AIRLEAP Sessions for the Annual Conference of the 2018 Annual Conference of the Eastern Economic Association, Boston, MA
March 1-4, 2018

Session #1. Economics and Behavior (JEL Code D9)

(Note: Please do not schedule this session for March 1st or March 2nd – two of the session's participants may not be available on those days – please schedule it on March 3rd or 4th.)

Session Organizer: Steven Payson, AIRLEAP, (steven.payson@airleap.org)
Chair: Matthew Salomon, University of Maryland University College (matthewsalomon@gmail.com)

Paper #1: Sales Practices-Understanding The Behavior They Incentivize
Jimmie Lenz, Center for Finance and Accounting Research, Washington University in St Louis (jlenz@wustl.edu)

Abstract: The use of sales incentives (commissions, bonuses, etc.) to motivate the behavior of salespeople has a long history, as does the negative effect on customers that sometimes results. This mistreatment is sometimes considered the "cost of doing business" but recent cases of unchecked and large-scale customer abuse have focused particular attention on the financial services industry and what can be done to detect this behavior. We have developed a methodology to detect both customer sales and individual product behaviors that are indicative of problematic situations that require additional examination. Our methodology goes beyond the aggregate sales, which are primarily discussed in the literature, to highlight individuals and/or groups that are often obviated when analyzing such data. Traditional compensation reviews for conflicts only recognize gains that may be realized, however, losses that might be experienced often play a more significant role.

Discussant: Gbetonmasse Somasse, Clark University (gbsomasse@wpi.edu)

Paper #2: "Is the Behavior of Economics Professors Leading to Their Success or Failure?"
Steven Payson, AIRLEAP (steven.payson@airleap.org)

Abstract: This paper examines the incentive system that economics professors face, and how it needs to improve in order to ensure the profession's success. Success in this regard refers to the contribution of discourse that is valuable to society, by advancing useful knowledge and providing the background for effective policies. The paper focuses on the differences between the scientific pursuit of knowledge and the competitive "publication game" that academic economists are compelled to play in advancing their careers. The paper draws from the author's new book: *How Economics Professors Can Stop Failing Us* (Rowman and Littlefield, 2017).

In discussing the "publication game," the paper criticizes the "mathematical weightlifting" of advanced economic theory, while at the same time emphasizing that it is not criticizing economic theory itself. The paper notes, for example, "Economic theory, like the Slutzky Equation, the Hechscher-Ohlin Model, or the Lancaster-Lipsey Theory of the Second Best, etc., are exactly what makes economics, economics." The paper reviews how some of the most

prominent economics professors have also expressed similar criticisms of mathematical weightlifting (e.g., Stiglitz, Krugman, Solow, and Leontief). In the aftermath of the great recession, for example, Krugman noted, "the central cause of the profession's failure was the desire for an ... intellectually elegant approach ... to show off ... mathematical prowess ... [T]his romanticized ... vision ... led most ... to ignore all the things that could go wrong."

The paper concludes with a series of recommendations for stronger leadership within the academic economics profession—leadership that needs to address the profession's incentive system itself, instead of taking it as given. Among these recommendations is a call for the profession's leadership to redefine loyalty to profession as loyalty to society and to the honest pursuit of knowledge, even if this would temporarily compromise the profession's current public image.

Discussant: Julie Lenzer, University of Maryland (jlenzer@umd.edu)

Paper #3: Nudgital: Critique of a Behavioral Political Economy

Julia Puaschunder, Columbia University (julia.puaschunder@gmail.com)

Abstract: Behavioral Economics revolutionized mainstream neo-classical economics. A wide range of psychological, economic and sociological laboratory and field experiments proved human beings deviating from rational choices as standard neo-classical profit maximization axioms failed to explain how human actually behave. Human beings rather use heuristics in their day-to-day decision making. These mental short cuts enable to cope with a complex world yet also often leave individuals biased and falling astray to decision making failures. What followed was the powerful extension of these behavioral insights for public administration and public policy making. Behavioral economists proposed to nudge and wink citizens to make better choices for them and the community. Many different applications of rational coordination followed ranging from improved organ donations, health, wealth and time management, to name a few. Yet completely undescribed remains that the implicit hidden persuasion opens a gate to deception and is an unprecedented social class division means. Social media forces are captures as unfolding a class dividing nudgital society, in which the provider of social communication tools can reap surplus value from the information shared of social media users.

Addressing the nudgital society allows to better understand the laws of motion of governance in the digital age, leading to the potentially unequal accumulation and concentration of power. Technological improvement in the age of information has increased the possibilities to control the innocent social media users and reap the benefits of their existence in hidden persuasion. In the age of populism, nudging can be criticized to be used by the ruling class to exploit the governed populace. In modern democracies, the right to rule was recently proven to be plundered in democratic votes through misguiding information of alternative facts and fake news circulated on social media. The socio-ethical crises that are rooted in the contradictory class division of the nudgital society are presented in this paper for the first time and from there on demand for further description and research on capitalism and democracy in the digital age. The paper advocates for a democratisation of information, education about nudges, and well-informed distribution of transparent governance control.

Discussant: Debra Dwyer, Stony Brook University (debra.dwyer@stonybrook.edu)

Paper #4. Participation Decisions of the DOI Fractionated Land Buy-Back Program

Benjamin Simon and Adam Stern, U.S. Department of the Interior (Benjamin_simon@ios.dol.gov and adam_stern@ios.dol.gov)

Abstract: The 2012 Cobell Settlement Agreement included about $1 billion to purchase fractionated land ownership interests on Native American reservations. These fractionated interests have come about over time as land parcels are handed down to multiple heirs. The fact that there are multiple owners makes all land management decisions complicated due to the need to obtain consent from a majority of the parcel's owners to do anything with the land. The land Buy-Back Program implemented as part of the Cobell Settlement allows participating individual owners to receive payments for voluntarily selling their land to a tribe. This paper analyzes the factors contributing to an individual's decision to accept or reject a buyback offer.

Discussant: Steven Payson, AIRLEAP (steven.payson@airleap.org)

Session # 2. Broadening Our Perspectives on Economics Education and Environmental Policy (JEL A2 and Q5)

Session Organizer: Steven Payson, AIRLEAP, steven.payson@airleap.org
Chair: Debra Dwyer, Stony Brook University (debra.dwyer@stonybrook.edu)

Paper #1. Mapping Climate Justice

Julia Puaschunder, Columbia University (julia.puaschunder@gmail.com)

Abstract: Climate justice accounts for the most challenging global governance goal. In the current climate change mitigation and adaptation efforts, high and low income households but also developed and underdeveloped countries as well as various overlapping generations are affected differently. This paper proposes to map international climate change mitigation and adaptation regimes in order to derive fair climate stability implementation strategies.

Based on insights on the current endeavor to finance climate change mitigation and adaptation around the globe, a three-dimensional climate justice approach will be introduced to share the burden of climate change with bonds. Innovative compensation schemes to share the burden of climate change with bonds help weight the burden of climate change more equally between today's and tomorrow's society. A climate tax and bonds mix could subsidize the current world industry for transitioning to green solutions and future generations, who will enjoy a less carbon intensive industry and more stable climate but should repay those bonds. Thus, current generation is advised to mitigate climate change financed through bonds to remain financially as well off as without mitigation while improving environmental well-being of future generations. This respective intergenerational tax-and-transfer policy-mix could turn climate change mitigation into a Pareto-improving strategy. All these efforts should alleviate the contemporary global governance predicament that seems to pit today's generation against future world inhabitants in a trade-off of economic growth versus sustainability. Deriving respective policy recommendations for the wider climate change community is aimed at ensuring to share the burden but also the benefits of climate change within society, between countries and over time in an economically efficient and legally equitable way.

Discussant: Eddy Fung, British Columbia Institute of Technology (efung@bcit.ca)

Paper #2: The Downsizing of Economics Professors: How It Will Happen and Why It Will Succeed

Steven Payson, AIRLEAP (steven.payson@airleap.org)

Abstract: The number of economics professors will decline substantially over the next couple of decades. This will happen for one main reason—the advent of distance learning, especially in the form of Massive Open Online Courses (MOOCs), which enable a single professor to lecture to tens of thousands of students. While other academic fields will undoubtedly encounter similar reductions, academic *economics* is the one profession that is most qualified to address the topic. It is the one profession that should best recognize the economic benefits of this transition, and take responsibility for leading the transition among all academic fields.

Unfortunately, the position espoused by several academic economists has been *against* this inevitable transition, politically upholding their employment and the status of their institutions. They have asserted that MOOCs lower the quality of education and threaten the financial viability of traditional universities. This paper argues, however, that their position untenable. Their position is hypocritical as well, given the fact that economics professors, more than anyone else, have upheld the idea that jobs should be lost, and new ones should be gained, in response to technological changes that promote economic efficiency. There is also irony in the fact that the high tuitions required to maintain traditional classrooms effectively deny a college education to those who cannot afford it. Thus, unsound arguments that traditional lectures are needed to preserve the quality of education actually do not improve the quality of education but have the only real effect of denying education to many people who would otherwise be able to receive it. To address this topic comprehensively, the paper goes deep into fundamental questions about what economics professors really do with their time and energy, and what they should be doing in the best interests of their students and of society.

Discussant: Shatakshi Gupta, Vanderbilt University (shatakshi.gupta@vanderbilt.edu)

Paper #3: Flipping the Files: Matching in the Economics Job Market

W. Charles Sawyer, Texas Christian University (w.c.sawyer@tcu.edu)

Abstract: This paper argues that the demand side of the economics job market can be roughly segmented into two parts. The first part is dominated by Ph.D. granting institutions and other institutions that are well connected to the profession at large and focus on hiring new faculty that will strengthen that connection and improve the position of the department in the rankings. The second part is the collection of departments whose connection to the profession is much weaker and improving that situation is not a strong priority in hiring. For these departments, the hiring process is substantially different. The purpose of this paper is to explain how this occurs and how it influences the hiring process. The conclusion is that constraints on the two types of departments are different. In this situation, welfare maximizing behavior leads to a different focus in hiring.

Discussant: Daniel Kwong, USA Chinese Scholars Association (ghh_dwk@yahoo.com)