

Behavioural spillovers and policy instruments

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Motivation

- Great policy interest for behavioural interventions vis a vis with traditional policy instruments
- Little is known about how behavioural change spills over in time and across contexts [Dolan and Galizzi (2015); Truelove et al. (2014)]
- Behavioural spillovers key determinants for welfare impacts

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- Behavioural spillovers key determinants for welfare impacts
- – 'moral licensing' effects: priming the moral self-concept positively (negatively) leads to a subsequent decrease (increase) in pro-sociality [Mazar and Zhong (2010); Monin and Miller (2001); Sachdeva et al. (2009); Jordan et al. (2011)]
- + 'foot in the door' effect, self signaling [Benabou and Tirole (2011)]
- no systematic investigation of behavioural and traditional policy instruments

Design

1st stage

- Dictator Game (DG)

Treatments: 50% contribution focal point	
Default	contributions are pre-set at 50% of the endowment
Norms	informed that in an identical previous game 1/2 of contributions were 50%+
Incentives	return 1/2 cent for every cent donated at 10cents (50%) or more
Regulation	have to donate at least 10 cents (50%)

- 'Control treatments' with a low focal point (10% instead of 50%)

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Second stage:

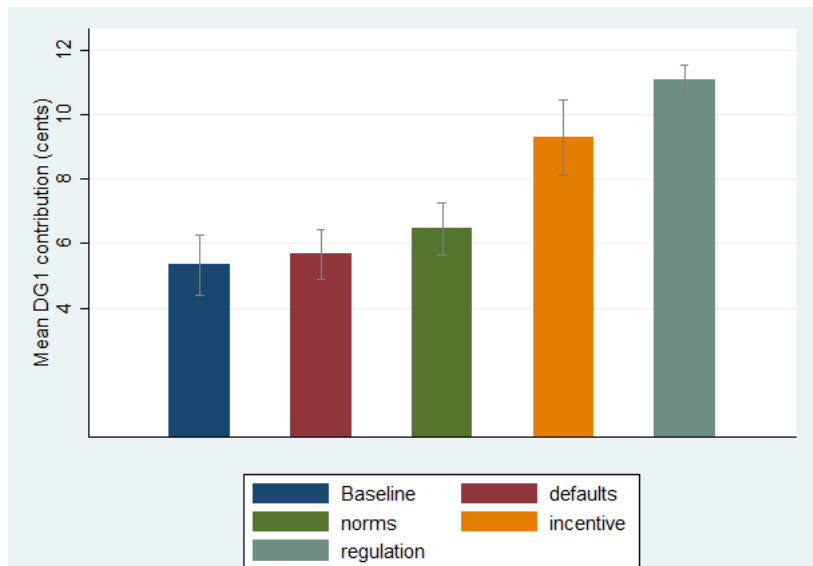
- Separate game, randomly either a DG or a Prisoner Dilemma

Recipients in the DG: remunerate for guessing the correct contribution

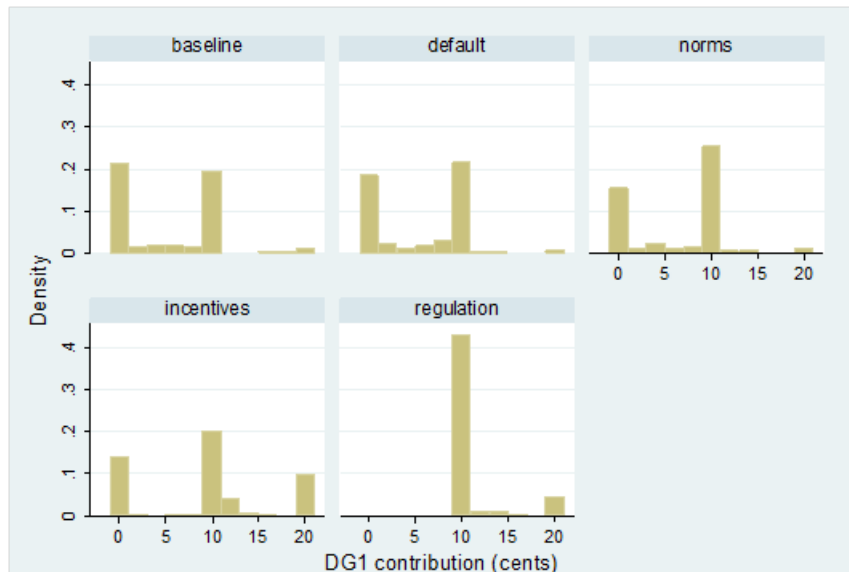
Implementation

- AMT (US), May 2015
- 4 comprehension questions
- 50cents show up fee, with 20cents endowment, with contribution steps of 2cents
- Pilot: 1DG, different participation fees (to control for income effects and generate a real distribution for the 'norms' treatment)
- 200 participants (100 donors, 100 recipients) for each of the 18 treatments

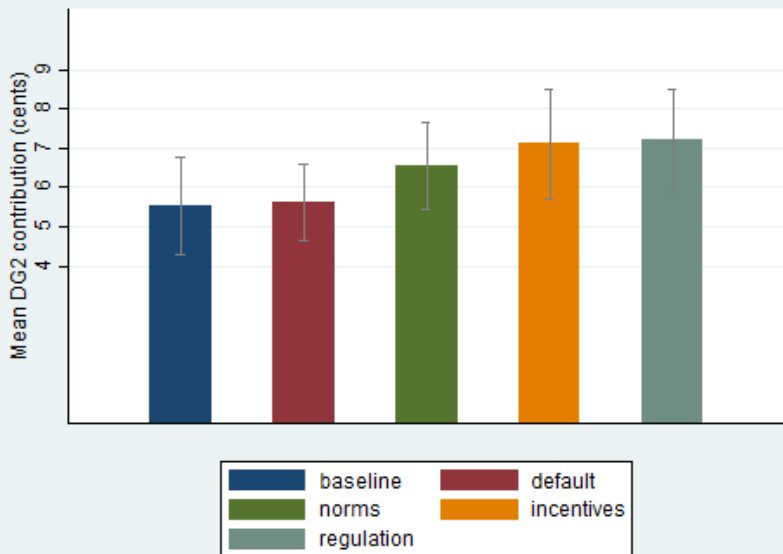
First stage contribution



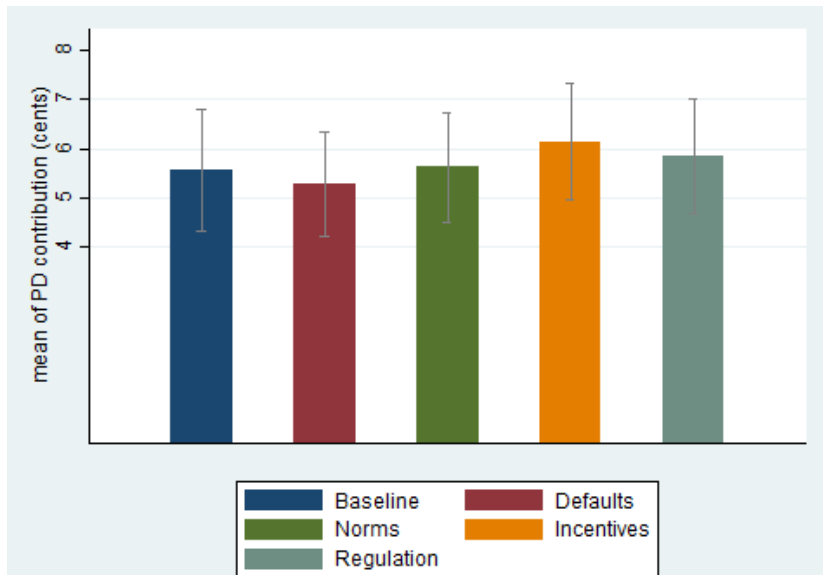
Distribution of first stage contribution



Second stage contribution: DG



Second stage contribution: PD



Average contributions

	DG1		DG2		PD	
	Low	High	Low	High	Low	High
Baseline	5.338 (5.361)		5.55 (5.566)		5.56 (4.404)	
Default	5.699 (5.379)	5.642 (4.944)	6.239 (5.514)	5.583 (4.889)	4.787 (4.554)	5.273 (4.324)
Norms	4.931 (5.283)	6.503 (5.024)*	4.548 (5.226)	6.549 (5.342)	5.067 (4.341)	5.633 (4.376)
Incentives	5.070 (6.076)	9.295 (6.982)***	5.073 (6.014)	7.111 (6.317)*	4.717 (4.819)	6.138 (4.501)
Regulation	6.538 (4.680)**	11.058 (2.930)***	5.642 (5.267)	7.204 (6.359)*	5.36 (4.119)	5.839 (4.589)

Table : Average contribution, by treatment and level of giving induced

Determinants of second stage contribution (DG)

Default	-0.016	0.044	
Norms	0.271	0.224	
Incentives	-1.777**	-1.435*	
Regulation	-3.094***	-2.578***	
dg1_contrib	0.844***	0.760***	0.739***
age		0.029	0.028
female		-0.28	-0.268
altruism1		0.314***	0.343***
_Ieducation_2		-1.415	-0.843
_Ieducation_3		-0.952	-0.165
_Ieducation_4		-1.896**	-1.326*
_Ieducation_5		-1.549**	-1.011
_Ieducation_6		-1.05	-0.507
treatment			-0.650***
_cons	0.673*	0.111	0.737

Determinants of second stage contribution (PD)

Default	-0.548	-0.961	
Norms	-0.524	-0.629	
Incentives	-0.88	-0.978	
Regulation	-1.848*	-2.011*	
dg1_contrib	0.360***	0.326***	0.325***
age		-0.023	-0.025
female		0.251	0.277
altruism1		0.223*	0.224*
_Ieducation_2		-3.361***	-3.265**
_Ieducation_3		-3.396**	-3.346*
_Ieducation_4		-3.285***	-3.241**
_Ieducation_5		-2.680**	-2.741**
_Ieducation_6		-1.668	-1.73
treatment			-0.397*
_cons	3.890***	5.653***	5.951***

Guessing vs real contributions

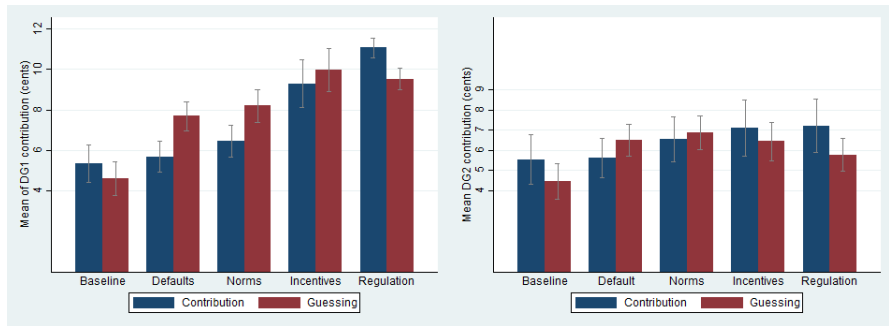


Figure : Average DG2 contribution, by treatment

Conclusions

- Inducing higher giving in the first stage leads to higher giving (in the DG) and cooperation (in the PD) in the second stage → positive spillovers
- Controlling for the 1st stage contribution, we observe a negative effect on stage 2 behavior for the incentive and regulation treatments
- Tension between immediate and long lasting impacts: more controlling interventions increase donations now, but might crowd out intrinsic motivation and result in subsequent lower levels of altruism and cooperation.

Section 1

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