

Contribution to, and challenge for, economic expertise in pandemic management

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My profile

- Professor of **Economics** (contract theory, banking regulation, innovation).
- Honorary Vice-Governor, National Bank of Belgium 2011-17 (focus on bank supervision).
- Co-director of **I3h** (*Institute for Interdisciplinary Innovation in Healthcare*, founded by immunologist Michel Goldman at ULB) since 2017.
- Member of the GEES (**Belgian Group of Experts on the covid Exit Strategy**) April-August 2020, and the GEMS (**Belgian Group of Experts on the covid Management Strategy**) December 2020-March 2022.

- Focus here on **one key challenge in pandemic management**: helping convince decision-makers, firms and consumers that **'it is the virus that kills the economy more than the lockdowns'** (because **people stop consuming when they are afraid**). And that pandemic waves are like **forest fires**, which should be tackled as early as possible to **minimize health and economic damages** (Dewatripont, 2020c-e).
- Key idea: ceteris paribus, **when supply goes down, prices go up (i.e. inflation)**, while **when demand goes down, prices go down**. And **inflation** in Belgium was **2.1% in 2018, 1.4% in 2019, 0.7% in 2020, 2.4% in 2021, and 9.6% in 2022** (because of Ukraine invasion, while lockdowns had disappeared thanks to omicron).

- Problem of enacting lockdowns is however what game theorists call the ‘**prisoners’ dilemma**’ : while I want to limit virus circulation, which may require a lockdown, I want *my own shop* to stay open, and this leads to everyone being worse off ...
- Especially problematic when there is ‘**lockdown fatigue**’, including at the start of the second wave ... (see André et al., 2020). Still, as economist, positively surprised by the **influence** interdisciplinary expert groups have had during the pandemic (Dewatripont, 2020a-b).

- One difficulty is that you want to set a tolerable total ‘**contact budget**’ in society and **allocate it ‘smartly’** (i.e. to minimize economic costs for a given intensity of virus circulation (Dewatripont et al., 2021), but if people see one sector being ‘liberated’, they want more freedom too ...
- Instead, best strategy is to **avoid excessively quick exit but with financial compensation for ‘losers’**.
- Relevant for **schools** : even if children transmit the virus, makes sense to ‘positively discriminate’ in their favor in the ‘contact budget’, since money cannot compensate children for lost education ...

References

Remarks

- names highlighted in yellow are BE–PIN members.
- references can be accessed through :
<http://i3health.eu/who-we-are/executive-team/contributions-to-the-covid-management-strategy-in-belgium/>

References

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