Title: Containing the Virus or Reviving the Economy? Evidence from Individual Expectations during the Covid-19 Epidemic

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Abstract:
How does an epidemic affect individuals’ expectations on economic prospects? We implement an incentivized longitudinal online survey with randomized controlled trials during the COVID-19 epidemic in China to answer this question. We find that lower number of confirmed COVID-19 cases significantly increases individual’s expectation on GDP growth. However, individuals do not update their expectations when information on work resumption rate is provided in the RCT. Our finding conveys the message that, during an epidemic, containing the spread of the disease should be prioritized than resuming economic activities, at least from the perspective of maintaining positive economic expectations among individuals.

Data Description
We collect data using a longitudinal survey consisting four waves that was carried out from late February to mid-March in China. In the survey, we elicit the economic expectations (predictions of GDP and CPI growth rates) of survey respondents as well as other demographic information. In the study, we couple the collected survey data with administrative data on the epidemic severity (measured by the number of confirmed cases at city level) to construct our dataset.

Keywords: COVID-19; Expectation; Longitudinal Survey; RCT

JEL Codes: I18, I15, D84, C81, C93


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