



FRIEDRICH-ALEXANDER
UNIVERSITÄT
ERLANGEN-NÜRNBERG

SCHOOL OF BUSINESS
AND ECONOMICS

CHAIR OF ECONOMICS AND
ECONOMIC THEORY

Prof. Dr. Veronika Grimm

Seminar on behavioral economics: Behavioral economics in the COVID-19 crisis

The COVID-19 crisis constitutes a huge challenge for the economy and society alike. Governments around the globe are implementing restrictive interventions and policies to reduce the spread of the virus. However, these policies also raise a lot of questions as they disrupt our social life and the economy at the same time. Are the taken measures always adequate and what are their long term effects to the economy and society? How can any negative long term effects be mitigated? How can these policies be enforced effectively? In the summer term 2020 the chair of Economic Theory of Prof. Dr. Grimm offers a behavioral economics seminar that focusses on behavioral economics research that may help to manage the COVID-19 crisis and guides us toward the proper policies in different areas of society. The general idea of this seminar is that the participants select a topic related specific problems related to the COVID-19 crisis (see list of suggested topics at the end of this document) and investigate this topic from a behavioral economics perspective. Ideally, by applying insights from the appropriate literature, policy implications and possible solution strategies may be derived.

The seminar is intended for both Bachelor and Masters students in economics and is open to students of related fields (e.g. business studies, socioeconomics, ...) and exchange students who possess sufficient knowledge of microeconomics. Topics for the term papers (see list at the end of this document) will be assigned after the organizational meeting on April 27th.

Organizational online meeting (using Zoom):

Monday, April 27th at 15:00 pm

Participants have to write a seminar paper (15 pages +/-1), present their paper and participate in the general discussion during the seminar meetings. All seminar related activities (term paper, presentations and discussions) will be in English.

The deadline for the submission of term papers is **July 5th, 23:59 pm**. You can find a document with additional details regarding the requirements for the term paper and general guidelines for writing scientific papers on our homepage. The seminar presentations and discussions will take place in mid July 2020. The exact format of the seminar is yet to be determined, depending on the future development of the COVID-19 situation and the stability of the available video conference tools.

Please register for the online organizational meeting with an email to

michael.seebauer@fau.de

until April 24th noon

(include your name, student ID and field of study).

Only by registering in advance we can provide you with the necessary details to participate in the organizational online meeting. We also advise you to register for this seminar on StudOn to regularly receive important information and updates about the seminar.

Please also send us a list of your (three) preferred topics before the organizational meeting. We will try to match the students to the topics according to their preferences as good as possible. Depending on the number of students applying for the seminar we are considering having you to write and present your seminar papers in teams of two. If you have additional questions please also contact Michael Seebauer directly. The seminar will be credited as "Seminar Behavioral Economics" for Masters students, and as "Seminar Verhaltensökonomische Grundlagen" or "Seminar zur Wirtschaftstheorie" for Bachelor students. Successful participation in the seminar is one way of qualifying for writing a Master thesis at the Chair of Economic Theory.

Rules of the game

Your grade for the seminar will be built from three parts: (1) your paper on the assigned topic, (2) the presentation of your paper at the seminar meeting, and (3) your participation in the general discussions during the meeting.

Please send us a list of your (three) preferred topics by April 29th. You may also send this list any time before the organizational meeting along with your registration mail. We will try to assign the topics in a way that matches your preferences as good as possible.

Students are expected to build on the provided references to conduct independent research of the literature. The term paper should summarize the main findings and contributions of the existing literature and discuss the underlying research question (formulated by the student). The provided references only constitute a guidance for your own research on the respective topic. Thus, you are required to independently look for **additional literature**. The paper has to be written in English, with font size 12, 1½ line spacing and appropriate margins. The term paper is limited to 15 pages (+/- 1 page), plus a table of contents, a list of figures, a list of tables, the used references and an appendix. (See also our general guidelines for writing scientific papers "*Guidelines for the preparation of term papers and bachelor/master theses*", which you can find in the subsection "Thesis" on our English homepage.)

With his or her topic each student is assigned a supervisor, who will be the contact person regarding the exact content (and form) of the term paper. A rough outline of the paper should be discussed with the assigned supervisor before the paper is written. All students are required to get in touch with their supervisor at least once **before May 10th**. We recommend to use a video conferencing tool, e.g., Skype or Zoom, to "meet" with your supervisor. A failure to meet the supervisor may result in the exclusion of the student from the seminar.

The deadline for paper submission for all participants is: **Sunday, July 5th at 23.59 pm**. Each student will present his or her term paper in a presentation. The paper presentations and discussions will take place in mid July 2020. The exact format of the seminar is yet to be determined, depending on the future development of the COVID19 situation and the stability of the available webinar tools. We will keep you posted on any future development. The number of seminar meetings depends on the number of students that submit a term paper. You have to be present at all seminar meetings.

More information regarding the exact dates and times, as well as the exact requirements for the presentations will follow at a later point.

List of Topics

(Note: This list of topics is subject to be extended.)

1. Cooperation and social distancing in times of COVID-19 when the cost to cooperate differs are heterogeneous

Staying at home and complying with the rules of social distancing constitute a classical social dilemma. Different sub-groups of society have heterogeneous degrees of risk to become sick providing heterogeneous incentives to cooperate.

Fischbacher, U., Schudy, S., and Teyssier, S. (2013). Heterogeneous reactions to heterogeneity in returns from public goods. *Social Choice and Welfare* 43, 195-217.

Fellner, G., Iida, Y., Kröger, S. and Seki, E. (2011). Heterogeneous productivity in voluntary public good provision – an experimental analysis. IZA Discussion Paper No. 5556. Bonn.

2. Mechanism and methods to foster cooperation and social distancing in times of COVID-19

Staying at home and complying with the rules of social distancing constitute a classical social dilemma. How can sustainable cooperation in this context be ensured during the course of the crisis?

Guido, A., A. Robbett, and R. Romaniuc (2019). Group formation and cooperation in social dilemmas: A survey and meta-analytic evidence. *Journal of Economic Behavior & Organization* 159, 192 – 209.

Balliet, D. (2010). Communication and cooperation in social dilemmas: A meta-analytic review. *Journal of Conflict Resolution* 54 (1), 39–57

3. Framing and nudges to increase policy compliance

Little interventions (nudges) and the way a policy is framed may have a positive effect on the policy compliance in general. Can nudges be effectively used to help contain the virus spread?

Hummel, D., and Maedche, A. (2019). How effective is nudging? A quantitative review on the effect sizes and limits of empirical nudging studies. *Journal of Behavioral and Experimental Economics* 80, 47-58.

<https://fehradvice.com/blog/2020/04/01/covid-19-warum-manche-jetzt-erst-recht-party-machen/>

<http://theconversation.com/coronavirus-how-the-uk-government-is-using-behavioural-science-134097>

4. Working at home, suddenly – Curse or blessing?

Although it may come with large efficiency gains, working or studying at home without the direct contact to colleagues or other students may have a detrimental effect on the performance of workers and students. For many employees this situation came very sudden and unprepared. What advice does the literature for mitigating the problems that may arise from working remotely?

Beauregard, T.A: (2011). Direct and Indirect Links Between Organizational Work-Home Culture and Employee Well-Being. *British Journal of Management* 22, 218-237.

<https://www.bi.team/blogs/how-behavioural-insights-can-help-college-and-university-students-learning-remotely-due-to-covid-19/>

5. Social distancing, social capital, and trust

What consequences might the social distancing policy have on social capitals and trust toward other individuals. Lessons from previous pandemics, e.g. the Spanish Flu, draw a pessimistic picture. Could new technologies help to mitigate the problems that may arise?

Algan, Y and P Cahuc (2010), “Inherited Trust and Growth”, *American Economic Review*, 2060–2092.

Karlsson, M, T Nilsson and S Pichler (2014), “The impact of the 1918 Spanish flu epidemic on economic performance in Sweden: An investigation into the consequences of an extraordinary mortality shock”, *Journal of Health Economics* 36: 1–19.

<https://voxeu.org/article/pandemics-and-social-capital>

6. Sharing resources in times of crisis – The case of solidarity

The scarcity of resources is one of the major problems during the COVID-19 crisis. On a lower scale this may be toilet paper or other products for the daily life. On a larger scale this may be capacity for intensive care or even common funds within a federal system.

Selten, R., and Ockenfels, A. (1998). An experimental solidarity game. *Journal of Economic Behavior & Organisation* 34, 517-539.

Büchner, S., Coricelli, G., and Greiner, B. (2007). Self-centered and other-regarding behavior in the solidarity game. *Journal of Economic Behavior & Organization* 62(2), 293-303.

7. Risk communication and perception of risk – Dealing with uncertainty during the COVID-19 crisis

The COVID-19 pandemic is a new phenomenon. Neither scientist nor politicians can foresee the development of the situation and the outcomes of the implemented policies to reduce the spread. What are the risks, how are they communicated and perceived, and what behaviors result from that?

Glik, D. C. (2007). Risk communication for public health emergencies. *Annual Review of Public Health*, 28, 33–54. <https://doi.org/10.1146/annurev.publhealth.28.021406.144123>

Reynolds, B., & W. Seeger, M. (2005). Crisis and Emergency Risk Communication as an Integrative Model. *Journal of Health Communication*, 10(1), 43–55. <https://doi.org/10.1080/10810730590904571>

8. Trust in governments and the health system

Trust in government and specifically the health system are important determinants in the compliance with the recommended interventions during a pandemic.

Marien, S., and Hooghe, M. (2011). Does political trust matter? An empirical investigation into the relation between political trust and support for law compliance. *European Journal of Political Research* 50, 267-291.

Paek, H.-J., Hilyard, K., Freimuth, V.S., Bage, J.K., and Mindlin, M. (2008). Public Support for Government Actions During a Flu Pandemic: Lessons Learned From a Statewide Survey. *Health Promotion Practice* 9, 60S-72S.

9. Benefits and cost of school closures

The closure of schools is one of the many measures taken to contain the virus spread. It also affects education, work life and private life at the same time. What can past experiences with this measure teach us?

Lempel, H., Epstein, J.M., and Hammons, R.A. (2009). Economic Cost and Health Care Workforce Effects of School Closures in the U.S. *PLoS Currents* 1, RRN1051.

Chen, W.-C., Huang, A.S., Chuang, J.H., Chen-Chung, C., and Kuo, H.-S. (2011). Social and economic impact of school closure resulting from pandemic influenza A/H1N1. *Journal of infection* 62(3), 200-203.