At the beginning of 2020, we started to hear about a new virus: COVID-19. Actually, COVID-19 is the name of a disease—coronavirus disease 19—that is caused by a new form of coronavirus, the SARS-CoV-2. The first cases of persons affected by this virus lived in the city of Wuhan in China. Then, the disease rapidly spread all around the world, so rapidly that in March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. It actually seemed that it was a pandemic since a few weeks already and many governments had already taken measures to control the spread of the disease. At the end of January 2020, the state of emergency was declared in Italy, then it spread across the world as rapidly as the virus. As Christian Bjørnskov and Stefan Voigt remind us in their article, “By May 10, 2020, 99 governments, equal to almost precisely half of all sovereign governments, had declared a state of emergency (SOE) due to COVID-19.” This was unprecedented in human history. That was all the more shocking that the measures decided in this period consisted in limiting individual liberty. Fighting the pandemic with quarantines, partial or total lockdowns, curfews, and then masks. Most governments, facing the trade-off between human lives and liberty, indeed chose to save lives.
The trade-off might have made sense, at least when it was decided. And it seemed rather normal to accept to limit the liberty of some to save the lives of others. Yet, as social scientist, it also makes sense to discuss the foundations of such a trade-off between freedom and public health. Not to question it but to understand how to legitimize it.

One of the first aspects of the discussion relates to the principles of justice that are behind the use of “such a policy instrument that sacrifices the liberty of all to try to better protect the more delicate health of some”? as ask Giampaolo Garzarelli, Lyndal Keeton and Aldo A. Sitoe in their article, “Rights redistribution and COVID-19 lockdown policy”. They compare two principles, utilitarianism and Rawlsianism. They then show that the non-voluntary, coercive redistribution of individual rights—the “reshuffling of rights to liberty in favor of rights to health” that resulted from the adoption of a lockdown policy—cannot be justified in a utilitarianist framework. By contrast, do they argue, such a trade-off makes sense if evaluated from the perspective of the Rawlsian maximin criterion. The point is that an exchange of rights can hardly be based on a comparison of the marginal benefit of protecting health with the marginal cost of reducing freedom. But it can be defended because it protects the weakest individuals in a society. This does not mean that Garzarelli, Keeton and Sitoe have discovered the graal, the ethical foundation for lockdown policies and coercion but they, at least, provide a rationale for such policies. In a period in which governments seem to have made decision on a rather pragmatic basis, making such a demonstration is a relief.

However, one might wonder, is health not related to the level of freedom? Or, stated differently, if freedom is not good for public health? Is it not possible to protect the weakest members of society, to guarantee their health by protecting and guaranteeing freedom and more specifically economic freedom? This is exactly the point Vincent Geloso, Kelly Hyde and Ilia Murtazashvili make in their contribution to this special issue, “Pandemics, economic freedom, and institutional trade-offs”. Coercive measures, do they explain, can certainly be used to deal with a certain type of infectious diseases (such as COVID-19 and smallpox, for instance). Such measures however mean a reallocation of resources towards less productive ends and more government intervention in the economy that impose important costs in terms of growth. Thus, even if such coercive measures are beneficial in the short run—because they reduce the number of deaths—, they appear to be costly in the long run because of the impoverishment of the society: “Losing a lot of economic freedom could lead to fewer COVID-19 deaths, but it would come at a potentially massive cost in the following decades.” In particular, because growth reduces poverty, it also reduces the comorbidities associated with poverty—“several comorbidities depend in part on wealth”. Therefore, because it generates growth, “economic freedom likely insulates people from disease to some degree”.

Then, the decrease in economic growth and the negative impact on wealth of coercive measures seem to be in the end be detrimental to the individuals they are supposed to protect. The short run benefits nonetheless seem to be sufficient to warrant their use. Saving lives is so important that one understands why governments decided to implement emergency measures. But were governments driven by the desire to save lives? No, answer Bjørnskov and Voigt in “This time is different?—on the use
of emergency measures during the corona pandemic”. Their point is that “the state of public health with regard to COVID-19” was not “the main determinant for declaring a [state of emergency].” Indeed, the “severity of the epidemic is irrelevant” to the declaration of a state of emergency. The decision to declare a state of emergency, Bjørnskov and Voigt write, “is decisively influenced by cost-benefit considerations of a governments own utility”. The executive branch of the various forms of governments have used the pandemic as a means to increase their power compared to the other branches—and this is not different when on looks at what happened in other cases of natural disasters. Executive powers used the pandemic to “curtail media freedom.” In other words, the coercive measures implemented to fight the COVID-19 pandemic were not only costly in economic terms. They were also costly in democratic terms.

Bjørnskov and Voigt conclude that the way governments dealt with this disaster was not different than the way they deal with other, previous disasters. No lessons were drawn—or, maybe, it could cynically be said that governments were very well aware of what they had to do to increase their power. Another lesson could have drawn from the analysis of how societies have previously “recovered from the death, destruction, and displacement brought on by profound crises, such as hurricanes, famines, and war.” This lesson has to do with the crucial role that commercial and social entrepreneurs have to play in the context of post-disaster response and recovery. This is what is discussed in “Entrepreneurship during a pandemic”, the paper written by Virgil Storr, Stefanie Haefele, Jordan Lothhouse and Anne Hobson. Entrepreneurs, they argue, “provide goods [individuals] need to survive and combat the pandemic”, “services that [are] need[ed] to stay connected during a pandemic” and in addition, “entrepreneurs are often a source of charity and leadership during a pandemic.” In short, entrepreneurs play a “key role in sustaining communities during crises.” What Storr et al. show perfectly complement the result put forward by Bjørnskov and Voigt—namely that disasters such as pandemic can hardly be solved through top-down measures because governments are not primarily interested in solving the crises, but rather by starting with the individuals, from the bottom. The role of governments, policymakers should then be to allow entrepreneurs to play their role, to design “a legal regime that gives them space to act during a pandemic.”

That governments should not be the primary actors in dealing with crises such as the COVID-19 pandemic can be explained, as Bjørnskov and Voigt explain, in terms of political economy. It can also be explained because this view of the role of governments is perfectly consistent with the standard Pigovian, and one might add Samuelsonian, perspective on government interventions. To be more precise: governmental intervention is the first type of solution that is envisaged to solve a crisis such as a pandemic because there is an intellectual tradition that insists on the failure of decentralized solutions when there are externalities. And, as Darcy Allen, Chris Berg, Sinclair Davidson and Jason Potts stress in “On Coase and COVID-19”, “from an economic perspective,… the pandemic is an externality.” One thus immediately understands their point: the standard perspective on externalities and market failures is that government intervention is required—“a social planner intervenes to reallocate economic resources in order to internalise the externality”. One of the reasons is that individuals are supposed to be self-interested, and free ride as much as they can (see Samuelson, 1954), while elected officials are supposed to be concerned with the
general welfare. This is a major feature of the Pigovian approaches, that they assume what James Buchanan called a “behavioural dichotomy”, “individuals respond to different motives when they participate in market and in political activity.” (1962, 23) But it does not seem to be the case. Echoing what Bjørnskov and Voigt write, Allen at al. note that “the government is not a disinterested actor.” One cannot therefore conclude that government intervention is the best way to deal with externalities. The alternative, that was in particular discussed by Ronald Coase, consist in trusting individuals and allowing them to “bargain their way to a solution”. This is the core of the contribution of Allen et al. to this special issue. They explain what a Coasean approach to a pandemic and its resolution is. They explain why dealing with a crisis—even as terrible and widespread as a pandemic—can be done through by relying on and trusting individuals, rather than coercing them. Coercion can work in the short run. It will not in the long run. Coercion will breed coercion.

Finally, the special issue ends with a paper on the regulation of the banking system, “Bank Capital Buffer Releases, Public Guarantee Programs, and Dividend Bans in Covid-19 Europe: An Appraisal” written by Alexandra Matyunina and Steven Ongena. The goal of the paper is to analyze the policy decisions made by the European Central Bank and the national authorities to promote credit supply from the banking sector to the economies affected by the pandemic. The authors note how the pandemic was a specific crisis given the exogeneity of the shock to the financial sector and economy in general. It created an unprecedented level of uncertainty in the business environment. Some of the regulatory decisions, such as the dividend distributing restrictions, contributed to the problem adding regulatory uncertainty on top of the uncertainty due to the pandemic for the banks and their shareholders. The authors argue that transparent guidelines regarding earnings distribution should be introduced in order to mitigate the regulatory uncertainty and its negative effect on the bank credit supply in the future. The authors propose such guidelines to navigate policy decisions in crises analogous to the COVID-19 pandemic.

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