

NBER Behavioral Public Economics Boot Camp

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Reminder: please always wear your masks!

Motivating questions

Should states run lotteries?



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[A lottery] preys upon the hard earnings of the poor; it plunders the ignorant and simple.

–U.S. Supreme Court, in *Phalen v. Virginia* (1850)

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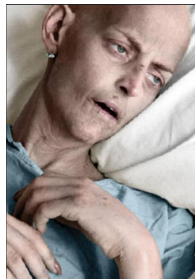
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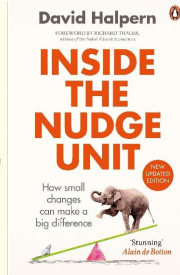
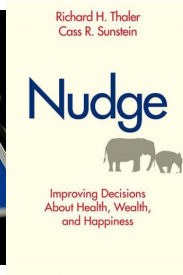
In our stressful world, the ability to dream is well worth the price of a lottery ticket ... The lottery is simply a form of entertainment that happens to benefit your state.

–National Association of State and Provincial Lotteries (2021)

Should we “nudge” people to change behavior?



**WARNING:
Cigarettes
cause
cancer.**



Should we “nudge” people to change behavior?

The changes in behavior produced by nudges tend to be quite cost effective relative to those produced by traditional policy tools -- so there is a big opportunity to use nudging more widely in government in conjunction with traditional policy tools.

—Katy Milkman, Wharton professor

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While sin taxes produce revenues for the government from those whose behavior is unchanged, soft paternalism creates pure utility losses with no offsetting transfer to the government.

—Ed Glaeser (2006)

How should we regulate addictive goods?

The New York Times

San Francisco Bans Sale of Juul and Other E-Cigarettes



How should we design health insurance when consumers are confused?



How do we design and evaluate policy when people might not act in their own best interest?

Behavioral + public

- **Public** economics: well-oiled machinery for welfare analysis when people optimize
- **Behavioral** economics: people might not always optimize
- **Behavioral public** economics: theory and empirical tools to design and evaluate policy with possible behavioral bias

Camp agenda

Day 1: foundations

| | |
|---------------|---|
| 9:00–9:30 | Welcome and overview (Allcott, Bernheim, Taubinsky) |
| 9:30–10:00 | Speed meetings |
| 10:00–11:00 | Behavioral welfare analysis (Bernheim) |
| 11:00–11:15 | Break |
| 11:15–12:15 | Sin taxes and bans I (Allcott) |
| 12:15–1:00 | Lunch |
| 1:00–2:00 | Sin taxes and bans II (Allcott) |
| 2:00–2:30 | Speed meetings |
| 2:30–2:45 | Break |
| 2:45–3:45 | Non-standard policy instruments I (Taubinsky) |
| 3:45–4:00 | Break |
| 4:00–5:00 | Non-standard policy instruments II (Bernheim) |
| 5:00–6:30 | Break |
| 6:30–7:00 | Reception |
| 7:00 (dinner) | A Sociological Perspective on Behavioral Economics (Small) |

Day 2: applications

| | |
|---------------|---|
| 9:00–10:00 | Tax misperceptions (Taubinsky) |
| 10:00–10:15 | Break |
| 10:15–11:15 | Perceptions of public policy (Stantcheva) |
| 11:15–11:30 | Break |
| 11:30–12:30 | Insurance (Spinnewijn) |
| 12:30–1:15 | Lunch |
| 1:15–2:15 | Inequality (Chetty) |
| 2:15–2:30 | Break |
| 2:30–3:30 | Household finance (Laibson) |
| 3:30–6:30 | Student-faculty meetings (Allcott, Ashraf, Bernheim, Grubb, Linos, Spinnewijn, Taubinsky) |
| 6:30–7:00 | Reception |
| 7:00 (dinner) | Behavioral Economics in Public Organizations (Linos) |

Day 3: applications

| | |
|-------------|---|
| 9:00–10:00 | Behavioral economics of poverty and development (Ashraf) |
| 10:00–10:15 | Break |
| 10:15–11:15 | Behavioral industrial organization (Grubb) |
| 11:15–2:00 | Lunch, research idea discussions, networking |

Etiquette

- Please always wear your masks (NBER policy)
- Strongly suggest keeping computers closed or on airplane mode (digital addiction)
- Intellectual property

Speed meetings

- Goal: meet everybody else easily
- 2 minutes per meeting. Each person has 1 minute:
 - Name
 - Research interests
 - Something fun
- 1st bell: 10 seconds to end
- 2nd bell: move *immediately*

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Group by last name:

- 9:30–10:00:
 - A–K on left
 - L–Z on right
- 2:00–2:16:
 - A–C, L–R on left
 - D–K, S–Z on right
- 2:16–2:30:
 - Meet anyone you haven't met