1. INTRODUCTION

The COVID-19 pandemic has threatened liberal democracies and civil liberties in several unexpected ways. The new digital and social context of a post-pandemic world is profoundly challenging our prior notions of freedom, nationality, and liberalism. As such, the pandemic has impacted the ways we approach citizenship, basic liberties (such as the right to mobility), public policy, and economics. Not only have liberal democracies been challenged in practical health matters and public policy making, but also the way in which economists and social scientists understand modern pandemics and pandemic governance. From an epidemiological perspective, the COVID-19 health crisis presents a global public health crisis. The problem being analyzed is hence a global problem, which has led to a global externality-oriented analysis based on Pigouvian conceptualizations.

Thus, from an economic perspective, this global health crisis can be conceptualized as an externality problem with a social cost. Economists have interpreted the pandemic as an externality problem with global and homogenous characteristics. This view sometimes leads them to think strictly in Pigouvian and coercive terms, neglecting the institutional insights of political economists such as Ronald Coase (1960) and Elinor Ostrom (2012), who thought about externalities differently and in terms of exchange (Paniagua and Rayamajhee 2021). As a consequence, most of the economic and health policies implemented throughout the world to address the global health externality and the spread of the disease have been based on strictly top-down Pigouvian thinking. Such thinking seeks to design implicit taxes or coercive measures and subsidies from the perspective of an omniscient social planner confronting a well-defined social welfare function and engaging in a clearly defined social cost-benefit analysis (Boettke and Powell 2021). This narrow view has led to questionable and inefficient measures with mixed results; ultimately, it has not facilitated good governance in the face of the global externality (Bendavid et al., 2021; Coccia 2021). In order to break away from this narrow view of pandemic economics, we need to encourage research from a political-economic and multidisciplinary perspective that explores the uncharted intellectual territory of the economics and social philosophy of modern pandemics and the pandemics’ implications for our basic liberties and institutions. This special issue seeks to explore this terrain and delineate a novel research agenda for navigating the uncharted economic territories that the COVID-19 pandemic has instigated.
2. OVERVIEW OF ARTICLES AND CONTRIBUTIONS

This special issue comprises ten articles and is divided into three broad sections: knowledge problems, alternative political economy, and new social challenges. Section I, “Expert Failure and Knowledge Problems,” comprises the first three articles and seeks to explore the epistemological problems and challenges related to pandemic management and public policy. Ultimately, it stresses how these epistemological challenges can lead to severe expert failure while attempting to govern large externalities such as pandemics. Section II, “The Political Economy of Modern Pandemics,” containing the next four articles, proposes a novel orientation for thinking about the major conceptual challenges related to pandemic economics: an institutionalist and political-economic perspective. This section takes Nobel laureate James Buchanan’s advice to “dare to be different” in political economy in order to see social and pandemic challenges in a new light. Finally, the last three papers are in Section III, “Pandemics and New Social Challenges,” which illuminates the relationship between health crises and the social challenges that have emerged in contemporary societies. Specifically, the section addresses social issues that were exacerbated during the pandemic, such as the formation or erosion of social capital, changes in conceptualizing citizenship, limitations on internal and international human mobility, and the possible need for predictable and robust economic assistance in times of crisis. Taken together, these three sections provide a valuable political-economic and social interpretation of pandemics and an alternative reading of the proper role of economics and public policy in both understanding large externalities, such as those stemming from contagious diseases, and plausible governance alternatives to face them (see also Buchanan 1959).

F. A. Hayek (1956, p. 463) once pointed out that “nobody can be a great economist who is only an economist—and I am even tempted to add that the economist who is only an economist is likely to become a nuisance if not a positive danger.” I believe that something similar applies to special issues, collection of essays, and other academic endeavors. A special issue about the economics of pandemics that is only based on economics—narrowly conceived—is likely to become a nuisance, at best, and a positive danger for public policy at worst. Taking Hayek’s warning to heart, here I have brought together contributors from a range of social sciences disciplines in an attempt to enrich the academic exploration of the political economy and social challenges of pandemics through an interdisciplinary and broader approach. Thus, I hope this special issue can contribute to avoiding the danger of assuming—in Buchanan’s (1986) words—that we are “proffering policy advice as if they [academics] were employed by a benevolent despot”. The disciplines represented here include philosophy, economics, sociology, political science, epidemiology, and migration studies. A distinctive feature of all the contributors is their eagerness to engage in cross-disciplinary reflections in a rigorous and scientific manner.

Jon Murphy, Abigail Devereaux, Nathan Goodman, and Roger Koppl begin this special issue by analyzing the possibility, within existent forms of government-based policy making, of expert failure, which undermines the possibility of suitable governance in the face of pandemic challenges. By borrowing from the framework on expert failure established by Koppl (2018), the authors critically analyze the COVID-19 pandemic response in order to pinpoint where missteps in expertise occurred. They also suggest alternative institutional arrangements that could improve the process of expert advice giving. A crucial suggestion is that, during a pandemic, citizens and governments must rely on certain forms of expert opinion. Thus, the question becomes: what institutional arrangements allow for the best advice to dominate decision making? They show that current institutional arrangements have certain detrimental features that produce a market for expert opinion that possesses features of monopoly, monopsony, siloing, and other epistemic flaws that give rise to persistent expert failure. Thus, while experts can help us survive pandemics, persistent expert failure can exacerbate health problems.

Scott Scheall and Parker Crutchfield further develop the concept of knowledge problems, as applied to policy making during pandemics, in the second article, which explores the problems associated with policy makers’ ignorance. By applying the analysis that the authors previously developed concerning the significance of ignorance for decision making (see Scheall, 2019), they argue that policy responses around the
world, to mitigate the effects of the COVID-19 pandemic, are a paradigmatic case of irreducible ignorance of policy makers. They argue that responses to the virus cannot be explained by a divergence or misalignment of interests between policy makers and populations. Rather, the policy blunders are better understood by recognizing the pervasive effects of irreducible ignorance and epistemic limitations on policy makers’ incentives to pursue different—and less cognitively burdensome—policy objectives. Ultimately, the problem of ignorance and epistemic burdens explains why policy makers have focused primarily on limiting one kind of suffering (the obvious biological suffering due to the virus) and relied heavily on lockdowns rather than policies that are more complex and epistemologically more burdensome. This framework also explains why policy makers continued to resort to lockdowns despite the emerging scientific evidence questioning their effectiveness.

Max Gulker and Phil Magness conclude Section I with the third article, which complements the previous essays by focusing on a different kind of knowledge problem. The authors argue that the unprecedented policy disruptions were the product of problematic incentives, of a kind recognized in public choice theory, faced by policy makers who also faced costly, imperfect, or nonexistent information. In short, politicians demanded immediate information in order to appear proactive during the early stages of the pandemic, which favored particularly calamitous predictions from experts with incentives to oversell their modeling results. The forecasts, produced to satisfy the strong demand of politicians to act quickly, created public and media outcry for comprehensive and highly costly responses that resulted in extensive economic harm. Gulker and Magness show the interactions between information asymmetries, political incentives, and institutional constraints in bringing about massive economic shutdowns, and they draw implications for the path forward. They also point out a paradox in modern public policy: the pandemic knowledge problem was worsened rather than improved by rapid technological and scientific advances that led to multiple voices fighting for scientific and moral authority, resulting in large-scale confusion about the vital trade-offs at hand (see also Bagus et al. 2021).

Part II begins with the fourth essay, by Rosolino Candela and Peter Jacobsen, exploring a rules-based and constitutional approach to reassess the policy measures undertaken to govern the health and economic challenges during the pandemic. Their article addresses a relevant yet neglected question: does the threat of a pandemic justify the sacrifice of legal and constitutional principles for the sake of expediency? They focus on the unintended consequences of price controls through the lens of constitutional political economy. Building on the work of Nobel laureates James Buchanan (see Brennan and Buchanan, 2000 [1985]) and F. A. Hayek (2011 [1960]), they argue that constitutional procedures provide rules for reason. Importantly, they show that the maintenance of constitutional rules is relevant not only to provide constraints on arbitrary discretion, but also to generate the epistemic preconditions that foster individuals’ creative powers that are necessary to successfully recover. Their article illustrates this point by reframing price controls as violating the US Constitution, particularly the First Amendment.

Vincent Geloso and Ili Murtazashvili take the political economy of modern pandemics further in the fifth essay by addressing a fundamental question in the debate over the role of governments in managing pandemics: can governments deal with pandemics successfully? While few economists dispute the claim that governments should have some role in the governance of pandemics, the relevant institutional question that Geloso and Murtazashvili point to is whether governments can actually deal with pandemics. Thus, they shift the emphasis from the ‘ought’ to the ‘can.’ They show that there are unavoidable intertemporal trade-offs embedded in providing public health measures since governments provide public goods in a bundle that cannot be disentangled. This means that states with greater capacity to implement coercive and ad-hoc measures might be better able to deal with pandemics in the short run. Such coercive capacity is associated however with a lesser ability to generate economic growth in the long run, thus also less able to provide other crucial health benefits linked to economic development. The authors claim that as a nation’s institutions are a bundle, some nations are doomed to deal poorly with pandemics, at least in the short run. The important ideas of institutional bundles and intertemporal trade-offs suggest a critical insight for pan-
demic economics: despite the positive and normative case for government involvement in public health to govern pandemics, effective governance may be outside governments’ range of institutional possibilities.

In the sixth essay, Veeshan Rayamajhee, Shikhar Shrestha, and Pablo Paniagua explore the challenge of how societies can best govern and manage health crises when pandemics are conceived of as nested externalities. Most of the economic literature assumes that pandemics are homogenous and large-scale externalities that need to be addressed by a single and definitive center of power imposing coercive measures upon society. By building on Elinor Ostrom’s (2012) work on climate change, coproduction, and nested externalities, the authors challenge the Pigouvian conception of pandemics as unified externalities by showing that they resemble nested externalities, such as climate change. This paradigm shift is critical since it undermines the previous notion that a government must be the only or most important source of governance in managing infectious diseases. The essay shifts the governance focus toward local governments, communities, and individuals as coproducers of governance. The authors also present an alternative perspective that views social distancing as a coproduction process; that is, virus containment requires active individual-level participation and a high degree of cooperation. This view suggests a relevant point for public policy going forward: because external costs are difficult to measure and it is nearly impossible to monitor and sanction violations, coercive health measures not accounting for coproduction processes are unlikely to succeed.

Mikayla Novak concludes Section II with the seventh essay, which analyzes pandemics through the lens of entangled political economy (EPE). The pandemic has substantially altered economic, social, and political relationships. The EPE approach recognizes human interactions as generating complex economic-social-political phenomena. Pandemics help clarify the synergies among human, biological, and physical systems for maintaining productive and healthy relations. Novak argues that EPE theory suggests an extensive re-entanglement of relationships that influences the robustness of productive economic exchange. The article emphasizes that the pandemic has increased the significance of healthcare organizations in the modern economy; and it has entrenched health services as a unique site for governmental growth and a catalyst for further entanglement. This framework could enable novel perspectives on the need to adapt, and ultimately mitigate, diseases threatening human life, liberty, property, and happiness.

Virgil Storr, Stefanie Haeffele, Laura E. Grube, and Jordan K. Lofthouse begin Section III with the eighth article exploring the pandemic crisis as a source of social capital formation. By adopting the vision delineated by Tocqueville ([1835] 2000) in Democracy in America concerning the propensity of Americans to form voluntary associations and engage in self-governance, the authors explore similar propensities of contemporary citizens to form associations and tap into new sources of social capital to provide bottom-up services and solutions to pandemic challenges. They point out that the scholarship on community responses to crises has tended to overemphasize how community members deploy existent social capital to respond to crises. Meanwhile, the literature has overlooked the potential of crises to engender new social capital. The authors show that after a crisis, community members not only rely on existing networks for aiding themselves, but also deepen relationships and develop new connections and community interactions, ultimately developing new configurations of social capital. Importantly, the authors show that crises such as pandemics can help to adapt existing associations so that they serve new social functions and help people form new associations to meet collective needs. This adaptability can help to reinforce or reinterpret narratives allowing people to overcome collective action problems that are deemed insurmountable through a Pigouvian analysis.

The ninth essay, by Victoria Finn and Mari-Liis Jakobson, delves into an important yet largely unexplored aspect of pandemics: widespread human mobility restrictions and exceptions created varying (im)mobility for different individuals. The essay explores a crucial question for the future: how has the governance of human mobility during the health crisis affected, and will continue to affect, the concepts of borders and citizenship? By drawing on evidence from the European Union and South America, the authors compare states’ changes in free movement, sometimes dependent on nationality, for regional and extra-territorial migrants to evaluate how the notions of borders and citizenship have shifted. They find internal borders fluctuated and external borders pushed further into other territories. Finn and Jakobson point out
that by differentiating among people—particularly migrants due to varying legal statuses—and by defining
 certain forms of essential work, governments deteriorated the rule of law since frequently changed mea-
 sures undermined individuals’ ability to predict mobility and income. The authors suggest that short-term
 policy reactions may lead to long-term consequences for human mobility, as ad-hoc exceptions and control
 mechanisms under expanded Leviathan-style approaches could continue to undermine individual mobility
 in and between countries.

 Otto Lehto concludes the special issue with the tenth essay, which explores how societies can imple-
 ment a stable and predictable form of permanent crisis management to uphold the rule of law and avoid
 regime uncertainty. As a palliative to the COVID-19 crisis, governments have turned to various discre-
 tionary measures such as ad-hoc cash transfers to certain workers and businesses. The measures have had
 mixed results and exacerbated discretion and discrimination. Lehto’s essay argues that some form of uni-
 versal basic income (UBI) could be a more robust form of predictable and permanent crisis management
 that avoids both discrimination and dominion. He argues that one of the main advantages of UBI, as Nobel
 laureates F. A. Hayek, Milton Friedman, and James M. Buchanan have argued, is that it does not depend
 on competent and benevolent government discretion, but rather on preestablished rules. The paper also
 argues that UBI combines the benefits of fungible resources with the power of independent decision making,
 thereby empowering millions of crisis-struck individuals. It contends that, compared to discretionary tax-
 and-transfer schemes, UBI rules are more compatible with polycentric discovery of novel solutions from the
 bottom up, which are required for effective and decentralized governance during pandemics. Ultimately, in
 times of crisis, UBI could become a cornerstone of what the author terms “the permanent crisis manage-
 ment framework.” In making his proposal, Lehto also sketches a thought-provoking theoretical model of
 UBI as a predictable facilitator of polycentric crisis preparedness.

 FINAL REMARKS

 Undoubtedly, the COVID-19 pandemic has presented several practical and theoretical challenges to econo-
 mists in particular and social scientists in general. If we analyze pandemics only through a narrow economic
 or Pigouvian perspective, we run the risk of missing crucial features of pandemic phenomena, such as con-
 stitutional aspects, institutional and intertemporal trade-offs, coproduction processes, and the formation
 of social capital, among other crucial aspects that can help us better govern pandemics and other negative
 externalities in the future. It is my hope that the special issue that you have in front of you succeeds in delin-
 eating an alternative and valuable political-economic interpretation of modern pandemics and that it puts
 forth a fruitful research agenda for the economics of negative externalities so that we can be better prepared
 intellectually for future health crises that will again lead us into uncharted territories.

 As a guest editor, and on behalf of the editorial team of Cosmos + Taxis, it has been my privilege to
 compile this special issue during my own, rather long and severe, personal quarantine. I am grateful that
 such a world-leading and multidisciplinary group of scholars have offered to invest their time and energy
to provide valuable ideas and reflections so that we can better understand crucial features of modern pan-
demics and negative externalities more generally. Finally, I hope that this special issue will serve as an en-
during contribution and an intellectual catalyst for developing an alternative research agenda applying
what Peter Boettke (2012) has termed “mainline economics” to the fields of pandemic and health economics
and to the broader question of how to best govern externalities. The time is ripe to follow James Buchanan's
advice to “dare to be different” in understanding global challenges such as migration governance, climate
change, and pandemics. I hope that this special issue will convince the reader that such a pursuit is worth
undertaking.
REFERENCES


