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Your Own Private Fiscal Cliff: Dean Karlan Wall Street Journal Op-ed

Making a New Year's resolution is easy. Keeping one isn't. When it comes to losing weight or quitting smoking, a commitment contract, wherein one publicly agrees to achieve a certain goal, can help. The commitment contract is based on two well-known principles of behavioral economics: 1) People don't always do what they claim they want to do; and 2) incentives get people to do things.

The "fiscal cliff" was a huge self-imposed commitment contract, timed for the end of the year. Politicians, to please shortsighted...

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