

## **CES Lecture**

### **Nudged into lockdown? Behavioral economics, Uncertainty and Covid-19**

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Synopsis:

In responding to the Covid-19 pandemic, countries around the world resorted to the extensive use of stringent social distancing measures in the form of lockdowns. These lockdowns were not part of existing pandemic plans. Available evidence suggests that the aggregate costs of such lockdowns greatly exceed the aggregate benefits. This is true for the rich, industrialized societies of the West with their relatively older population and is certainly true for developing nations, whose populations skew younger. There was inadequate recognition of the fact that stringent social distancing measures involved significant trade-offs: between lives lost to Covid-19 and lives lost from other diseases as we diverted resources away from them, lower national output, bankrupt businesses and higher unemployment, not to mention the emotional and psychological trauma. Yet, these measures that imposed unprecedented restrictions on our economic and social lives and liberties were accepted with few counterarguments. I will present evidence based on research in economics, psychology, neuroscience and evolutionary theory, to provide a critical perspective on the near unanimous support for lockdowns and the role of cognitive biases in policy-responses across the world.

#### **Lecture 1: Gut feelings**

This lecture will look at why there was such near unanimous support around the world for lockdowns in dealing with Covid-19 given that much evidence suggests that the unidentified losses from lockdowns are larger than the potential benefits. In doing so, I will talk about: (i) the distinction between “identified lives” and “statistical lives”. (ii) System 1 or intuitive thinking and System 2 or deliberative thinking. (iii) how it is important to realize when we can rely on System 1 and when we need to engage System 2. (iv) the role of priming, framing and anchoring and the availability heuristic in responding to the pandemic and (v) how we routinely put dollar values on human lives.

#### **Lecture 2: Pathogens and probabilities**

In this chapter, I will explore the role of probabilities in understanding pandemic responses. I will talk about: (i) base rates, expected values and risk aversion. (ii) prospect theory, loss aversion and their implication for Covid-19 risk perceptions and (iii) overweighting of small probabilities and the possibility of false positives.

#### **Lecture 3: Politics, Pathogens and Party Lines**

During the pandemic, a popular narrative was that conservatives were anti-lockdown while liberals were in favor. In this lecture, I will show that: (i) this unidimensional view of politics is incomplete, if not inaccurate. (ii) Both conservatives and liberals come in two flavors: social conservatives and social liberals as well as economic conservatives and economic liberals; these groups differ in their policy stances. (iii) when it came to support for lockdowns there was a concordance in the views of social conservatives with economic liberals but for very different reasons (iv) there are evolutionary reasons behind why these political ideologies came to exist.

Ananish Chaudhuri is Professor of Experimental Economics at the University and a research affiliate of CESifo, Munich. This is his second visit to the CES. His research has appeared in leading scholarly journals including *Nature Human Behaviour*, *Review of Economic Studies*, *American Journal of Political Science*, *Economic Journal*, *Journal of Public Economics* and *Experimental Economics*. He is Senior Editor of Oxford Open Economics, the first fully open access journal in Economics. He has received grants from the Royal Society of NZ and Australian Research Council. He is the author of several critically acclaimed books including *Experiments in Economics Playing Fair with Money* and *Behavioural Economics and Experiments*, both published by Routledge and *Nudged into lockdown? Behavioral Economics, Uncertainty and Covid-19* published by Edward Elgar.

**Suggested readings:**

Chaudhuri, A. (2022). *Nudged into lockdown? Behavioral economics, Uncertainty and Covid-19*. Cheltenham, UK and Northampton, MA: Edward Elgar

Claessens, S., Sibley, C., Chaudhuri, A. and Atkinson, Q. (2023). Cooperative and conformist behavioural preferences predict the dual dimensions of political ideology. *Nature Scientific Reports*. <https://www.nature.com/articles/s41598-023-31721-6>.

Claessens, S., Fischer, K., Chaudhuri, A., Sibley, C. and Atkinson, Q. (2020). Dual Evolutionary Foundations of Political Ideology. *Nature Human Behavior*, 4, 336–345 (2020). <https://doi.org/10.1038/s41562-020-0850-9>.

Fischer, K., Chaudhuri, A., & Atkinson, Q. D. (2023). The dual evolutionary foundations of political ideology predict responses to the COVID-19 pandemic. *British Journal of Political Science*, 53(3), 861-877. <https://doi.org/10.1017/S000712342200076X>.

Chaudhuri, A. (2022). The collateral damage of lockdowns and the cognitive biases that explain support for them, Elgar Blog from Edward Elgar Publishing, April 2022. <https://elgar.blog/2022/04/26/the-collateral-damage-of-lockdowns-and-the-cognitive-biases-that-explain-support-for-them/>