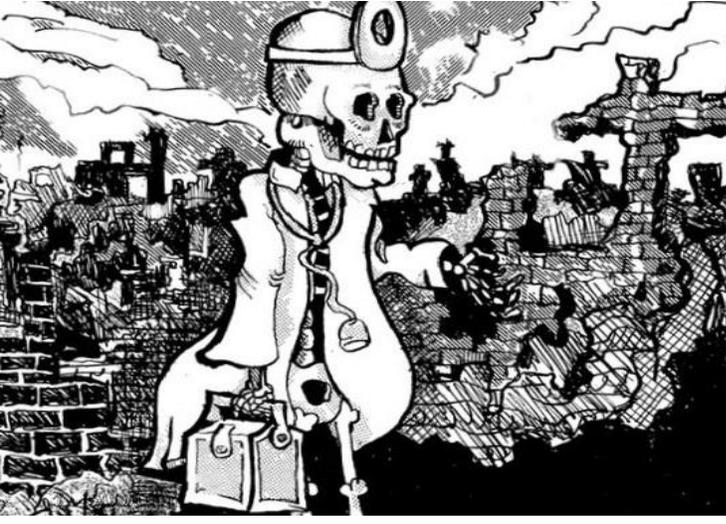
The key points in 60 seconds

- A pandemic is a **ruin** problem that needs to be addressed **multi-disciplinary**
- The policy analysis has been predominantly **national, mono-disciplinary** and **mono-COVID-19**
- The world cannot afford the same approach to the **next pandemic** and needs to address structural issues that determine vulnerability and impact
- Economic science has a major contribution to make clarifying the role of behaviour, incentives and societal **costs** and **benefits** of pandemic policies
- The key problem is not death but to avoid the meltdown of health care

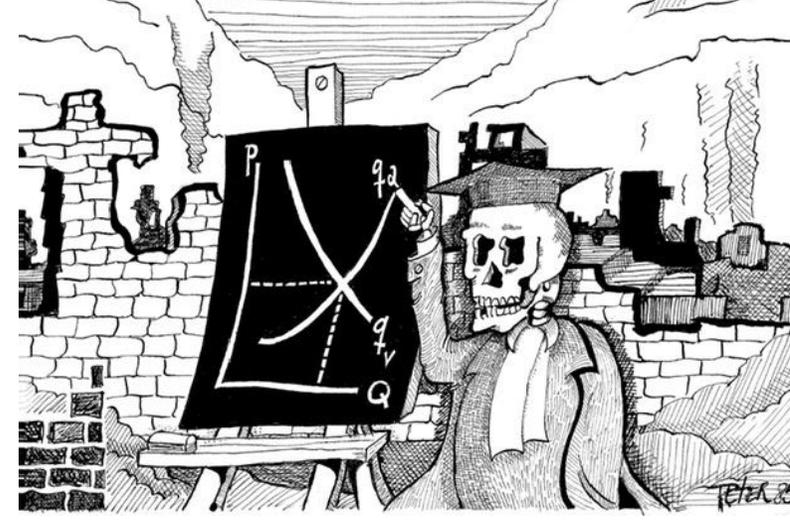


What are we learning?

- COVID-19 is a pandemic-light, but societal response (national and global) has been unprecedented.
- A very serious policy error has been the lack of preparation of the population for lockdowns.
- Same point for Economics, but we are making up for that ([Denes et al.](#), [Cororaton and Rosen](#); [Kurman et al.](#); [Peretto](#); [Margaretic et al.](#))
- Anti-vaxxing is widespread in many countries and vaccination and vaccine passports thus cannot solve the major problem of a pandemic – that is: the breakdown of the health care sector ([Gans](#); [Dasaratha](#)).
- So far pandemic policies have been by and large national, mono-viral, monodisciplinary and focussed on the short term.



Different prescriptions

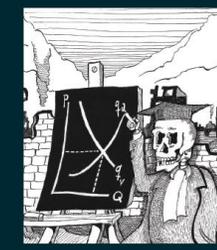


Prevent and cure

- Information sharing
- Detection
- Timely and equitable access to pandemic countermeasures, including vaccines

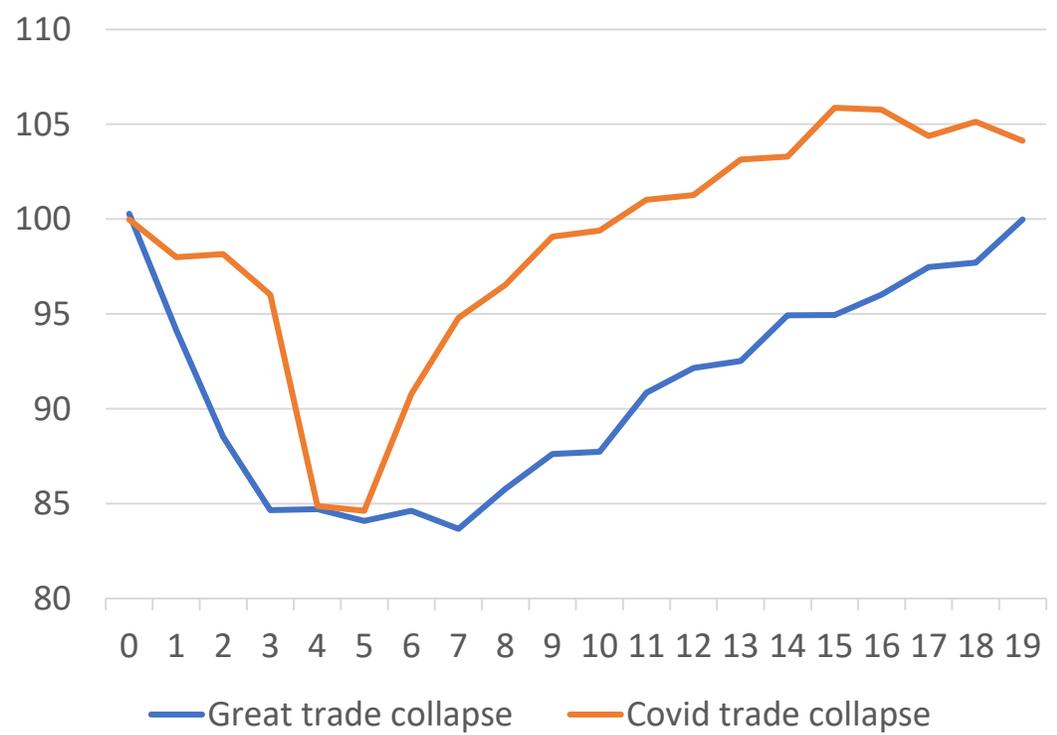
Prepare and survive

- Circuit breakers for interconnectedness
- Smart non-pharmaceutical interventions
- Efficiency and rationality

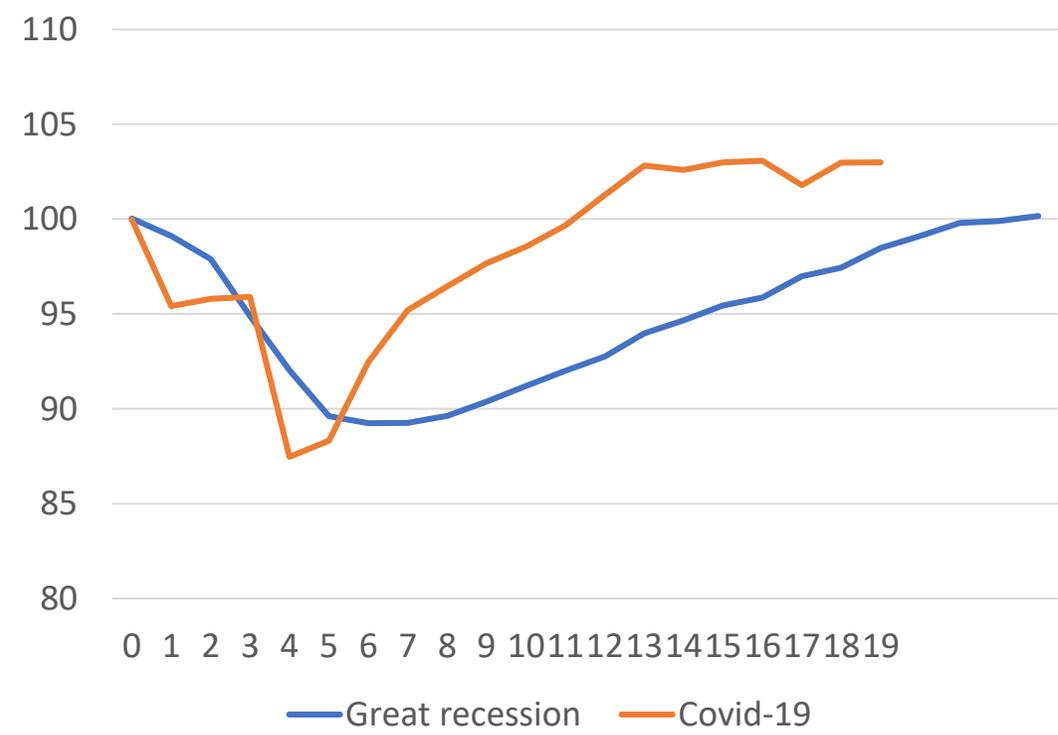


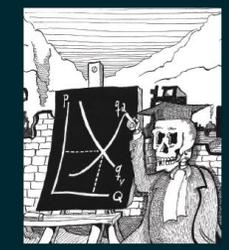
Not worse than the great recession

World trade (Index number, months since start of crisis) (see also Baccini et al.)



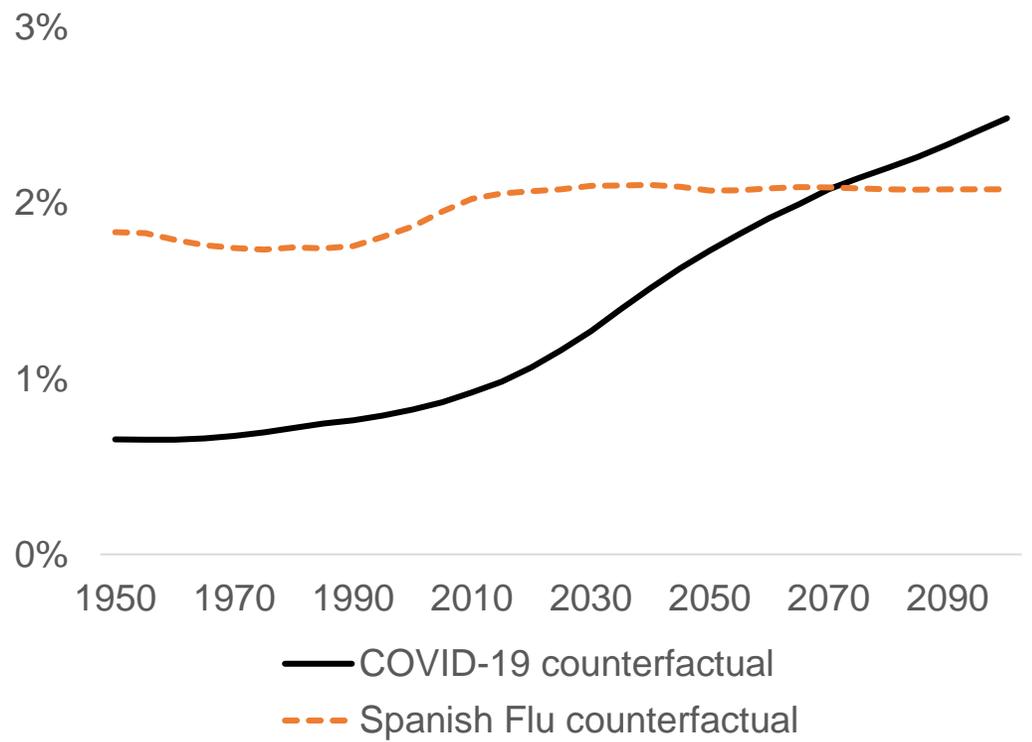
World industrial production (index numbers) (compare Sexton and Tito)



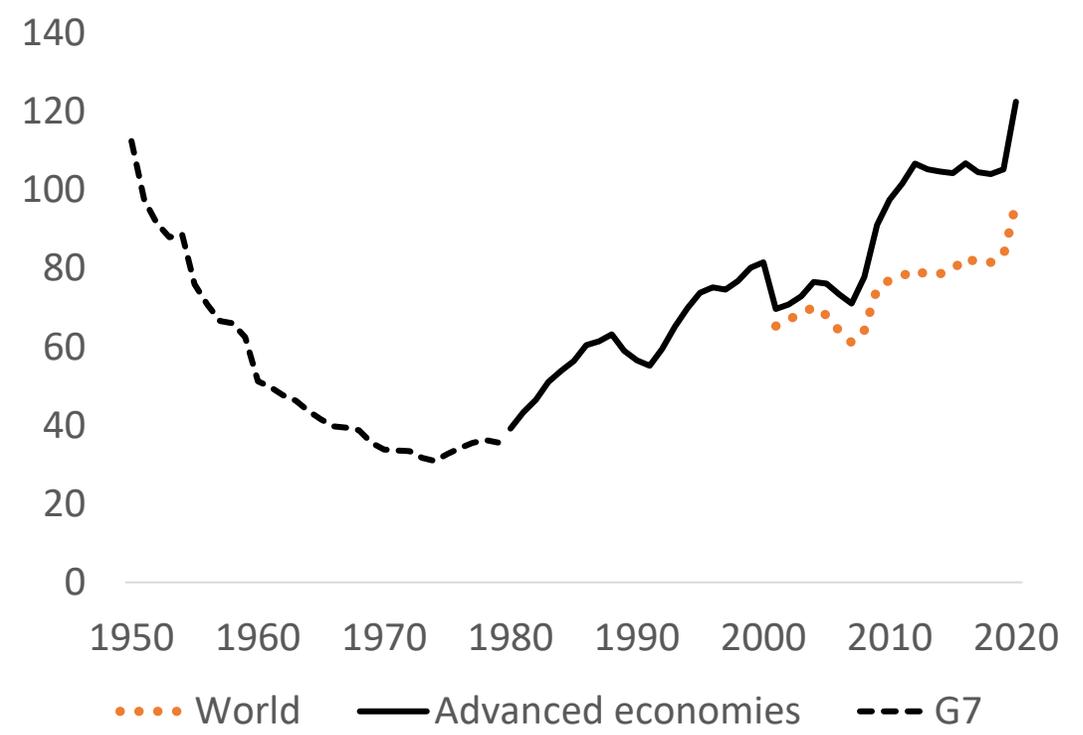


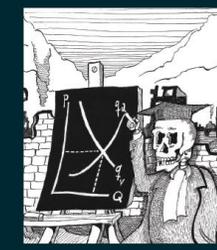
A pandemic is a ruin problem

COVID-69 would be more deadly than Spanish Flu (Mortality counterfactual)

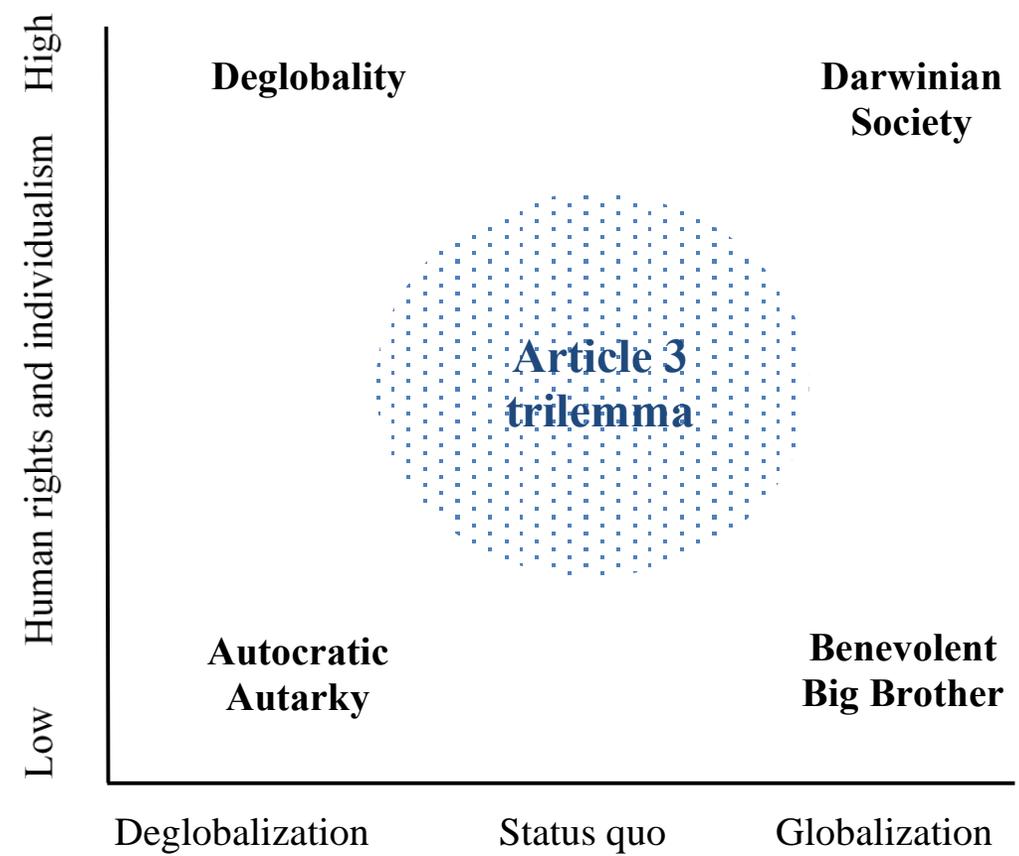
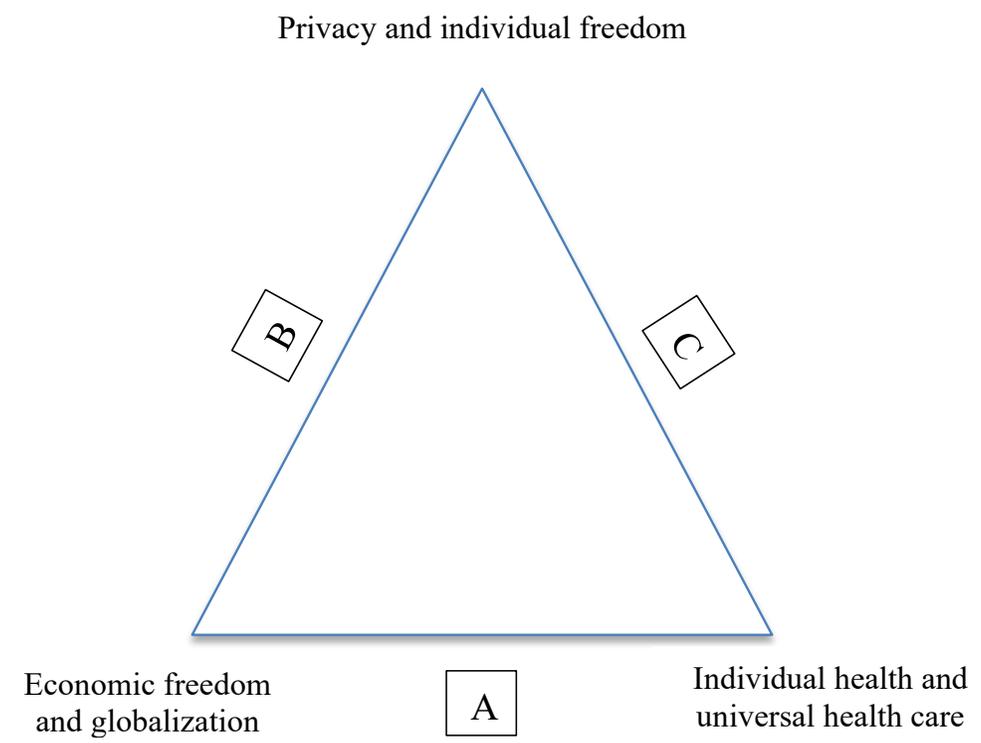


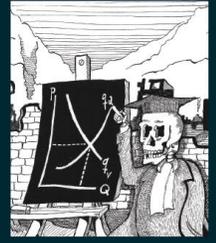
Gross public debt in percent of Gross Planet Product (Shami and Lazebnik, this session)





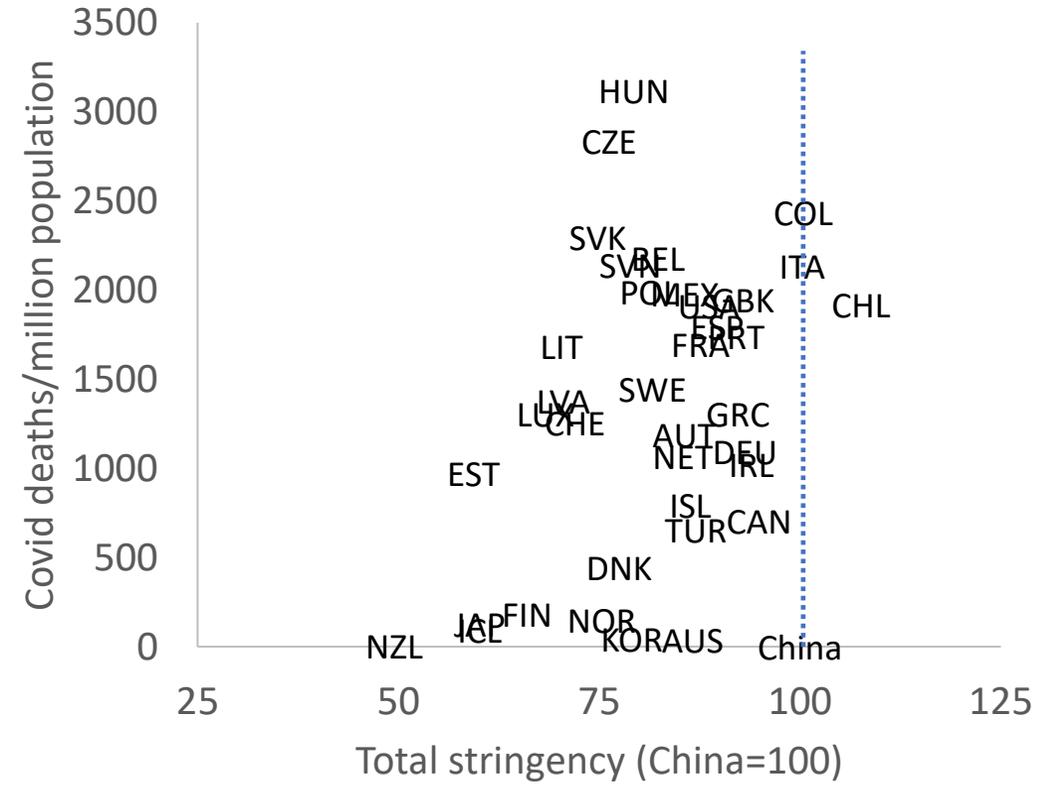
The Pandemic Trilemma and Societal settings



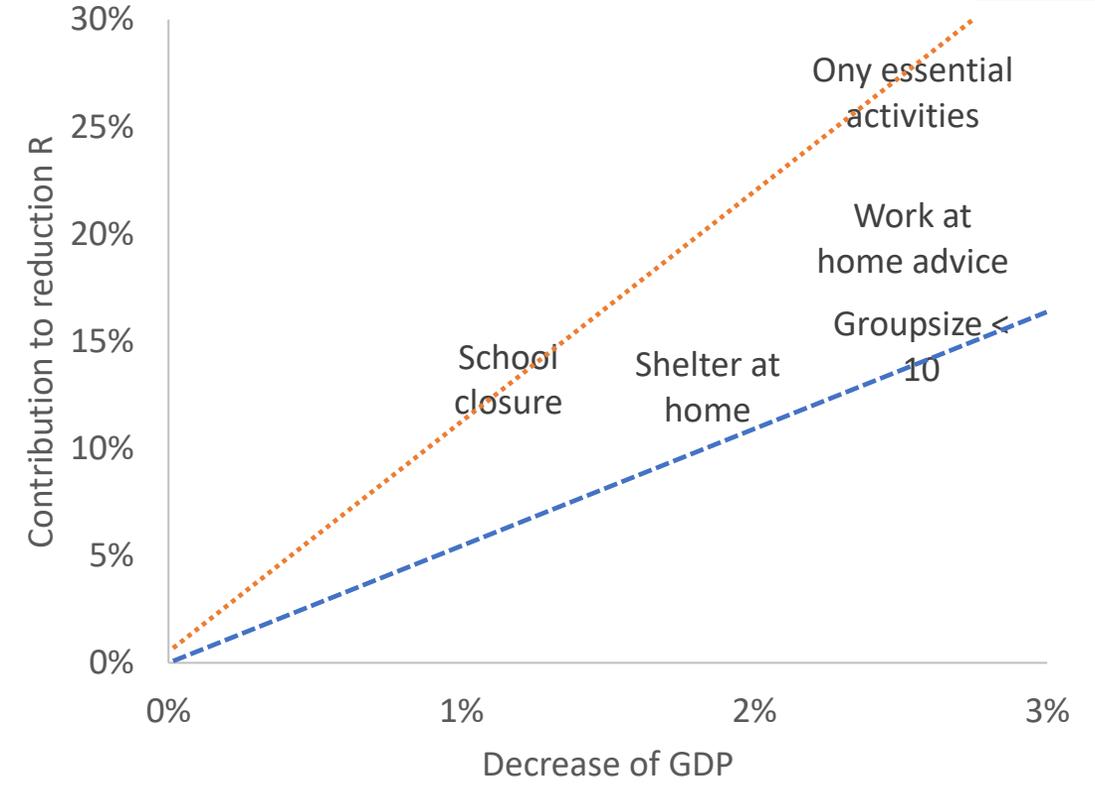


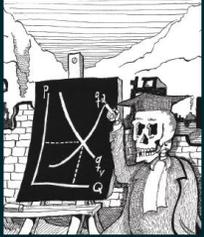
Cost and benefits of considered policies

Total stringency and mortality (OECD)



Costs versus benefits of NPIs





What do we need to do?

- We cannot afford the same response for the next pandemic
- We need to design Non-Pharmaceutical Interventions that *ex ante* reduce vulnerability and increase resilience. If not as a society, then as an individual (see e.g. [Achou et al.](#))
- Distributional aspects and incentives are key ([Chevalier et al.](#); [Campos-Mercade et al.](#))
- We need to protect the health care sector during a pandemic: priority, rationing and triage will be unavoidable (see [Bay et al.](#); [Akbarpour et al.](#))
- We need to prepare for disease X

Further reading: first chapter free; ebook is affordable

