

# **Workshop Behavioral Public Economics**

**Sept. 9/10, 2019**

**at the Vienna University of Economics and Business (WU)**

## **Organizers:**

**Rupert Sausgruber (WU) and Jean-Robert Tyran (U Vienna)**

## **Sponsors:**

**Vienna University of Economics and Business**

**University of Vienna**

## Monday Sept 9

(Building EA Executive Academy, 6<sup>th</sup> floor, [EA.6.032](#))

12:00-12:20

Get together, Coffee

12:20 – 12:30

Opening address

### (1)

12:30 – 13:30

Title: *Serenity Now, Save Later? Evidence on Savings Puzzles from a 401(k) Field Experiment* (with Lynn Conell-Price)

Presenter: [Saurabh Bhargava \(Carnegie Mellon\)](#)

### (2)

13:30 – 14:30

Title: *The effects of a 'None of the above' ballot paper option on voting behavior and election outcomes* (with Attila Ambrus and Anita Zednik)

Presenter: [Ben Greiner \(WU Vienna\)](#)

Coffee break 14:30-15:00

### (3)

15:00 – 16:00

Title: *Civic Engagement as a Second-Order Public Good* (with Kenju Kamei and Louis Putterman)

Presenter: [Jean-Robert Tyran \(U Vienna\)](#)

16:45-17:45 Guided Tour State Rooms (Prunkräume Habsburg, [Albertina](#))

18:00 Dinner at Restaurant [Glacis Beisl](#)

## Tuesday Sept 9

(Building EA Executive Academy, 6<sup>th</sup> floor, [EA.6.032](#))

### (4)

09:00 – 10:00

Title: *The Fall of the Aspirations Wall: Educational Aspirations, Attainment, and Societal Change*

Presenter: [Ghazala Azmat \(Sciences Po Paris\)](#)

### (5)

10:00 – 11:00

Title: *Misperceived Social Norms: Female Labor Force Participation in Saudi Arabia* (with Alessandra L. González and David Yanagizawa-Drott)

Presenter: [Leonardo Bursztyn \(U Chicago\)](#)

Coffee break 11:00-11:30

### (6)

11:30 – 12:30

Title: *The Causal Impact of Socio-Emotional Skills Training on Educational Success*

Presenter: [Ulf Zölitz \(U Zurich\)](#)

Lunch 12:30 – 14:30 at Restaurant [Glashaus](#) (at WU-Campus)

### (7)

14:30 – 15:30

Title: *Rank Incentives and Social Learning: Evidence from a Randomized Controlled Trial* (with Dobrescu L.I., Megalokonomou R., and Motta A.)

Presenter: [Marco Faravelli \(U Queensland\)](#)

Coffee break 15:30-16:00

### (8)

16:00 – 17:00

Title: *Rule Violations and Spillovers – Evidence from the Lab and the Field* (with Oliver Himmler und Tobias König)

Presenter: [Sebastian Goerg \(TU Munich\)](#)

### (9)

18:30 - 20:00

[Public VBEN Lecture](#): *Understanding Peer Pressure in Education – From Evidence to Policy*

Presenter: [Leonardo Bursztyn \(U Chicago\)](#)

Dinner 20:30 [Restaurant Gmoakeller](#)

## Book of Abstracts

### 1. [Ghazala Azmat](#)

**Title:** *The Fall of the Aspirations Wall: Educational Aspirations, Attainment, and Societal Change*

**Abstract:** This paper studies how an exogenous change in the economic and political environment affects individuals' aspirations and, subsequently, their future outcomes. We analyze whether, and how quickly, individuals' educational aspirations adapt to an important change in economic opportunities, and the extent to which this relates to changes in beliefs, preferences and constraints. We then measure how changes in aspirations impact long-term educational outcomes. We use the natural experiment of the German Reunification in October 1990 to study a change in regime on youth aspirations. Using differences across cohorts induced by the timing of Reunification, we show that, shortly after the change in regime, educational aspirations among young high-school aged students' in East Germany increase substantially and, eventually, translate into a sizeable increase in the likelihood to complete their university entrance certificate four years later. Exploring different mechanisms we find that changes in expected returns to education, psychological well-being, as well as changes in students' economic preferences ("consumerism") and socio-political attitudes ("individualism") adapt relatively fast and are directly linked to changes in aspirations, while the relaxation of potential constraints does not seem to be important.

### 2. [Saurabh Bhargava](#)

**Title:** *Serenity Now, Save Later? Evidence on Savings Puzzles from a 401(k) Field Experiment* (with Lynn Conell-Price)

**Abstract:** Economists have advanced several psychological frictions to explain why many US employees, eligible for economically attractive 401(k) plans, save insufficiently for retirement. We causally investigate four candidate frictions through a field experiment randomizing 1,137 under-saving employees at a large US firm to an information- or incentive-based treatments embedded within a broader survey assessing each friction's baseline incidence. We present four main findings: (1) We corroborate existing research on the prevalence of low *retirement literacy* but find that the experimental provision of clear, specific, and personalized, recommendations did not increase savings, even among employees with the most severe literacy deficits. (2) We find no evidence that *enrollment complexity* impedes savings—few employees perceived enrollment as overly complex administratively and simplifying enrollment did not increase savings. (3) In an analysis of *employee confusion*, we estimate that at least one-quarter of 401(k) non-participants falsely believed they were enrolled—these employees enrolled at high rates upon being prompted to observe their actual enrollment status. (4) Finally, we present new direct evidence implicating *present-focus* as a cause of low 401(k) engagement by documenting the willingness of employees to increase savings in response to a small reward (a \$10 Amazon gift card) but not to clarification of the much larger, but delayed, benefit implied by the plan match. Calibrations suggest that the prevailing beta-delta framework of present-biased employees cannot rationalize the observed patterns. We propose an alternative, anxiety-based, decision-making model to potentially explain these patterns as well as the broader set of empirical savings puzzles.

### 3. [Leonardo Bursztyn](#)

**Title:** *Misperceived Social Norms: Female Labor Force Participation in Saudi Arabia* (with Alessandra L. González and David Yanagizawa-Drott)

**Abstract:** Through the custom of guardianship, husbands typically have the final word on their wives' labor supply decisions in Saudi Arabia, a country with very low female labor force participation (FLFP). We provide incentivized evidence (both from an experimental sample in Riyadh and from a national sample) that the vast majority of young married men in Saudi Arabia privately support FLFP outside of home from a normative perspective, while they substantially underestimate the level of support for FLFP by other similar men – even men from their same social setting, such as their neighbors. We then show that randomly correcting these beliefs about others increases married men's willingness to let their wives join the labor force (as measured by their costly sign-up for a job-matching service for their wives). Finally, we find that this decision maps onto real outcomes: four months after the main intervention, the wives of men in our original sample whose beliefs about acceptability of FLFP were corrected are more likely to have applied and interviewed for a job outside of home. Together, our evidence indicates a potentially important source of labor market frictions, where job search is underprovided due to misperceived social norms.

### 4. [Marco Faravelli](#)

**Title:** *Rank Incentives and Social Learning: Evidence from a Randomized Controlled Trial* (with Dobrescu L.I., Megalokonomou R., and Motta A.)

**Abstract:** In a 1-year randomized controlled trial involving thousands of university students, we provide real-time private feedback on relative performance in a semester-long online assignment. Within this setup, our experimental design cleanly identifies the behavioral response to rank incentives (i.e., the incentives stemming from an inherent preference for high rank). We find that rank incentives not only boost performance in the related assignment, but also increase the average grade across all course exams taken over the semester by 0.21 standard deviations. These beneficial effects remain sizeable across all quantiles and extend beyond the time of the intervention. The mechanism behind these findings involves social learning: rank incentives make students engage more in peer interactions, which lead them to perform significantly better across the board. Finally, we explore the virtues of real-time feedback by analyzing a number of alternative variations in the way it is provided.

## 5. [Sebastian Goerg](#)

**Title:** *Rule Violations and Spillovers – Evidence from the Lab and the Field* (with Oliver Himmler und Tobias König)

**Abstract:** People break rules and violate norms. We experimentally investigate the consequences of being the observer of such behavior. Our first finding is that information about another individual violating a norm in a given decision situation makes subjects more likely to also violate that norm when in the same decision situation. Importantly, the contagion does not stop there—we show that the effects of observing a norm violation in one decision situation can spill over into different decision situations and cause observers to become less compliant there. These spillover effects are more likely when the norms underlying the different decision situations are more similar. Yet, spillovers can even reach very dissimilar decisions situations: if observers are first allowed to “self-contaminate” by violating the rule in the same decision situation as the observed individual, they subsequently become more likely to break the rule in a seemingly unrelated situation. A companion field experiment shows that such spillovers occur in economically relevant real-world settings, potentially incurring large economic costs. When we treat employees on-the-job with information about the tax evasion activities of celebrities, they exhibit significantly higher rates of workplace theft than the controls.

## 6. [Ben Greiner](#)

**Title:** *The effects of a 'None of the above' ballot paper option on voting behavior and election outcomes* (with Attila Ambrus and Anita Zednik).

**Abstract:** We investigate how an explicit blank vote option “None of the above” (NOTA) on the ballot paper affects voting behavior and election results in political elections where non-establishment candidates are on the ballot. We report evidence from two online field experiments conducted in the weeks preceding the 2016 U.S. Presidential Election and the 2016 Austrian run-off election for President. The two elections are special because in the U.S. election one firmly establishment candidate (Hillary Clinton) was facing a self-declared non-establishment candidate (Donald Trump), while in the Austrian election, both candidates were from outside the traditional political establishment. In our experiments we subjected participants either to the original ballot paper or to a manipulated ballot paper where we added a NOTA option. We find that participants with a protest motive, who are either unhappy with the candidate set or with the political establishment in general, choose NOTA. Introducing a NOTA option on the ballot increases participation and reduces the vote shares of non-establishment candidates

7. [Jean-Robert Tyran](#)

**Title:** *Civic Engagement as a Second-Order Public Good* (with Kenju Kamei and Louis Putterman)

**Abstract:** Effective states provide public goods by taxing their citizens and imposing penalties for non-compliance. However, accountable government requires that enough citizens are civically engaged. We study the voluntary cooperative underpinnings of the accountable state by conducting a two-level public goods experiment in which civic engagement can build a sanction scheme to solve the first-order public goods dilemma. We find that when civic engagement can be sustained at high levels due to a leverage effect, i.e. when costs are low relative to the benefits of public good provision, the overall dilemma problem is tractable. In addition, we find that local social interaction among subgroups of participants boosts cooperation.

8. [Ulf Zölitz](#)

**Title:** *The Causal Impact of Socio-Emotional Skills Training on Educational Success*

**Abstract:** We study the long-term effects of a randomized control trial targeting socio-emotional skills in 8-year-old primary school children. The teacher-run school-based intervention running for up to two years leads to a persistent boost of educational careers that remains visible over a decade after the intervention. Treated children become 23 percent more likely to complete academic high school, the highest secondary school track in Switzerland, and are 21 percent more likely to be enrolled in university at age 20. Our analysis of mechanisms suggests that the intervention mainly affected externalizing behavior and reduced students impulsiveness and disruptiveness in the classroom.