The implicit health-money trade-off in Covid-19 pandemic

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Abstract: The strategies to manage Covid-19 pandemic involve a challenging trade-off for policy-makers. On one hand, the closure of all non-essential economic activities (lockdown) helps to reduce the diffusion of the epidemic. On the other hand, lockdown comes at some important economic costs. These issues are likely to be even more relevant in the design of “Phase two” – that is what comes after the end of the lockdown – when the governments have to plan the gradual return to normal economic activities while preserving the health of the population. In this project, we aim to elicit individual preferences on health vs economic concerns and to understand how they are affected by the communication strategy on this trade-off. In fact, health and economic issues may be addressed in terms of either safeguard or costs. We compare the two framings to investigate if a positive framing (safeguard) induces more conservative preferences, especially for health. The self-reported indicator of individual preferences on health vs economic concerns is combined with the elicitation of stated-preferences on several hypothetical scenarios designed in terms of a trade-off between the $R_0$ (basic reproductive ratio) of the Covid-19 and GDP losses. Information on individual characteristics (socio-economic background) will allow us to investigate whether there is heterogeneity in treatment effects along several dimensions.

Data description: We design a survey collecting information on personal characteristics (gender, age, field of study, family background, residence) and personality traits. We have submitted the survey to students enrolled at a public university in the South of Italy. Students have been randomly assigned to the different treatment groups on the bases of their matriculation number. Treatment conditions are induced with a question on individual preferences on health vs economic concerns and consist of a manipulation of the framing of the choice in terms of safeguard or costs. This question is followed by the elicitation of stated-preferences on the trade-off expressed in terms of variations of the $R_0$ (basic reproductive ratio) of the Covid-19 and GDP losses.

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Keywords: Covid-19; health; economic costs; trade-off; framing

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