

BEHAVIORAL ECONOMICS INSIGHTS TO COVID-19 PANDEMIC

Feyza Ozdinc

Gaziantep University, Turkey
feyzaozdinc@gmail.com

Abstract:

The world has been facing a massive health crisis since the outbreak of COVID-19 in December 2019. This health crisis affected not only people's health and wellbeing it also affected people and governments in myriad aspects such as economically, socially, politically, and psychologically. During the pandemic, we saw people trying to purchase amounts of groceries they cannot consume, toilet paper herding people became memes around the world, and now we are discussing what vaccine is more trustworthy or whether to get vaccinated or not. Even though, this is a novel coronavirus disease the problems we have been facing are not new. Since there is nothing new under the sun, it is possible to shed light on the current problems via learning from the past. Therefore, in this study, first of all, a selection of literature significant to the pandemic and its during-effects and after-effects on people and governments are going to be examined, and secondly, various concepts from behavioral economics such as the halo effect, status quo bias, overconfidence, and herding behavior are going to be discussed in order to explain why people and institutions act irrationally. Lastly, it is going to be explained that how these concepts can be used to 'nudge' them and how these concepts can be useful for both people and the governments to fight the effects of the pandemic.

Keywords: Behavioral economics, COVID-19, pandemic, irrationality, vaccination.

JEL Codes: D91, E71, I10