

Discussion for Puller et al.: Price Salience and Social Comparisons as Policy Instruments

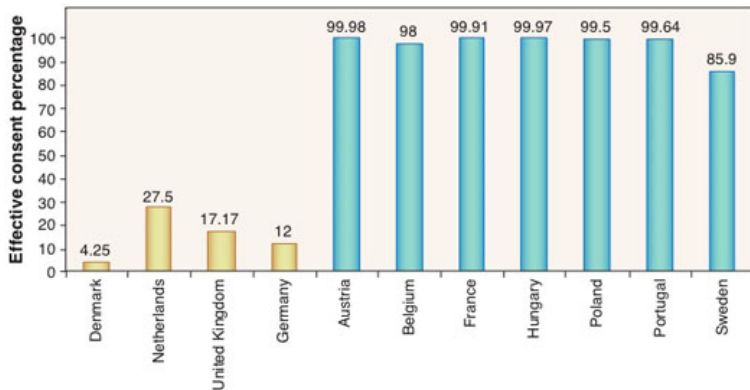
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Motivation: Are Nudges Substitutes or Complements with Price Interventions?

- Big problem, bigger political constraints.
- Complement to price intervention: Increased Salience
- Substitute for price intervention: Social Comparison

Old Null Hypothesis: Behavioral is Bunk



Effective consent rates, by country. Explicit consent (opt-in, gold) and presumed consent (opt-out, blue).

Source: Johnson and Goldstein 2003

Price Sensitivity Through Salience



Source: Chetty, Looney, and Kroft 2009

New Null: Nudging to Nirvana

The rise of nudge - the unit helping politicians to fathom human behaviour

The government's behavioural insights team has won over sceptics in Whitehall and it is now 'nudging' behaviour across the world



📷 David Halpern's behavioural insights team, or 'nudge unit', has proved how mighty the pen can be, through its use of text messages, reworded letters and personalised emails. Photograph: Felix Clay

This Paper

- Extends non-price interventions to developing economy setting.
- Transparent Evidence: Not zero, but definitely not big.
- High ROI, low impact.

Next Question: Why?

- Salience of Market prices versus Household Production Prices
- Irresponsive Capital to short-term interventions

Electricity Use by Households around Notch

End Use	Average Usage
Refrigerator	39.8
Appliances	12.8
Television	12.7
Lighting	9.4
Washing Machine	8.0
Water Heater	8.0
Iron	6.6
Cooking	4.0
Music Electronics	2.8
Heating	0.7

Source: ENERINTER Asesoría Energética Internacional, 2012.

Data for EEQ Households with Monthly Avg Usage between 99 and 110kWh