



Book Review

***Nudged into lockdown? Behavioural economics, uncertainty and Covid-19* by Ananish Chaudhuri; Edward Elgar, Cheltenham, UK and Northampton, MA. 256 pages. Hardback (ISBN13: 9781802205664): £90.00. Paperback (ISBN13: 9781035309092): £24.76. E-book (ISBN13: 978180220 67): £24.76.**

The topic of covid-response policies – which include lockdowns, face masks and vaccine mandates among others – has been polarising. Applying a broad range of ideas from the behavioural economics toolkit, *Nudged into Lockdown?* considers both critical and affirming points of view regarding those policy decisions.

Chaudhuri's analysis focuses on policy makers' thought processes and their interpretations of evidence about the risks and uncertainties they faced. Seeking to understand different viewpoints at face value rather than interrogate hidden strategies or motives, he juxtaposes the internal logic of both proponents and critics of the policies he analyses. Chaudhuri's determinedly even-minded approach will challenge readers on both sides, given how few of us seem to have found ourselves 'somewhere in the middle'.

I have already assigned chapters from this book to my students and recommended it to colleagues. I will look forward to continuing doing so for years to come. Regardless of your opinion about covid-policy responses, this book will be of keen interest to:

- (i) scholars of applied behavioural economics and policy debates relating to Covid-19;
- (ii) those interested in learning more about covid-response policies in New Zealand (NZ) in particular, where critics have called for more investigation into the costs of NZ's extraordinary restrictions on speech, commerce and physical movement;
- (iii) and students or non-economists wanting an accessible presentation of famous ideas from behavioural economics that can be applied to understand better what has happened since early 2020.

Chaudhuri's first three chapters draw on the heuristics-and-biases research programme familiar to behavioural economists, although his application of well-known behavioural biases to *policy makers* (rather than the usual experimental participants) breaks important new ground. He describes how *priming*, *framing* and *anchoring* clouded the judgement of policy makers (and the public) when weighing up the expected benefits and costs of lockdown policies. Chaudhuri interprets fear as a 'system-1' emotion that led policy makers to sometimes make the wrong call. Gerd Gigerenzer's work on *dread risk* and *the recognition heuristic* (as presented in Gigerenzer's *Gut Feelings* and *Risk Savvy*) make noteworthy appearances, although Gigerenzer's critiques of dual-process theory do not. Thus, Chaudhuri presents fear as a (mostly) unconscious influence

on covid-policy makers rather than investigating its deliberate use as a behavioural-science-inspired tactic and the ethical issues raised (c.f. Sidley, 2022).

Prospect theory's nonlinear probability weighting figures into Chaudhuri's account, where he suggests that, during Covid-19, people in general – and policy makers in particular – suffered from an 'inability to correctly perceive small probabilities', contributing to an 'extreme amount of risk aversion' (Chaudhuri, 2022, p.66) reflected in their policy choices. When '[f]aced with the prospect of a large-scale loss of lives', policy makers were 'willing to accept much larger probabilistic losses' (e.g. by dramatically restricting access to healthcare and preventative care, and badly disrupting educations, workplaces and households – all of which were less salient to policy makers because the brunt of these costs, although easy to anticipate, would arrive less visibly and further into the future) 'rather than accept smaller sure losses owing to people succumbing to Covid-19' (p.70).

Distinct from the straightforward interpretation of 'decision weights' in prospect theory as 'underweighting' or 'overweighting' (relative to probability weights that an expected utility maximiser would use), Chaudhuri's expanded interpretation of nonlinear decision weights as *perceptual error* is not easy (for me) to reconcile with Kahneman and Tversky's (1979, p.280) original description:

[D]ecision weights are not probabilities: they do not obey the probability axioms and they should not be interpreted as measures of degree or belief. . . . Decision weights measure the impact of events on the desirability of prospects, and not merely the perceived likelihood of these events. . . . our analysis assumes that the respondents adopted the stated values of p .

In Chapter 4, Chaudhuri rightly emphasises the importance of social norms regarding trust in relation to covid-policy mis-steps and the opportunity cost of choosing coercive rather than voluntary policies. Pre-2020 NZ was, by Chaudhuri's account, widely considered to be a 'high-trust society', enjoying positive regard for public goods and unusually high levels of trust in government. Thus, policy makers in NZ had at their disposal a powerful tool for achieving policy targets without coercion.

Chaudhuri raises the question of why more consideration was not given to the fragility of NZ's enviable endowment of high-trust social norms and how costly it would turn out to be choosing policies that degraded them (e.g. being perceived as making exaggerated claims, deliberately stoking fear, shaming those who disagreed with the government's policies and implementing authoritarian controls over speech, employment, education, health and beyond). In multiple cases, NZ courts subsequently found that parts of the government's lockdown and vaccine-mandate policies had violated NZ law.¹

Chaudhuri discusses how logically inconsistent policies further

¹ See, for example, *Yardley v Minister for Workplace Relations and Safety*, 2022 and *Grounded Kiwis Group Incorporated v Minister of Health*, 2022.

eroded trust among segments of NZ society: the government's ad hoc designation of some businesses as *essential services* (e.g. supermarket chains but not butcheries); the so-called *elimination strategy* (in the absence of an exit plan or benefit-cost analysis taking into account future lives lost due to lockdowns); the Prime Minister erroneously comparing the effectiveness of public health measures to sterilise and contain Covid-19 with that of measles.

The book includes substantial coverage of interesting data and empirical studies that will be new to some readers. Highlights include Gibson's (2020a, 2020b, 2021) benefit-cost analyses of NZ's lockdowns, both in units of quality adjusted life years (QALYs) and GDP growth forgone; fatality rates from prior respiratory pandemics (p.197); empirical evidence supporting Chaudhuri's observation that 'compared with easier lockdowns, harder lockdowns did not succeed in reducing total death rates' (p.211); benefit-cost analyses from the UK (Miles, 2020) and more.

Chaudhuri considers what we might learn from behavioural economics regarding how political views influence opinions about covid-response policies, drawing on Haidt's 'five moral foundations' and survey instruments designed to measure them. Chapter 5 usefully challenges the hypothesis of a uni-dimensional ideological spectrum and popular narratives claiming that so-called 'conservatives' reacted more negatively to covid-response policies than so-called 'liberals' did.

Ostrom's work on well-functioning decentralised institutions (and its implied critique of centralised control under NZ's covid-response policies) is usefully included in Chaudhuri's analysis. On the other side, the government's arguments for its centralised approach are also considered: namely, that people who were critical of its policies were guilty of spreading "misinformation" and had succumbed to dangerous extremism imported from overseas. Chaudhuri nicely demonstrates that rational choice (e.g. benefit-cost analysis, the Fundamental Welfare Theorem, etc.) and behavioural economics are complements rather than rivals in this context when undertaking applied policy analysis. He writes convincingly against left-versus-right interpretations of authoritarianism (p.151).

Chaudhuri's analysis implicitly acknowledges that heterogeneity of subjective beliefs and individual decision making – rather than unanimity – characterises productive scientific debate and well-functioning society. Institutions that permit people to make heterogenous decisions and afford multiple points of view about covid-response policies provide protective social benefits such as risk-diversification and discovery by avoiding risks of monoculture, akin to the positive externalities from ecological services that biodiversity provides (Berg & Watanabe, 2020).

Chaudhuri's coverage of the well-known Müller-Lyer illusion was another highlight, given the prominent role that 'optical illusions' have played in behavioural economics when interpreting empirical anomalies (which I have critiqued because axiomatic consistency underlying rational choice models does not enjoy the same normative standing as, for example, objective units of distance do, e.g. Berg, 2003, 2014, 2018, Berg & Gigerenzer, 2010).

In the Prologue, Chaudhuri explains that the book was written (in part) during a visit to Harvard Kennedy School in early 2020 just as covid-related news stories first began to appear. Students asked Chaudhuri what economics and psychology had to say about pandemic decision making. Chaudhuri responded by applying the toolkits of both rational choice and behavioural economics to help them (and now us)

better understand policy makers' thought processes and the public's divergent reactions to them.

In the Epilogue, Chaudhuri frames his work as a snapshot from 2020 through early 2021 when his manuscript was completed. The international policy environment (and evidence base) was of course changing rapidly during this time. This framing provides useful context for interpreting the book's cautious outlook and makes Chaudhuri's prolific analysis during this period all the more impressive. On page 208, Chaudhuri reflects on what has transpired since:

My arguments about the cognitive errors and biases that led policy makers to impose costly lockdowns and the public to accept these massive onslaughts on our civil liberties and the loss of statistical lives (and livelihoods) remain valid. If anything, there is now greater recognition of these biases and other failings.

Thus, *Nudged into lockdown?* forcefully addresses an important point that has too often gone missing in applied work on nudging and choice architecture: namely, that policy makers and experts, too, make systematic errors when interpreting data and may succumb to biased assessments of risk and uncertainty themselves. Despite Chaudhuri's modest 'snapshot from early 2021' framing, the book provides durable insights into how both orthodox benefit-cost analysis and key findings from the behavioural sciences – regarding trust, autonomy and pro-social adaptive responses in decentralised social systems – were sometimes overlooked or underutilised by those who designed covid-response policies.

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