

Trust and Policy

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A key consideration in managing a pandemic

- Balancing health and economic outcomes
- Potentially very complicated relationship between infection control and the economy.
 - “Suppressing infection is the best economic policy” might have been true at the very beginning of the Covid-19 crisis.
 - Formal analyses of epi-macro models suggest many subtleties.
 - Acemoglu et al. (2021), Alvarez et al. (2021), Atkeson et al. (2021), Farboodi et al. (2021), Eichenbaum et al. (2021), Fujii and Nakata (2021), and Moll (2021).
- “The right balance” depends on value judgment.
 - Optimal policy depends on the objective function.

Infectious-disease experts and the government in Japan

- Two observations from the front seat of the Covid-19 policy response in Japan
 - The objective function of a representative infectious-disease expert may be quite different from that of an average citizen or policymaker.
 - Experts' priority is on containing infection; little attention to adverse effects of lockdowns.
 - Disagreement among experts and policymakers driven by diff. in the obj. function, instead of diff. in the outlook for infection or the assessment of the effects of NPIs.
- These observations seem to hold true in other countries.
 - Michael Lewis: The Premonition (2021)
 - An infectious-disease adviser for President Obama in 2009 advocating nationwide school closures.
 - Obama decided to keep schools open.
 - Whether or not Obama's decision was "right" depends on (i) attitude toward tail risks and (ii) evaluation of the adverse effect of school closures, among others.