**Divided we fall - International Health and Trade Cooperation during a Pandemic: Acharya, Jiang, Richmond, and von Thadden (2020***)—****work in progress***

The model analyses the role of international trade and health coordination in times of a pandemic using a two-economy, two-good trade model with micro-founded SIR model of infection dynamics. The model aims at determining optimal pandemic containment policies when i) governments of the two countries do not coordinate (Nash equilibrium) and ii) when both governments coordinate (risk-sharing equilibrium). The major containment tools comprise consumption tax and import tariff.

SIR block: International transmission channels are added to the standard micro-founded SIR model. The pandemic spreads across countries through domestic consumption of imported goods and direct interaction with the infected foreigners.

Economic model: The model features two-country, two-consumption good with perfectly competitive goods and labor markets. Households do not save.