

Tying the experimental papers to larger intellectual projects




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The commitment device and credit
card papers contribute to the
present bias literature

Present biased decision making leads to self control problems

- A simple example:

Today's plan for tomorrow's menu	Tomorrow I eat:	Day after tomorrow I wish I had eaten:
		

Hyperbolic discounting models present bias by downweighting all future utility by $\beta \leq 1$

- Total discounted utility $= u_0 + \beta \sum [\delta^t u_t]$
- Awareness that $\beta < 1$ prompts demand to commit future selves
- Credit and smoking papers test two of its plethora of testable implications

“Put Your Money Where Your Butt Is” suggests some people are sophisticated about their self control problems and demand commitment devices

More plausible neo classical explanations exist for other commitment devices:

- Benartzi and Thaler: commit to increasing savings; “can opt out ...any time”
- Ariely and Wertenbroch, “Procrastination, Deadlines, and Performance”
 - deadlines credible way to beg off social obligations
- **Contrast:** CARES participants volunteer to be fined

- If actors have no self control problems, participation is a dominated strategy if:
 - it might be rational to delay quitting
 - test could err
- (story: contingent contribution assuages future guilt about 2nd hand smoke)

“Impatience and Credit Behavior”

- Present bias in lab
- Field evidence looks like present bias
- Meier and Sprenger important direct link of field behavior to lab-tasks-for-cash
- Hinges on one measure of time inconsistency; future work should measure time inconsistency carefully

“Expert Opinion and the Demand for Experience Goods”

- Design and analysis is thorough, convincing
- Would like to see it better tied to a greater intellectual project about consumer decision making
- Are people who buy high priced wines:
 - investing in complementary expertise?
 - overconfident about their wine expertise?

“Sequential Pricing”

- Fascinating questions: off-the-shelf tools let mom and pop internet stores use sophisticated strategies
- Shipping and handling is a product B
 - S&H charges suggest buying either nothing or a lot
 - Amazon often commits to free S&H
- model assumes consumer commits to buy A before learning price of B
- often put A in cart without commitment
- Would like numerical solution for Nash equilibrium as a benchmark