

Coping with Corona

I. TOPIC DESCRIPTION

The COVID-19 pandemic is posing an unprecedented challenge to the public health and our global economy. Having claimed thousands of lives across continents, the pandemic has led to a devastating disruption to the global supply chains and a shutdown of economic activities worldwide. In response to the pandemic, many countries have adopted different measures to prevent the spread of the virus, from social distancing to stay-at-home order, which drastically changed the way we live our lives. For instance, with different degrees of lockdown being imposed, teleworking, online learning and telemedicine have become the new norms in many countries. Moreover, the shift in the working mode is accompanied by a burgeoning of online video platforms such as Zoom. As people get to spend more time indoors during the lockdowns, cooking and doing sports at home seems to be more popular than ever. There is no doubt that the Corona pandemic brings about many habit changes, and some might even persist in the long run. One might find it interesting to investigate the long-term implication of different policies on people's lives and their wellbeing, and how different habits evolve overtime.

Containing the Corona pandemic is a global public good, which calls for international cooperation in many key areas. For instance, it is of great significance to increase cooperation in the production and the allocation of personal protective equipment (PPE), testing kits and ventilators. It is also of vital importance to regulate these markets so that the pricing for PPE and life-saving equipment remains within a reasonable range. In their working paper, Serra-Garcia and Szech (2020) investigates the demand for COVID-19 antibody testing kits in the US. They found that most people want an antibody test if it were offered free, but the demand drops sharply as price increases. As mass testing is an important step to contain the virus, it might be wise to offer free testing kits to people. Cramton et al. (2020) proposes that we could draw lessons from the electricity markets to design the market for medical equipment and PPE. They suggest that governments should pool resources on a national level or even on an international level, which will help us better allocate resources to places where need them the most. Along the line, one might find it interesting to investigate the impact of Corona on our markets and how to regulate these markets so that we could save more lives. One might also find it interesting to investigate how to better promote international cooperation among different countries to tackle the crisis together.

Many governments have implemented different approaches to fighting the Corona pandemic, but governments alone cannot successfully contain the virus. It requires self-sacrifice and compliance from each individual to win this battle. How can we better incentivize people to adapt their behavior for their own safety and the safety of others? How can we design policies or nudges to encourage people to increase compliance? And how can we better communicate the policies to the public? This is also something one could think of in this seminar, and a literature search on social norm compliance could be a good start here.

II. SCOPE OF THE SEMINAR

Please note that no topics will be handed out. Instead, participants will develop their own research question in the broad field of Coping with Corona. Using their own creative abilities, students design an economic experimental or field study that answers their research question. Students will work in groups of up to four, depending on the total number of participants. If the process of group formation is unsuccessful, participants will be assigned.

The seminar starts with an introductory meeting in the first week of the winter term. Ideas for experiments or field studies will be presented in a blocked event. Each presentation should last max. 20 minutes. Full attendance in all meetings is required for successful participation in the seminar. Group seminar papers of 8 – 10 pages, as well as to individual abstract of 75 to 100 words are to be handed in at the end of the semester.

Application will be possible via the centralized platform until October 18th.

Please note that we will ask you for a brief description of the topic and research idea you are interested in, in order to ensure a well-balanced variety in the seminar. Prior attendance of the courses “Economics and Behavior” and/or “Auction and Mechanism Design” is recommended but not required. For further questions, please contact Lixuan Zhao (lixuan.zhao@kit.edu).

III. SOURCES OF INSPIRATION

- Cassar, Friedman (2004): Economics Lab. An Intensive Course in Experimental Economics. *Routledge*
- Croson (2002): Why and how to Experiment. *University of Illinois Review*
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- Alon, T. M., Doepke, M., Olmstead-Rumsey, J., & Tertilt, M. (2020). *The impact of COVID-19 on gender equality* (No. w26947). National Bureau of Economic Research.
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- Chinazzi, M., Davis, J. T., Ajelli, M., Gioannini, C., Litvinova, M., Merler, S., ... & Viboud, C. (2020). The effect of travel restrictions on the spread of the 2019 novel coronavirus (COVID-19) outbreak. *Science*, 368(6489), 395-400.
- Cramton, P., Ockenfels, A., Roth, A. E., & Wilson, R. B. (2020). Borrow crisis tactics to get COVID-19 supplies to where they are needed.

- Dannenberg, A., & Gallier, C. (2019). The choice of institutions to solve cooperation problems: A survey of experimental research. *ZEW-Centre for European Economic Research Discussion Paper*, (19-021).
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- Serra-Garcia, M., & Szech, N. (2020). Demand for COVID-19 Antibody Testing, and Why It Should Be Free.