

The emerging field of behavioral economics combines elements of economics and psychology to understand how and why people behave the way they do in the real world. It differs from “neoclassical” economics, which assumes that most people have well-defined preferences and make well-informed, self-interested decisions based on those preferences.

The insights from behavioral economics draws a contrast to traditional economic models that have treated people as purely rational actors—who have perfect self-control and never lose sight of their long-term goals—or as people who occasionally make random errors that cancel out in the long run.

Behavioral scientist Katy Milkman’s 2021 book “How to Change: The science of getting from where you are to where you want to be” uses insights from behavioral economics on everyday decisions.

<https://www.econtalk.org/katy-milkman-on-how-to-change/>

After you listen to the podcast, your assignment is to answer the following questions. You will be graded based on the quality of your critical thinking about each topic as well flow and grammar of your writing.

1- Milkman challenges Nike’s notion of “Just Do It.” Do you agree with her? Instead of this “pushing through” strategy, what are the other strategies that Milkman suggests? Have you used either of these strategies yourself? How successful were they?

2- To deal with the “willpower problem,” Milkman suggests that we come up with ways to incentivize ourselves to make certain decisions. What are some of the reasons that Milkman thinks these strategies will work? What do you think about Milkman’s “fresh start effect?” Have you ever used the fresh start effect to try to make changes to your life? Has it been successful? Roberts points out that our ability to achieve a goal is often independent of technique. What do you think he means by this? What does Milkman have to say in response to this?

3-Milkman discusses some of the issues with past psychology studies that are not able to be replicated. What are two of the studies that have been able to be replicated? What example does Roberts use to illustrate the longevity of this tactic being used by humans? Can you think of any other examples of this tactic?

4- Roberts makes a suggestion on the plausibility of studies in science being incorrect but then being used as placebo effects. What does Milkman have to say about using placebo effects? Do you think her example of housekeeping is accurate?

5- Roberts makes an important point that while it is good to want to make changes to our lives for the better, there also seems to be an urge in our culture to find the life hacks and algorithms that will solve certain problem for us and that this could hinder us from considering the bigger question of how to live. Do you agree with Roberts? Milkman responds that it is important to consider whether our goals will actually benefit us. Do you think there are some goals that aren’t as important as others? Explain.