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Lessons from the pandemic in the words of Nobel Laureate Professor Abhijit Banerjee

With a pandemic underway, the daunting outlook of economic contraction on the horizon and rampant climate change, the world is facing hard times. What can economics teach us about recovery?

Speaking at the University of Cape Town (UCT) Vice Chancellor's open lecture series, Nobel Laureate and co-founder of the Abdul Latif Jameel Poverty Action Lab (J-PAL) based at UCT, Professor Abhijit Banerjee highlights the main lessons:

1. We need to start by providing comprehensive and generous social protection

The age-old myth that providing financial support to the poor leads to laziness needs to be dispelled. Ample economic evidence from around the world suggests that individuals who receive financial support are not less productive. Banerjee said: "Making the poor less poor does not make them lazy or dependent, it just makes them happier and better able to function in life". This is particularly important in light of the global pandemic which has shown just how vulnerable the poor are in society.

Asked about proposals to invest in Universal Basic Income in South Africa and the possible trade-offs with other public expenditures, Banerjee shared that while countries certainly cannot afford to spend on everything, and the choice will depend on the country, it's not self-evident that additional investments in healthcare and education where people are already paying out of pocket are as much of a trade off as some might imply.

2. Governments are critical in times of crisis

During the COVID pandemic a lot of criticism was targeted at governments, but if anything according to Banerjee, the pandemic reminds us how important governments are in times like these: "Undermining the government is extremely costly for the world we currently live in which is fraught with crises, including the pandemic, but also increasing inequality and a climate crisis that is just around the corner. Undermining the government guarantees that nothing gets done."

3. We need more international solidarity

The narrative of this pandemic in which rich countries have decided that the lives of their citizens are more important to focus on than the rest of the world must change. "It undermines our ability to build empathy and to move forward in a world where we are all contributing to a shared destiny and we need to walk back from there," shared Banerjee.

The greatest challenge to the adoption of these lessons is a mistrust in economics even though the need for good economics could not be greater. The huge rush of COVID-19 research shows that "economists are, in some ways ... ideally placed to ask a certain set of questions that nobody else is asking". According to Banerjee it is crucial that economists be better at sharing their findings so that people start trusting economists again and we can work on the most important issues the world is facing at the moment such as climate change, economic growth, social policy and of course the COVID-19 pandemic.

For more on why economics is mistrusted and how we can turn that around, read the [book](#) *Good Economics for Hard Times*, co-authored Professor Esther Duflo.

J-PAL Africa aims to reduce poverty on the continent by ensuring that policy is informed by rigorous economic evidence. To learn more about J-PAL's work on the continent, visit J-PAL Africa's website [here](#).

Listen to the [full lecture](#).

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