

*A horrific pandemic reveals truths about human action*

## The Economics of COVID-19

**T**he ongoing pandemic has radically reshaped everyday activity for millions of Americans. As deaths in the United States near half a million, we continue to grapple with the reality of the worst mass casualty event in over a century, surpassing even both world wars. As governments, businesses, and individuals scrambled to react to a world turned upside down, economic chaos ensued.

But even in the most trying times, the insights of economics offer an important set of tools for understanding people and their actions. That's what Ryan Bourne, R. Evan Scharf Chair for the Public Understanding of Economics at Cato, sets out to explain in his new book *Economics in One Virus: An Introduction to Economic Reasoning through COVID-19*.

As he explains, "By fundamentally changing the calculations about what we wanted and were able to do, [the pandemic] exposed the sheer scale of choices we usually make unthinkingly." Simple, mundane tasks became fraught with new risks and new tradeoffs. Governments, too, were faced with unprecedented choices as they considered radical new policy responses.

While the science of medicine and epidemiology shaped many of these decisions, Bourne explains how they were fundamentally economic. "For at its most basic, economics is about choices. It is about weighing different options or alternatives in the face of constraints."

Across 16 chapters and in a straightfor-

ward and accessible manner, Bourne answers a series of questions: "When is a lockdown cure worse than the disease?" provides a window into cost-benefit analysis. "What good is a pandemic plan with so many unknowns?" is used to explain uncertainty and the knowledge problem. "Why was there no hand sanitizer in my pharmacy for months?" is the question that launches an exploration of the price system.

While individual behavior has been shaped by economic incentives, the actions—and failures—of government also have economic explanations. In the chapter "Why did airlines get a special bailout but not my industry?," Bourne explains the basics of public choice economics: how the structures of government often incentivize politicians and policymakers to do the wrong thing for what seems to them like rational reasons.

Throughout *Economics in One Virus*, Bourne uses the deadly serious circumstances of the past year to highlight principles of economics that often operate in the background, guiding our decisions with little conscious action. But there is no escaping economics, and its principles will continue to shape our world long after the pandemic has passed. For that reason, it's crucial for citizens and policymakers alike to have a better under-

*Continued from page 11*

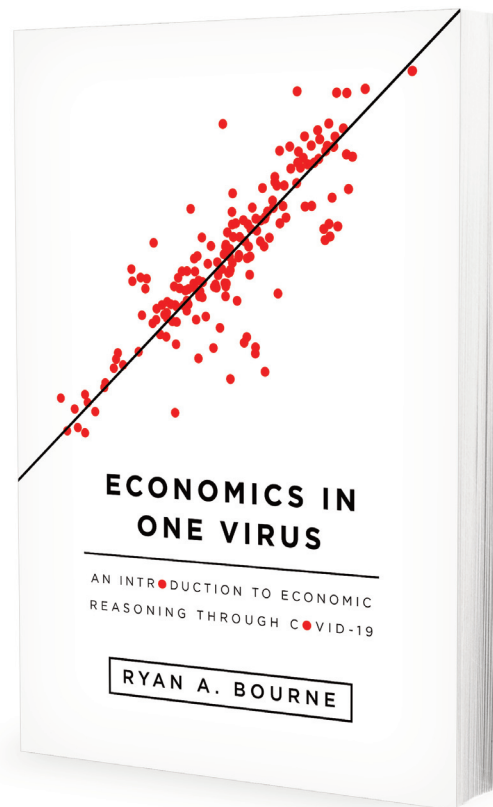
stand the public what is actually happening. But also, we're starting to see some of the Space Force people and perhaps leadership get a bit distracted from the core challenges like GPS jamming and how do we better integrate support space services into terres-

trial combat and warfighting operations. They're getting distracted by things like the moon, which is just silly. Leave that to NASA. Manned spaceflight is well outside the bounds the Space Force needs to focus on at the moment.

The arguments for creating the Space

**"A smart, wide-ranging, and admirably clear introduction to the power of economics."**

— TIM HARFORD  
"THE UNDERCOVER ECONOMIST"



standing of what works, what doesn't, and how the constraints of economics cannot be casually discarded without serious consequence. ■

**ECONOMICS IN ONE VIRUS WILL BE RELEASED IN APRIL AND WILL BE AVAILABLE FROM ONLINE AND RETAIL BOOKSELLERS.**

Force weren't crazy, and it might still work out. But between politics that short-circuited much of the discussion, and some of the early signs about which way the service is developing, I don't think we can say yet that it was the right decision at the right time. ■