To CERF Board Members:

This is the report on progress for the “Contact tracing, quarantine, and financial activity” project which I am pursuing during my CERF Fellowship.

This research project aims to theoretically and experimentally study the trade-off between the extent of financial/economic activity and the containment of the COVID-19 epidemic with a combination of contact tracing and quarantine. In particular, the objective is to understand how individuals’ decisions to perform activity fluctuates depending on the epidemiological situation and the choices of others in different institutional set-ups. The focus is on investigating whether a mandatory contact tracing and/or quarantine system leads to a welfare improvement compared to an optional one. The project sits at the intersection of economics, finance and epidemiology using a combination of theory and online experiments to address a topical question with a wide-ranging impact for society.

We completed both the theoretical and experimental parts of the project. The main results are that a mandatory programme outperforms an optional one, which is better than no intervention. The ranking is driven by reduced infections, while economic activity stays unchanged. We also find that political conservatives have higher infections and economic activity, and lower participation in the contact tracing programme.

I will present the results of the project at the INSPER Institute in Sao Paulo in early May. Moreover, I presented the results of the work undertaken during my latest CERF tenures at invited seminars (University of Technology Sydney, Queensland University of Technology, University of Bologna, Paris School of Economics, University of Amsterdam, Université Paris 1 Panthéon-Sorbonne, University of Oxford, Cambridge-INET, Università Cattolica – Milan, University of East Anglia) and specialized workshops (BiNoMa Workshop on the Economics of Networks, SAET Conference).

Yours ever,

Edoardo Gallo