Due to the COVID-19 pandemic, the seminar will be held online via Zoom.

WIC Online Colloquium

Covid-19, Social-Distancing and Lock-Downs in a simple Ramsey Economy: The role of networks

Thursday, July 15th, 2021
15:00-16:00 (CEST)

Please click here to register online. Login information will be sent to registered participants the day before the presentation.

Torben Klarl
University of Bremen

We develop a microfounded network-based SIS model where network connections vary between members. This model is embedded into a standard Ramsey Economy. We study the optimal lockdown policy for a planner who wants to control fatalities of the Covid-19 epidemic while minimizing consumption costs of the lock-down. We show that the optimal lock-down policy depends not only on the fraction of susceptible and infected persons but, importantly, on the average degree node of the network, which is a measure of social distancing. Not accounting for this would lead to biased policy recommendations and to welfare losses. In an extension, we expand our a setting where the agents do not fully take into account the effects of social distancing due to rational inattention motives.

About the presenter
Torben Klarl currently works at the Department of Business and Economics at the University of Bremen. He is also affiliated with the BIGSSS (University of Bremen) and O’Neill School of Public and Environmental Affairs, Indiana University, Bloomington. Torben’s research focus is on various topics in applied macroeconomics such as sustainability, health, and innovation. More information can be found here.

The Wittgenstein Centre is a collaboration among the Austrian Academy of Sciences (OeAW), the International Institute for Applied Systems Analysis (IIASA) and the University of Vienna.

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