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Subject: Week 142 learnings- do fines work?

Dear All

We are seeing a rise of Covid cases everywhere where the markets are open, schools are open or universities are open. Governments are at a loss in dealing with the situation. If you look at the global economy, 6 % is contributed by Agriculture, 30 % by Industry and 64 % by services. Services is most impacted in a lockdown. So, an economy cannot get going with a lockdown.

I just read that governments are planning fines. London is planning a fine of 10,000 pounds of people are out when they are not supposed to be. Singapore and India are also in with fines. This made me think of whether fines are effective as a deterrence?

1. There is no available study which co relates fines to any change in behavior in any country.
2. People see fines as a punishment , and invariably resent it.
3. The first thing about fines is assuming that knowledge about rules exists. If the citizen doesn't know the rule, he will be fined. Knowledge of rules takes time with advertising, with stories that spread. Each of us has a story to tell about a traffic fine we paid.
4. For example, In India, you cannot have more than \$ 2000 of foreign exchange at home. I am sure no one really checks this, but that's the rule.
5. Similarly, one can keep 18 liters of wine/beer and 9 liters of Indian made foreign liquor at home in India. I am sure very few people know the rule.
6. The issue with fines is their implementation in a fair manner. When the fine is not imposed fairly, then people use different routes to avoid it.
7. Automation and robots certainly help in implementing fines. The Robocop in Dubai imposes the fine irrespective of whether you are rich or poor or nationality. This is seen in traffic violations when cameras catch cars that jump traffic lights.
8. Governments use nudge, a technique where people are rewarded for doing the right thing.
9. What kind of nudge is needed for people to behave better in the pandemic?
10. Some companies who need people at work are asking what kind of nudges they need to get people to work.

Fining people after they have done the damage of going out without following the rules or protocol doesn't help. I believe it doesn't help because it doesn't deter the citizen unless of course the fine is steep. Also, knowledge about a new rule is going to be weak and hence it's better for governments to be more binary in their approach.

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