



COVID-19: FROM A BEHAVIORAL PERSPECTIVE

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COVID-19



As of July 2020: 17M+ Cases & 670K+ Deaths recorded worldwide

4.5M+ Cases & 155K+ Deaths in the USA

No vaccine

Disproportionately affecting disadvantaged populations

Policies/Economies failing

COVID-19:

Recipe to fight against Covid-19:



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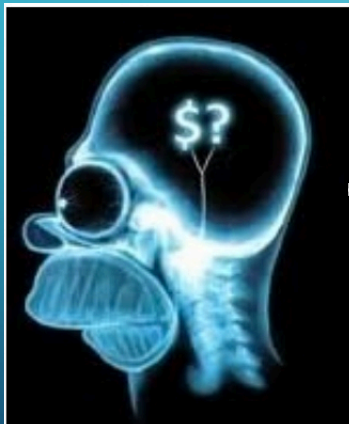


=Be Healthy

WHY THE FIGHTING RECIPE IS NOT WORKING:

BECAUSE HUMANS ARE NEITHER SUPER RATIONAL NOR SUPER PROSOCIAL

Homo Economicus: Selfish/Rational



Cost to me
Benefit to me

Prosocial

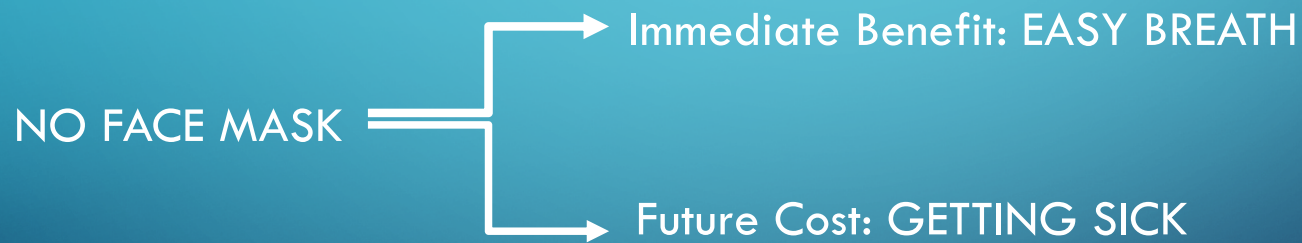


Externalities
Cooperation

WHAT CAUSES FAILURES?

PRESENT BIAS

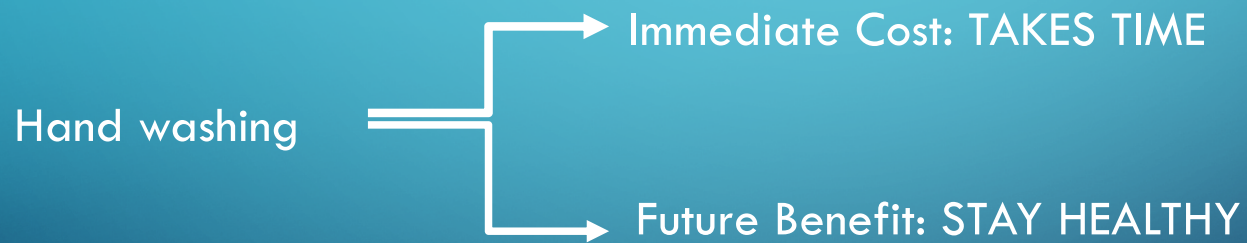
People tend to over-value immediate benefits and underweight future costs.



WHAT CAUSES FAILURES?

PRESENT BIAS

People tend to over-weight immediate costs and under-value future benefits.



WHAT CAUSES FAILURES?

UNDERSTANDING RISK: REINFORCEMENT EFFECT

People tend to take more risk after a gain and less risk after a loss:

Lucky outcomes encourage people to take more risk

DIDN'T WEAR
MASK

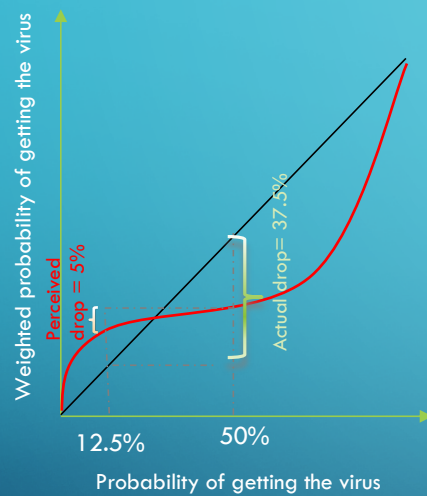


STILL
HEALTHY

so let me take more risk and be mask free

WHAT CAUSES FAILURES?

UNDERSTANDING RISK: PROSPECT THEORY



Research says: “Mask decreases the chance of transmission by 75%”

Say a person’s chance of getting the virus is 50%

Rational One: with mask, my chance will drop by 37.5% (BIG DROP)

Behavioral One: with mask, my perceived chance will drop by maybe 5% (NOT THAT BIG DROP)

WHAT CAUSES FAILURES?

LACK OF FEEDBACK

People adapt their behavior based on feedback they receive.

Virus is not visible on our hands, so you don't know:

- The state you are in before washing hands: Did I have virus?
- The state you are in after washing hands: Did I get rid off virus?
- Was my action necessary or effective?

All these questions are unanswered, hence people fail to understand the invisible impact of hand washing.

WHAT CAUSES FAILURES?

CONFIRMATION BIAS

People overweight evidence supporting their initial belief.

Information: “A person went to a party and didn’t get infected.”

Interpretation: “Here is an evidence that parties are safe.”

Information: “Masks are not 100% protective.”

Interpretation: “Here is an evidence that masks are useless.”

WHAT CAUSES FAILURES?

STANDARD ECONOMICS PERSPECTIVE

So far we discussed the failures from behavioral perspective.

Note that there are also perfectly rational reasons for why people fail to take preventive actions against the virus.

Next we discuss some of those...

WHAT CAUSES FAILURES?

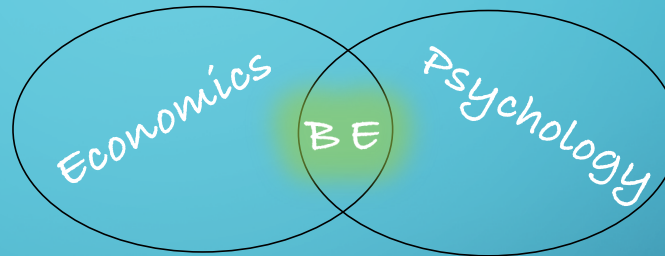
NOT BEING PRO-SOCIAL

An action that maximizes your own utility may create externalities on others.

Examples:

- Driving your car rather than using public transportation:
 - It is comfortable but causes pollution (externality on others)
- Lying on income in tax reports:
 - Paying less tax but contributing less to public goods (externality on others)
- A face mask protects others from you more than you from others:
 - Without mask you breath better but spread the germs (externality on others)

BEHAVIORAL ECONOMICS (BE) VS. THE VIRUS



People respond to behavioral motives:

- The source of info matters: Advice coming from a doctor vs a politician vs from a celebrity
- Promoting good behavior: Rewarding hand sanitizer use at offices, schools, cashiers etc.
- Shifting the norm: Use face mask wearing images in ads, movies, public figures etc.

The background is a teal-to-blue gradient. In the four corners, there are white line-art graphics resembling circuit traces or neural network connections, with small circles at the end of the lines.

THIS IS NOT AN EASY FIGHT

Policies guided by science are the only way to the solution!

Until then stay safe.