

Covid-19 and the End of Individualism

Just as a spider's web crumples when a few strands are broken, so the coronavirus has highlighted the risks arising from our economic interdependence, **writes Diane Coyle for Project Syndicate**



Covid-19 is just one of the many collective problems facing humankind

Aristotle was right. Humans have never been atomized individuals, but rather social beings whose every decision affects other people. And now the Covid-19 pandemic is driving home this fundamental point: each of us is morally responsible for the infection risks we pose to others through our own behavior.

In fact, this pandemic is just one of many collective-action problems facing humankind, including climate change, catastrophic biodiversity loss, antimicrobial resistance, nuclear tensions fueled by escalating geopolitical uncertainty, and even potential threats such as a collision with an asteroid.

As the pandemic has demonstrated, however, it is not these existential dangers, but rather everyday economic activities, that reveal the collective, connected character of modern life beneath the individualist façade of rights and contracts.

Those of us in white-collar jobs who are able to work from home and swap sourdough tips are more dependent than we perhaps realized on previously invisible essential workers, such as

hospital cleaners and medics, supermarket staff, parcel couriers, and telecoms technicians who maintain our connectivity.

Similarly, manufacturers of new essentials such as face masks and chemical reagents depend on imports from the other side of the world. And many people who are ill, self-isolating, or suddenly unemployed depend on the kindness of neighbors, friends, and strangers to get by.

Covid-19 shifts balance from privacy to trust

The sudden stop to economic activity underscores a truth about the modern, interconnected economy: what affects some parts substantially affects the whole. This web of linkages is therefore a vulnerability when disrupted. But it is also a strength, because it shows once again how the division of labor makes everyone better off, exactly as Adam Smith pointed out over two centuries ago.

Today's transformative digital technologies are dramatically increasing such social spillovers, and not only because they underpin sophisticated logistics networks and just-in-time supply chains. The very nature of the digital economy means that each of our individual choices will affect many other people.

Consider the question of data, which has become even more salient today because of the policy debate about whether digital contact-tracing apps can help the economy to emerge from lockdown faster.

This approach will be effective only if a high enough proportion of the population uses the same app and shares the data it gathers. And, as the Ada Lovelace Institute points out in a thoughtful report, that will depend on whether people regard the app as trustworthy and are sure that using it will help them. No app will be effective if people are unwilling to provide "their" data to governments rolling out the system. If I decide to withhold information about my movements and contacts, this would adversely affect everyone.

Yet, while much information certainly should remain private, data about individuals is only rarely "personal," in the sense that it is only about them. Indeed, very little data with useful information content concerns a single individual; it is the context – whether population data, location, or the activities of others – that gives it value.

Most commentators recognize that privacy and trust must be balanced with the need to fill the huge gaps in our knowledge about Covid-19. But the balance is tipping toward the latter. In the current circumstances, the collective goal outweighs individual preferences.

Collective goals are far more important in a world of increasing interdependence

But the current emergency is only an acute symptom of increasing interdependence. Underlying it is the steady shift from an economy in which the classical assumptions of diminishing or constant returns to scale hold true to one in which there are increasing returns to scale almost everywhere.

In the conventional framework, adding a unit of input (capital and labor) produces a smaller or (at best) the same increment to output. For an economy based on agriculture and manufacturing, this was a reasonable assumption.

But much of today's economy is characterized by increasing returns, with bigger firms doing ever better. The network effects that drive the growth of digital platforms are one example of this. And because most sectors of the economy have high upfront costs, bigger producers face lower unit costs.

One important source of increasing returns is the extensive experience-based know-how needed in high-value activities such as software design, architecture, and advanced manufacturing. Such returns not only favor incumbents, but also mean that choices by individual producers and consumers have spillover effects on others.

The pervasiveness of increasing returns to scale, and spillovers more generally, has been surprisingly slow to influence policy choices, even though economists have been focusing on the phenomenon for many years now. The Covid-19 pandemic may make it harder to ignore.

Just as a spider's web crumples when a few strands are broken, so the pandemic has highlighted the risks arising from our economic interdependence. And now California and Georgia, Germany and Italy, and China and the United States need each other to recover and rebuild. No one should waste time yearning for an unsustainable fantasy.

The full original article first appeared on Project Syndicate [here](#).

Author

Alissa Lefebre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Sector Economist, TMT & Healthcare

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist
ewa.manthey@ing.com

ING Analysts

James Wilson
EM Sovereign Strategist
James.wilson@ing.com

Sophie Smith
Digital Editor
sophie.smith@ing.com

Frantisek Taborsky
EMEA FX & FI Strategist
frantisek.taborsky@ing.com

Adam Antoniak
Senior Economist, Poland
adam.antoniak@ing.pl

Min Joo Kang
Senior Economist, South Korea and Japan
min.joo.kang@asia.ing.com

Coco Zhang
ESG Research
coco.zhang@ing.com

Jan Frederik Slijkerman
Senior Sector Strategist, TMT
jan.frederik.slijkerman@ing.com

Katinka Jongkind
Senior Economist, Services and Leisure
Katinka.Jongkind@ing.com

Marina Le Blanc
Sector Strategist, Financials
Marina.Le.Blanc@ing.com

Samuel Abettan
Junior Economist
samuel.abettan@ing.com

Franziska Biehl
Economist, Germany

Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Senior Editor and Supervisory Analyst

rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Oleksiy Soroka, CFA

Senior High Yield Credit Strategist

oleksiy.soroka@ing.com

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research

jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare

edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporates Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors
maurice.van.sante@ing.com

Marcel Klok
Senior Economist, Netherlands
marcel.klok@ing.com

Piotr Poplawski
Senior Economist, Poland
piotr.poplawski@ing.pl

Paolo Pizzoli
Senior Economist, Italy, Greece
paolo.pizzoli@ing.com

Marieke Blom
Chief Economist and Global Head of Research
marieke.blom@ing.com

Raoul Leering
Senior Macro Economist
raoul.leering@ing.com

Maarten Leen
Head of Global IFRS9 ME Scenarios
maarten.leen@ing.com

Maureen Schuller
Head of Financials Sector Strategy
Maureen.Schuller@ing.com

Warren Patterson
Head of Commodities Strategy
Warren.Patterson@asia.ing.com

Rafal Benecki
Chief Economist, Poland
rafal.benecki@ing.pl

Philippe Ledent
Senior Economist, Belgium, Luxembourg
philippe.ledent@ing.com

Peter Virovacz
Senior Economist, Hungary
peter.virovacz@ing.com

Inga Fechner

Senior Economist, Germany, Global Trade
inga.fechner@ing.de

Dimitry Fleming

Senior Data Analyst, Netherlands
Dimitry.Fleming@ing.com

Ciprian Dascalu

Chief Economist, Romania
+40 31 406 8990
ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey
muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China
iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research
+44 20 7767 6209
Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas
padhraic.garvey@ing.com

James Knightley

Chief International Economist, US
james.knightley@ing.com

Tim Condon

Asia Chief Economist
+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist
+31 20 563 8801
martin.van.vliet@ing.com

Robert Carnell

Regional Head of Research, Asia-Pacific
robert.carnell@asia.ing.com

Karol Pogorzelski

Senior Economist, Poland

Karol.Pogorzelski@ing.pl

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Viraj Patel

Foreign Exchange Strategist

+44 20 7767 6405

viraj.patel@ing.com

Owen Thomas

Global Head of Editorial Content

+44 (0) 207 767 5331

owen.thomas@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Peter Vanden Houte

Chief Economist, Belgium, Luxembourg, Eurozone

peter.vandenhoute@ing.com

Benjamin Schroeder

Senior Rates Strategist

benjamin.schroeder@ing.com

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE

chris.turner@ing.com

Gustavo Rangel

Chief Economist, LATAM

+1 646 424 6464

gustavo.rangel@ing.com

Carlo Cocuzzo

Economist, Digital Finance

+44 20 7767 5306

carlo.cocuzzo@ing.com