Title: Perceptions of Pandemic Risk Factors and Economic Anxiety: Evidence from the Coronavirus Pandemic

Authors: Thiemo Fetzer, Lukas Hensel, Johannes Hermle, Christopher Roth

Abstract:
We provide one of the first systematic assessments of the development and determinants of economic anxiety at the onset of the coronavirus pandemic. Using a global dataset on internet searches and two representative surveys from the US, we document a substantial increase in economic anxiety during and after the arrival of coronavirus. We also document a large dispersion in beliefs about the pandemic risk factors of coronavirus, and demonstrate that these beliefs causally affect individuals’ worries regarding the economy. Finally, we demonstrate that individuals’ mental models of infectious disease spread understate non-linear growth and shape the extent of economic anxiety.

Country: Global (observational), US (survey experiments)

Research design: difference-in-difference (observational), survey experiment

Time coverage: Survey experiments conducted early, mid-March

Keywords: Economic Anxiety, Health beliefs, Mental Models

JEL code: D12, D83, D84, E32

Link to a circulating draft with slightly different title: https://arxiv.org/abs/2003.03848