

PhD-Course: Behavioral Economics and Public Policy

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Background: In the past decades, a growing body of research in Psychology and Economics has demonstrated that individual and collective behavior does not only depend on economic incentives and constraints, but is influenced by a multitude of psychological factors as well as by individual limitations in self-control, cognition, and attention. At the same time, researchers, companies, and public organizations increasingly acknowledge the benefits of an evidence-based approach to policymaking and management that exploits the advantages of randomized controlled trials and other types of high-quality micro-level data, in order to systematically test the impact of different policy interventions.

Both developments have profoundly shaped the way in which economists and psychologists think about public policy. In particular, they have opened the door for alternative, behavioral approaches to public policy in a wide range of domains, including education and labor markets, tax systems and social security, health care, and environmental policy. The PhD-Course course on “Behavioral Economics and Public Policy” aims at serving the growing demands to learn and apply the tools of Behavioral Economics for practical policy making.

Course topics: The course will focus on 4 broad areas of research in Behavioral Economics that are of particular relevance from a public-policy perspective:

1. Present Bias and Limited Self-Control
2. Social Norms and Social Comparison
3. Limited Attention and Salience
4. Reference-Dependence and Loss Aversion

For each of these topics, the course will familiarize students with fundamental results in behavioral economics and illustrate how insights from behavioral economics can help improve public policy.

A second main goal of the course is to equip students with the necessary methodological tools and skills to conduct own research projects in the area of behavioral economics and public policy. To this end, the course incorporates teaching modules on empirical methods, with a focus on designing, conducting and evaluating randomized controlled trials in public policy.

Course procedures: The course consists of a 4-days teaching block and a 2-days research workshop with internal and external speakers.

Each of the first 4 days will consist of a “*lecture block*” in which students receive training in the different topics, methods, and applications. The lectures are followed by daily “*project blocks*” in which groups of

students work on developing a randomized controlled trial in a select policy area. Specifically, students will work on cases developed in collaboration with a number of Danish ministries and other public institutions. Students are asked to identify the relevant policy questions and behavioral hypotheses, design a policy intervention, and develop a strategy for testing the causal impact of the policy. Students are also asked to work on a knowledge transmission strategy, to present the results of their project work to policy makers and other practitioners. After the end of the course, the student groups further develop their ideas from the project block into a written project proposal (10-15 pages).

The 2-days *research workshop* will give course participants the possibility to discuss current research topics with experts in the field. The workshop will consist of presentations by international scholars in the area of behavioral economics as well as expert speakers from ministries and other public institutions. You can find the program from the previous edition of the course at <https://sites.google.com/site/steffenaltmann/home/field-days-2017>

Instructors:

- Steffen Altmann is Associate Professor of Economics at the University of Copenhagen
- Daniel Schunk is Professor of Public and Behavioral Economics at the University of Mainz
- Alexander Sebald is Associate Professor of Economics at the University of Copenhagen

Admission procedure: Students who would like to participate in the course should send a short letter of motivation (max 1 page) describing (i) their research interests and (ii) why they are interested in participating in the course. Letters should be sent to steffen.altmann@econ.ku.dk by no later than February 24, 2019.

ECTS points: Upon completing all course activities (attendance of the entire course and research workshop + submission of written project proposal), participants will be awarded 5 ECTS credits and a course certificate.

Course fees: The course is free of charge for PhD students in Social Sciences from Danish and international PhD programs.

Tentative overview of the course schedule:

Monday

9.00 – 10.00 Introduction (Alexander Sebald and Steffen Altmann)

10:00 – 12:00 Lecture 1: Reference Dependent Preferences: Foundations and Applications (AS, SA)

12.00 – 13.00 Lunch

13.00 – 15:00 Group Work (AS, SA)

15:00 – 17:00 Lecture 2: Self-Control and Present Bias: Foundations and Applications (AS, SA)

Tuesday

9.00 – 11.00 Lecture 3: Limited Attention and Cognitive Biases: Foundations and Applications (AS, SA)

11.00 – 12:30 Lecture 4: Social Norms and Social Interaction: Foundations and Applications (AS, SA)

12.30 – 13.30 Lunch

13.30 – 15.00 Lecture 5: Empirical Methods for Evidence Based Policy I (DS)

15:00 – 17.00 Group Work (AS, SA, DS)

Wednesday

9.00 – 10.30 Lecture 6: Empirical Methods for Evidence Based Policy III (DS)

10:30 – 12:00 Lecture 7: Empirical Methods for Evidence Based Policy IV (DS)

12.00 – 13.00 Lunch

13.00 – 15:30 Group Work (AS, SA, DS)

15:30 – 17:00 Lecture 8: Empirical Methods for Evidence Based Policy II (DS)

Thursday

9.00 – 10.30 Lecture 9: Empirical Methods for Evidence Based Policy V (DS)

10:30 – 12:00 Lecture 10: Research Seminar (DS)

12.00 – 13.00 Lunch

13.00 – 15:00 Group Work (AS, SA, DS)

15.00 – 17.00 Presentation and Discussion of Group Projects (AS, SA, DS)

Friday + Saturday

09:00 – 18:00 Research Workshop, including student presentations

Key Readings for the Group Projects

- Allcott, H. and D. Taubinsky (2015) "Evaluating Behaviorally-Motivated Policy: Experimental Evidence from the Lightbulb Market", *American Economic Review*, 105, 8: 2501-2538.
- Bhargava, S. and D. Manoli (2015) "Psychological frictions and the incomplete take-up of social benefits: Evidence from an IRS field experiment", *The American Economic Review*, 105, 11: 3489-3529.
- DellaVigna, S., A. Lindner, B. Reizer, and J. Schmieder (2016) "Reference-dependent job search: Evidence from Hungary"; *Quarterly Journal of Economics*, forthcoming
- Beshears, J., K. Milkman, and J. Schwartzstein (2016): "Beyond Beta-Delta: The Emerging Economics of Personal Plans," *American Economic Review*, 106, 430–434.
- Dupas, P. and J. Robinson (2013) "Why Don't the Poor Save More? Evidence from Health Savings Experiments", *The American Economic Review*, 103, 4: 1138-1171.

Background Reading:

- Athey, S., Imbens, G. (2015). *The Econometrics of Randomized Experiments*, In: *Handbook of Field Experiments*.
- Chetty, R. (2015). *Behavioral Economics and Public Policy: A Pragmatic Perspective*, *American Economic Review Papers and Proceedings*, 105(5): 1-33.
- DellaVigna, S. (2009). *Psychology and Economics: Evidence from the Field*. *Journal of Economic Literature*, 47: 315-372.
- List, J., Shaikh, A., Xu, Y. (2016). *Multiple Hypothesis Testing in Experimental Economics*, NBER Working Paper 21875.
- Rabin, M. (1999). *Psychology and Economics*. *Journal of Economic Literature*, 36: 11-46.
- Thaler, R.H., Sunstein, C. (2003). *Libertarian Paternalism*. *American Economic Review*, 93: 175-179.