1. Title
Risk Taking during a Global Crisis: Evidence from Wuhan

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3. Abstract
We conducted a repeated survey on risk taking behavior across a panel of subjects in Wuhan, China – ground zero of the Coronavirus pandemic – before and after the outbreak began. Our baseline survey was administered on October 16th, 2019 among graduate students in Wuhan prior to the COVID-19 outbreak. 47% of the students in our sample returned home to other provinces in China for semester break in early January before the province of Hubei and the city of Wuhan was locked down with strict quarantine orders on January 23rd, 2020. We administered a follow up survey to the same subjects, capturing their geolocation information on February 28th. We use variation in exposure across different Chinese cities and provinces to measure the impact of the Coronavirus pandemic on subjects’ willingness to take risk. We find that subjects’ allocations of wealth to hypothetical risky investments decrease monotonically based on the strength of their exposure to the pandemic. However, subjects uniformly report substantially lower general preferences for risk regardless of their exposure. Higher levels of exposure leads subjects to reduce beliefs in their own luck and sense of control and in turn, form more pessimistic beliefs on the economy and social conditions. We provide evidence that short-term changes in risk taking may stem more so from changes in beliefs and optimism than from general risk preferences. Our results suggest that more closely held formative experiences have large, negative, and acute effects on economic preferences during a crisis.

4. Data description
Survey/Experiment

5. JEL codes for the project
G50, G51, G11, D14, G41

6. Key-words
Coronavirus, COVID-19, Risk taking, Formative experiences, Economic preferences, China

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