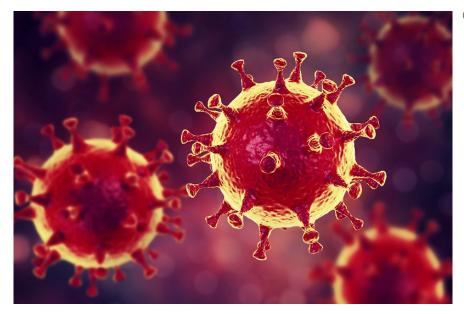
THINK economic and financial analysis



New Horizons Hub

VoxEU: Tools to fight Covid-19

The fight against Covid-19 is lacking two important weapons: full awareness of populations (especially carriers) and knowledge of the individual traits that are most likely to identify a carrier. This column introduces a "user guide to Covid-19", **writes Andrea Galeotti and Paolo Surico for VoxEU**



Corona virus

Covid-19 is the largest health and economic crisis of our generation. We are all being bombarded by a lot of news that is evolving quickly, is often highly technical, and has policy consequences that dramatically affects our lives (Baldwin and Weder di Mauro 2020).

We felt the need to learn some tools for processing this information, and to understand and rationalise current health and economic policies. We created a narrative to highlight the various health and economic policy trade-offs that are inherent in every health policy that attempts to flatten the Covid-19 contagion curve, and in every economic policy that attempts to flatten the consequent recession curve.

In order to share the outcome of this exercise, we have developed 'A user guide to Covid-19'. The guide consists of:

• A short introduction and four mini-lectures. Each lecture has slides and a corresponding

video. All the material has been prepared in a way that is concise, precise and accessible to a large audience. In the first lecture, we report the facts that are available to us all. The second lecture explains the epidemiological models that are guiding government health policies. We also discuss trade-offs in health policies that implement different degrees of social distancing. The third lecture explains the mechanisms behind the new economic crisis due to Covid-19. The final lecture discusses health and economic policy options in view of the current situation.

• A deck of slides, containing a comprehensive set of teaching materials, complements the four lectures. This is a rapidly evolving situation, so we are updating this file (almost) daily.

Watch the introductory video here

The preparation of this work, the presentation to different audiences and the comments that we have received so far helped us to zoom in on the priorities for policymakers. Here, we summarise our current thoughts.

Most countries are currently implementing strict social distancing measures. Due to the limited capacity of national health systems, this is the only feasible short-run solution to the crisis. However, these measures will not solve the threat of Covid-19 to society; they only buy time. This is the moment for policymakers to be forward-looking. They must focus on evaluating the various health and economic policies that can be implemented once we are ready to relax the social distancing measures and restart the functioning of our economies and societies.

Policy experiments could be performed within epidemiological models such as that from the Imperial College Covid-19 Response Team. They could be enriched with economic decisions at the micro and macro level to shed light on the interplay between health and economic policies. However, these policy experiments would be of very little value without any proper data to calibrate the underlying environment.

As we attempt to document across different dimensions in our slides and the four mini-lectures, the design and implementation of current health policies are based on severely incomplete data, which is likely to largely distort inference. The only way to evaluate the battery of potential health and economic policies that could be implemented after the suppression phase is to collect reliable information on the transmission of the virus. More specifically, our proposal is for countries to test a large representative sample of their population (independently of symptoms) and record the social, economic, demographic and locational characteristics of the people tested at the household level. Then, standard statistical analysis can be used to infer the individual traits that are most likely to predict the chance and rate of contagion. This information is key for governments to design more effective health and economic policies, including social distancing, contact tracing, surveillance and cash grants.

There is nothing original in our proposal; existing protocols and methods used by statistical agencies and health systems can be easily modified and adapted to the circumstances of the current crisis. In a time of national (and indeed global) emergency, the best course of action that governments and society can take is to pool the necessary resources from all fields and use the best expertise in epidemiology, statistics, economics and any other natural and social science to focus efforts in a coordinated and informed way. Good policy advice requires good data, and currently, we seem to be lacking both!

Links to material

- Introductory video: <u>A user guide to Covid-19.</u>
- A user guide of Covid-19: part I: gathering facts. [Video, Slides]
- A user guide of Covid-19: part II: epidemiology for dummies. [Video, Slides]
- A user guide of Covid-19: part III: economics for dummies. [Video, Slides]
- A user guide of Covid-19: part IV: policy options. [Video, Slides]
- A file containing a set of teaching slides is here: <u>Lecture on Covid-19</u>. This is a rapidly evolving situation so we are updating the lecture slides (almost) daily.

This article first appeared on VoxEU here

Author

Alissa Lefebre Economist alissa.lefebre@ing.com

Deepali Bhargava Regional Head of Research, Asia-Pacific <u>Deepali.Bhargava@ing.com</u>

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 <u>david.havrlant@ing.com</u>

Sander Burgers

Senior Economist, Dutch Housing sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China <u>lynn.song@asia.ing.com</u>

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 <u>tiberiu-stefan.posea@ing.com</u>

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 <u>ewa.manthey@ing.com</u>

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 <u>min.joo.kang@asia.ing.com</u>

Coco Zhang ESG Research <u>coco.zhang@ing.com</u>

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 Senior Economist, Germany Franziska.Marie.Biehl@ing.de

Rebecca Byrne Senior Editor and Supervisory Analyst <u>rebecca.byrne@ing.com</u>

Mirjam Bani

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

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist <u>timothy.rahill@ing.com</u>

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 <u>francesco.pesole@ing.com</u>

Rico Luman

Senior Sector Economist, Transport and Logistics <u>Rico.Luman@ing.com</u>

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 <u>charlotte.de.montpellier@ing.com</u>

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 <u>maurice.van.sante@ing.com</u>

Marcel Klok Senior Economist, Netherlands <u>marcel.klok@ing.com</u>

Piotr Poplawski

Senior Economist, Poland piotr.poplawski@ing.pl

Paolo Pizzoli Senior Economist, Italy, Greece <u>paolo.pizzoli@ing.com</u>

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 <u>Dimitry.Fleming@ing.com</u>

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 <u>martin.van.vliet@ing.com</u>

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 <u>owen.thomas@ing.com</u>

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.schroder@ing.com

Chris Turner Global Head of Markets and Regional Head of Research for UK & CEE <u>chris.turner@ing.com</u>

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