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Prof. Thomas Douenne
Paris School of Economics

RE: AER-2019-1641: “Yellow Vests, Carbon Tax Aversion, and Biased Beliefs”

Dear Prof. Douenne,

Thank you for submitting “Yellow Vests, Carbon Tax Aversion, And Biased Beliefs” to the *AER*.

I was of course super-interested by both the general question and the specific context of the paper. I therefore sent it to three top-notch referees, all very sympathetic to the idea of belief distortions and their impact in the political realm. I am sorry to bring disappointing news: while predictably enthusiastic about the goal of the paper, in the end all three recommend rejection, finding that the execution falls short of the (extremely high) standards of the *AER*. Their reservations are also highly convergent, so it is clear that I must reject the submission.

As you will see, the main issues raised were the following:

1. In contrast to recent frontier research (examples provided, which are not the referees’ own work), the experiment was not adequately incentivized.

2. It is hard to figure out exactly what does what in the paper and in generating its results, both because of the many complicated, successive treatments and because of purely expositional problems (compounded by missing links to the background material). In particular, the analysis does not clearly untangle role of beliefs versus preferences (which one determines which, etc.) and changes therein. I will add here that I also found the paper extremely hard to follow.

R1 writes: “*This is a fascinating paper, which provides compelling evidence that belief distortions are associated with citizens’ failure to support policy outcomes that would make them better off. However, the article has two clear weaknesses that make it unsuitable for the AER...*

1. Frontier research implementing survey experiments examines real-stakes subject choices related to the policy question of interest, while responses in the current experiment are all low-stakes.

2. The main empirical result—that recalibration of beliefs would be sufficient to generate ‘correct’ policy choices—is interesting, but does not speak directly to the conceptual analysis, which emphasizes that beliefs may be an outcome of preferences.

In sum, I think this is a very nice paper and should be published in a good journal (e.g., JEEA, the EJ, or a political science journal) but I do not believe it is up the standard expected at the AER.”

R2 again likes the topic, but is unpersuaded by the analysis: *“The paper is concerned with what I see as perhaps the most important question in political economy today, namely the recent wave of protests rejecting the liberal socio-economic order. I am also favorably predisposed because it has new research approach that is somewhat unusual, and I try hard to be as broad as possible in accepting different ways of gathering evidence. But this paper doesn’t do it for me.”* Among the reasons are that:

1. *“The paper is pretty simple and yet extremely hard to read. There are multiple rounds of treatments one after another and it is never exactly clear what they are using in the estimations. It is unclear what exactly they expect their treatments to do. Only one small part of the problem is that they do not seem to follow the usual language (tests of balanced pre-treatment data, attrition, etc.). Besides the unorthodox survey approach, I could not decide if under-reporting of income played a role.”*

2. *“More importantly, the yellow vests complained about a tax scheme that kept the money in the government coffers. The present paper goes into that context and asks about a policy that sounds very similar and also has carbon tax but differs in that the revenues are redistributed as lump sum as economists would prefer. How much of this difference is understood by subjects is a question for me? In other words, the resistance they detect to the economists preferred policy is tainted by the salience of a very similar contemporaneous policy that they understand and reject.”*

3. A number of other reasons mentioned in the report.

R3 also first notes that *“I found the design to be quite difficult to evaluate because the survey was not fully explained. How questions are worded and displayed and the exact information the participants receive will certainly influence what results one would expect.”* Second, like **R1**, he/she is concerned about proper incentivization: *“In terms of making a better methodology, it is worth noting that their survey results are, as far as I can tell, non-incentivized (although this should be made clear, as the discussion of WTP in Appendix F as well as other discussions in the paper give the opposite impression).”* My own understanding is that these WTP’s are hypothetical ones, as in contingent valuation analysis; either way, all this should be made very clear from the start of the paper. Finally, the reviewer points to other relevant papers on motivated beliefs in the political realm, which you should be aware of.

I am sorry for the disappointing news. I hope that the above summary, and especially the reviewers’ feedback, can be helpful going forward, and I wish you good luck with this thought-stimulating paper.

Best regards,

Roland Bénabou
Coeditor
American Economic Review