

# COVID-19 2020: A year of living dangerously

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## Abstract

Numerous and complex policy challenges have emerged from the COVID-19 pandemic. These range from dealing with the direct impacts in terms of treating the virus and managing its spread, dealing with the pandemic's knock-on effects (including economic impacts from falling production, rising unemployment and changing working arrangements) through to managing the broader social and psychological impacts from the social isolation and social divisions triggered by the pandemic and governments' policy responses to it. In the light of these policy challenges, this article surveys the behavioural economic policy contributions collected together in the *Journal of Behavioral Economics for Policy* (JBEP)'s 2020 COVID-19 Special Issue series. This article also explores some of the broader behavioural economic policy lessons relevant to the management of pandemics now and in the future and sets out some of the key policy challenges around managing the tensions between individual interests and communal interests illuminated by the pandemic and its consequences.

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## Introduction

The COVID-19 pandemic has posed some enormous policy challenges. The World Health Organisation's latest Situation Report reported 79 million reported cases and over 1.7 million deaths attributable directly to COVID-19 up to 29 December 2020 (compared with 175,694 global deaths at the time I wrote the Introduction to JBEP's first COVID-19 Special Issue in late April 2020).<sup>1</sup> Dives into economic recession and rises in unemployment are international phenomena, eclipsing all recessions since the Great Depression. Negative impacts have been ameliorated somewhat in countries where governments have been willing and able to inject money into their economies to sustain income support and other social safety nets as well as to fund management of the public health crisis. But wider impacts on economic and social welfare include increasing inequality – both within and between countries, especially for the many people around the world who live in over-crowded conditions in urban slums or refugee camps or in countries without social safety nets where little can be done to stop the rapid spread of COVID-19 when physical distancing is impossible. For everyone, wellbeing and life satisfaction are falling but especially so for those who are unemployed or precariously employed in sectors worst hit by the pandemic, for example education and travel. The extent of bereavement is colossal and many bereaved people will be navigating their grief through successive periods of social isolation, as second and more virulent waves of COVID-19

have hit their countries. These stresses have been especially hard to navigate for those who live alone and cannot easily access social and community support. For the first time in many months, there is a glimmer of hope with the approval of vaccines – though still a lot of uncertainty about whether these vaccines will stop the spread or merely protect the individuals who have been vaccinated.

Bavel et al. (2020) noted early in the pandemic that insights from behavioural economics and behavioural science have a crucial role to play and, alongside many other experts, behavioral economists have risen to the policy challenges thrown up by the COVID crisis in contributing insights, evidence and tools to guide policy-makers. The JBEP COVID-19 Special Issue collection has contributed to these debates and, in this article, I survey some of the insights and analyses explored by JBEP contributors. In the next section, I explore the interplay between health imperatives, information/communication and behavioural influences in the contexts of treating COVID-19 and managing its spread. In the following section, I explore some of the JBEP contributors' insights around the indirect challenges – including economic challenges arising around consumption patterns disrupted by hoarding, the structural shifts towards remote working and dealing with rises in unemployment, as well as the social and psychological challenges associated with managing both the social isolation experienced by individuals and the divisions that have emerged between different groups in the context of finding others to blame. In the penultimate section, I explore some of JBEP contributors' insights about the international dimensions of the public policy challenges. In the final sec-

<sup>1</sup>[who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports](https://www.who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports)

tion, I outline some “bird’s eye” behavioural economic policy insights, focussing particularly on the importance of building trust (i.e. trust in our communities, our institutions, our governments, our leaders and our experts) if we are to manage pandemics more successfully in the future.

### Treating COVID-19 and managing its spread

In terms of the direct impacts of the COVID-19 pandemic and the systemic shocks it has created, health systems around the world were ill-prepared. Nonetheless, some countries coped much better than others. In terms of health policy responses and national hospital systems across Europe, outcomes in terms of direct and indirect mortality rates were determined by differences in the quality of medical care, underscoring the importance of robust and sustainable national hospital systems for the global battle against COVID-19 (Alifano et al., 2020). Evidence from Russia exemplifies the mix of policy successes and failures experienced by many countries around the world, though data gaps complicate the assessment of policy performance (Belianin & Shivarv, 2020). On a micro-scale, behavioural insights have resonance in helping health professionals deal with the challenges and Andia et al. (2020) present findings from study of cognitive biases in Colombian community pharmacies, showing that additional information about COVID-19 symptoms, specifically anosmia (loss of smell), increased the chances of pharmacists advising their customers to contact an emergency number and decreased the chances of pharmacists prescribing (ineffective) antibiotics.

Death rates from COVID-19 are relatively low in comparison with other similar diseases and what has made COVID-19 so deadly has been its rapid spread as a highly contagious disease. Policies have focussed on: stopping the spread via lockdowns; controlling the spread via good hygiene, physical distancing and mask-wearing; and tracking the spread via contact tracing. Recent technological advances have, in principle at least, the potential to help with contact tracing and, around the world, COVID-19 has accelerated policy innovations leveraging modern information and communications technologies – though the rollout of these technologies has been fraught by significant problems (Osman et al., 2020).

In promoting individuals’ compliance – whether with contact tracing – or with new and unfamiliar health rules and guidelines depends on two things: first, communicating information clearly and quickly; and second, engineering significant changes to people’s health behaviours and habits. In this, behavioural economic policy insights – especially around using social nudges to encourage compliance had a lot to add.

Messaging to encourage face-coverings to stop spread can be used to leverage social norms and, exploring this theme, Capraro and Barcelo (2020) present experimental evidence showing that messaging asking participants to focus on “your community” increased self-reported intentions to wear face-coverings but with significant gender differences: men were

less likely to wear face-coverings either because they are more optimistic about resisting coronavirus or because they are more sensitive to social influences, associated with wearing face coverings – for example stigma, shame and others’ perceptions that wearing a face covering is a sign of weakness. The evidence on norm-messaging is mixed, however. Bilancini et al. (2020) test the efficacy of norm-based messages designed to help people read and understand COVID-19 rules, presenting experimental evidence from an online Italian study to show that norm-based messages do not significantly affect people’s comprehension of COVID-19 response information, suggesting that some nudge-type policy interventions may be limited in their effectiveness.

However, even if the information gets through to individuals, ensuring compliance has been one of the trickiest policy challenges – especially when reliable expert evidence about what works best is still being collected. One of the key policy challenges is encouraging people to wear masks as a means to protect oneself and others. Sunstein (2020) explores how COVID-19 has precipitated profound shifts in social norms around mask-wearing, with shifts of social meanings of masks modulating people’s incentives to wear masks. In this, leaders can play an important role in signalling new social meanings and increasing the likelihood that social norms will shift towards protective behaviors. Religious, spiritual and social beliefs will also play a role and can be leveraged in designing culturally-relevant behavioural interventions to reinforce social norms so to ensure that behaviour changes to combat COVID-19 are ‘sticky’ and can be sustained even after lockdowns have ended (Tagat & Kapoor, 2020).

### Economic, psychological and social impacts

The indirect economic impacts from COVID-19 have been profound. The most basic of economic impacts have come via large, if ephemeral, changes to consumption spending. Most iconic of all has been the phenomenon of toilet paper hoarding. Whilst hoarding is a well-established phenomenon in economics, it is most often explored in the context of savings, financial speculation and employment. But whilst conventional economic models of hoarding are not designed easily to explain the apparently anomalous hoarding behaviours witnessed through the COVID-19 pandemic – behavioural insights can be applied in explaining how herding and other social influences, emotional responses (including fear of missing out – FOMO), heuristics and behavioural biases interact with more straightforward economic explanations for hoarding (Baddeley, 2020).

Another set of fundamental economic patterns disrupted by the pandemic is our working arrangements, most noticeably the shift to remote work precipitated by lockdowns and associated with the need for physical distancing. Lord (2020) explores the theme of remote work, advocating the development of effective policy solutions from law and behavioural

economics to ensure that the benefits of remote work, in terms of alleviating historic inequities for workers who need flexibility in their working arrangements, are balanced against the costs associated with the increased precarity of work and the potentially inequitable shift of workspace costs onto employees.

Those who have been able to continue working from home are the relatively lucky ones. Large numbers of workers have lost their jobs and, as widely explored by behavioural economists and economic psychologists, economic and socio-psychological impacts from job loss feed off each other. The unemployed lose social connectedness and a sense of purpose. For those who are not able to return to work quickly, they will also suffer a loss of skills, disillusionment with the job search process and – potentially – a struggle to convince potential employers of their value when their CV shows a long break away from work. Yilmazkuday (2020) presents a novel analysis of social media evidence from Google trends in the US to show that the impacts of the pandemic on unemployment in the long-term as well as the short-term, and these overwhelm the impact of monetary policy on unemployment patterns. The impacts for businesses have been mixed, with winners and losers determined to a large extent by which industries have been COVID's winners and which have been its losers.

Another key issue that has been largely neglected in behavioural analyses is the specific impacts for micro, small and medium-sized enterprises (MSMEs), which are crucial in sustaining production and employment. In filling the gap in analyses of MSMEs, Helgeson et al. (2020) draw on examples from a U.S. Department of Commerce survey of MSME owners' and managers' decision-making to show that behavioural factors around agents' learning, agency, and flexibility are critical in increasing resilience capacity if MSMEs are enabled by financial and in-kind support. This analysis suggests that behavioural factors should be taken into account in the design of disaster support mechanisms for businesses, especially MSMEs with limited stocks of their own back-up resources.

In terms of socio-psychological impacts and potential solutions, the pandemic has brought out some dark-sides of human nature and Liao (2020) explores this problem in the context of race-related hate crimes, using data on news and social media sentiment from UK Google search trends and Weibo posts in China to show how "Othering" and scape-goating tactics have been used as political tools to shift blame for the pandemic. There have been positive experiences too, for example some of those who have been socially isolated through physical distancing and lockdowns have benefited from the company of their pets: Young et al. (2020) explore evidence about health benefits from non-human touch for those experiencing touch deprivation through social isolation, identifying an important role for pets in boosting wellbeing and health outcomes when human-to-human contact is proscribed. Moore and Collins (2020) address another socio-psychological perspective on the social distancing dimensions of lockdown policies, identifying the COVID-19 pandemic as a humanitarian crisis precipitated

by the fact that the negative socio-economic ramifications of lockdown are magnified for people with precarious livelihoods. In this context, Moore and Collins advocate innovative social mechanisms to enhance local communities' capacities and capabilities, arguing for progressive policies based on principles of localism as a constructive alternative to potentially destructive macro-led social distancing policies.

## Public policy challenges

The COVID-19 pandemic has brought policy trade-offs into sharp relief and policy-makers have faced hard choices in trading-off policy imperatives around saving lives and slowing COVID's spread versus limiting economic repercussions from shutting-down or slowing-down large parts of the economy. In navigating these trade-offs, policy-makers across different countries have addressed the behavioural triggers with varying degrees of success. Foster (2020) explores some of these issues in her comparative analysis of how core behavioural influences – including salience, present bias, reference dependence and fear – have determined the effectiveness of government responses in Australia, Thailand, Sweden and the UK. She emphasises the importance of governments effectively predicting public reactions by keeping an eye on media reporting, local context and viral spread so to ensure more effective implementation of government policy for future pandemics.

Economists play an important role both in clarifying moral principles determining the trade-offs around health, wellbeing and economic performance and in informing politicians to ensure that democratic trade-offs reflect citizens' preferences (Page, 2020). Specifically, a key feature of the policy landscape created by the pandemic is the tension between what individuals do and the communal impacts of their behaviors. In this, the balance between policy stringency and ensuring compliance has been tricky to navigate, with regional data on government enforcement and compliance collected from the Oxford COVID-19 Government Response Tracker showing that, whilst stringent measures may be more effective in the short-term, they may be counterproductive if behavioral fatigue reduces compliance over the longer-term (Makki, 2020). A related policy dilemma is the problem of policy bias and Altman (2020) explores the problems with lockdown policies which emerge when they are decontextualized, ignore the indirect effects of lockdown and are based on the false assumption that COVID-19 death rates can be estimated accurately.

## What next?

Now more than ever, policymakers around the world are in urgent need of powerful and transdisciplinary policy insights. Behavioural economics and behavioural science have a great deal to contribute to policy-makers' knowledge, not only around the science and epidemiology of the virus itself, but also in terms of mitigating against the wide-ranging ramifications of pandemics. At the time of JBEP's first COVID-19 Special Issue, many of us imagined that we would be well into

the pandemic's aftermath by now and that the news would now be filled with stories about vaccines and returning to 'normal' life, alongside not-so-good news about the detrimental socio-economic impacts in terms of rising unemployment, falling economic output, and a rising mental health crisis brought on by social isolation and anxieties triggered by the myriad uncertainties associated with COVID-19. As it turns out, vaccines are rolling-out but this positive development coincides with worsening COVID-19 death rates as more virulent COVID-19 strains spread around the world.

Against this backdrop, enforcing public health policies is complicated by a collective weariness about all the constraints on personal liberty that the pandemic has necessitated. This highlights two key policy questions facing democratic societies. First, how can individuals be persuaded that, sometimes, communal interests must trump individual interests? Wearing a mask is not just about self-preservation it is about helping others too. Why do people refuse to wear masks or to follow rules and guidelines around hygiene and physical distancing? Is it because they believe the risks are over-stated (or contrived) or because they believe it is a violation of their democratic rights as individuals to be told what to do? Second, with all the uncertainties the pandemic has created, how can individuals be encouraged to put their trust in others (whether by trusting others around them in their communities, health/scientific experts, government agencies and policy-makers and/or their politicians and leaders) whilst not losing a healthy instinct for questioning of authority when authority might be wrong? There are no easy answers to these questions but, quite aside from all the direct and indirect ramifications from the pandemic that JBEP's COVID-19 Special Issue series has explored, in the long-term this pandemic is likely to trigger a paradigm shift in political economists' understanding of the relationships between individuals, institutions and governments and a renewed focus on the importance of trust in sustaining communities, economies, societies and political systems. In all this behavioural economic policy insights have a crucial role to play not only in seeing out the current pandemic but also in dealing with future crises.

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