



Joshua Gans, *Economics in the Age of COVID-19* , Cambridge: MIT Press, 2020, eISBN 9780262362801, 160 pp, ₹ 750

Book Review

By Rohan Mehrotra

In the immediate aftermath of WHO's declaration of the COVID-19 Pandemic, Joshua Gan's book *Economics in the Age of COVID-19* was published on 24 April; as a commentary on the various economic options available amidst the pandemic, keeping the politics as a null vector. This book was written during the initial phase of the virus outbreak, when the panic had led to a deluge of misinformation and an avalanche of opinions leading to a situation of 'information disorder' in the society. To this quandary, Gans in his book takes a step back to look at the bigger picture and assesses the implications of the economic policies that are being framed in response to the pandemic.

The author is a Professor of Strategic Management and holder of the Jeffrey S. Skoll Chair of Technical Innovation and Entrepreneurship at the Rotman School of Management, University of Toronto (with a cross appointment in the Department of

Economics). He is also the Chief Economist of the University of Toronto's Creative Destruction Lab.

Owing to his expertise, Joshua Gans begins the book by stating that the biggest problem with the pandemic is that economists are not epidemiologists and hence they are absorbing the material as amateurs as it is a situation never seen before- a health crisis has fuelled a global economic crisis. The author highlights the trade-off problem between Public health and economic health. He believes that theoretically in such a trade-off, public health would be cheaper in comparison to cost to be paid for reduction in the economic health but at present with priority on public health, pushing it further would prove to be more expensive, although practically it would be a one-way street. As Gans argues that prioritising economic health may result in cutting off the option of improving public health in the future.

Joshua Gans questions the inevitability of pandemics, as he notes that even though every virus has only one in a million chance of leading to a pandemic, there are about a billion of such viruses. The number one goal in a pandemic is to reduce the RO (reproduction number) to less than one and governments saw blanket policy (i.e. social distancing) as the most effective solution, keeping all factors in consideration. However, the delay in the implementation of this decision against gathering more information added heavy cost to the economic health. This required a centralised system to mobilise resources in order to expand health care systems; implement price control on certain necessities; and exercise blanket restrictions, to reduce the RO.

Furthermore, Gans highlights the increasing risks of recession and why it cannot be treated as a normal recession- as unlike the norm, people are losing their income and resources by remaining idle. This is a situation never seen before and even though theoretically there could be numerous strong proposals the consequences of each of the said proposals

cannot be predicted even by the best of economists. In addition, Gans also throws light on the issue of lack of information on concerns over 'asymptomatic' nature of the viral infection and the 'unavailability' of a vaccine. To which, according to Gans the best possible option would be selective isolation depending on whether people who have contracted the virus and have been tested for it; even though the big question of whether they have developed immunity to the virus would still remain uncertain. This point of query further develops into a discussion on whether there were any ways of stopping it from re-emerging, even if we were able to bring down the RO of the disease to an acceptably low level (unless a vaccine is generated). This calls for the most fundamental question- would we be able to achieve a 'do over'; and to what extent could we allow relaxation of the then containment policies. On this, Gans moved on to positing another query over whether a vaccine would be an immediate solution, as by the time it is safely sold in the market there would already be a large pool of people for whom there would be a vaccine shortage and insufficiency of information to prioritise them.

Another major problem that Joshua Gans addresses through the text is that traditional incentives would not be enough for the suppliers as they would not be allowed to charge high prices and profits, due to it being a necessity product. In an overall assessment, Gans concludes on an optimistic note by positing that hat we would be able to declare victory over COVID-19 but in doing so, we would need to develop strategies that would be effective in tackling future pandemics; as the cost of substantially mitigating the risk of a global pandemic are way less compared to the cost to be paid in case no precautions are taken, simply by justifying it as inevitable .

This book gives a general outline of how the future looks by exploring the various possible scenarios and questioning the policies at every step. The text is lucid and simplistic in undersatnding. However, as the book is written

during the initial stages of the pandemic, it does not contain much statistical data to validate the author's proposals and is mainly based on assumptions drawn from past experiences, which cannot be substantially justified given how different this pandemic is. Owing to this caveat, Gans could only offer a probable solution to best mitigate the substantial risk of another such pandemic, but not a solution to elude its re-emergence.

The book is a must read for everyone especially, in the present time. It helps us to look beyond the short-term chaos and gain some clarity over economic policies that are at play during the pandemic; and the implications of it- both on the individual as well as a country and the world as a whole.

Rohan Mehrotra is a Research Intern at the Centre for Land Warfare Studies. He is pursuing his BCom, with majors in Finance and Accounting, at Christ (Deemed to be University), Bangalore.