

The Underutilized Power of 'Externalities' – An Economist's Take on Persuasive COVID-19 Communication

Sandra J. Peart, Dean of the Jepson School of Leadership Studies at the [University of Richmond](#)

Economists often talk about externalities, the side effects associated with producing or consuming a product. The classic example is cigarette smoke: when you smoke near someone else, they inhale chemicals and increase their risk of lung cancer. Your decision imposed a negative cost on others.

Since many externalities are fairly small harms or benefits, people don't often change their behavior as a result. Usually, people quit smoking to live a healthier lifestyle rather than to limit the harm they are imposing on others.

Today, we are living in a world of extremely costly externalities, where the behavior of some, seriously impacts other people's risk of survival. The powerful motivational force of externalities in this context is only now being realized. And more can be done.

The two key externalities associated with [COVID-19](#) are close contact and face masks. It is now well accepted that close contact, especially contact without masks, increases the risk of transmission.

Two decisions must be made: Should I stand near someone and should I wear a mask? The thing to keep in mind is that your decisions not only affects your own risk, but that of others –

the externality.

Once we appreciate the power of that externality, perhaps we may change our decisions in the future.

Unfortunately, decision-making in the context of COVID-19 externalities has been fraught with mistakes and faulty information.

Great harm has been done because faulty information directly countered the case that this is a disease that feeds on our interconnectedness. This added to the harmful notion that not wearing a mask is a sign of rugged individualism. While we may admire the courage of individuals who take on risk to themselves only, the risk of COVID-19 is easily spread to others. Rugged individuals who go around infecting others aren't brave, but selfish.

That is the message of the externality—the message that self-centered acts are extremely dangerous to others. Unfortunately, the power of the externality message has been underappreciated and underutilized—by leaders in our state legislatures, the White House, and among the medical profession.

We have failed adequately to take advantage of the externality: our message to risk takers who refuse to wear a mask should not be that they are putting themselves in harm's way, but rather that they are harming everyone else, friends and family. Young people who think they will beat any odds can still appreciate that their grandparents, or their coaches and professors, are much more susceptible to the disease than they are. That simple disparity between their (perceived or actual) risk and that of those they care for may be enough to induce them to change their decisions.

We have underutilized this realization because we have failed to adequately communicate that the risk to the individual is negligible (though real), but that is not the point. Instead,

the point is the risk the individual imposes on others.

If we communicate that simple, externality point on all, we can hope to change behavior. Health officials and politicians alike must communicate the message of the externality, and they need to do it now, because the enormous externality that looms in our COVID-19 future, is the one associated with vaccinations.

Here, the side effect is positive: when someone is vaccinated they reduce the chance of their own infection and that of others. It's the latter that makes vaccines so important.

We are now, finally, at a point where almost everyone wears a mask in places where it isn't feasible to avoid close contact with others.

The next challenge is to ensure that, when vaccines are available, they are adequately used. We cannot afford to have hold outs who believe they have the right to act as individuals without regard for others.



About the Author: Sandra J. Peart is the Dean of the Jepson School of Leadership Studies at the University of Richmond, the first leadership school of its kind. She is the author of multiple books the author of more than 100 articles in the areas of constitutional political economy, leadership in experimental settings, ethics and economics, and the transition to modern economic thought.