

“The Power of Resisted Temptation”

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Sunk opportunity costs can causally affect subsequent behavior. Turning down initial temptations might make it easier for people to stay committed in the longer term to a personal goal. We discuss several competing explanations for this enhanced commitment effect – including that resisting temptations might (1) “self-signal” information about individual’s own resolve or (2) create prospective risk of cognitive dissonance. Individuals who are subject to what we call “reactive incentives” have superficial incentives to accept a temptation and deviate from some pre-existing goal. But the process of resisting the temptation may cause these individuals to be less likely to subsequently deviate from that goal. We identify two broad categories of reactive incentives: reactive carrots and reactive sticks.

This article tests the causal impact of reactive incentives in a field experiment at a University of Amsterdam gym where new subscribers were randomly assigned to one of several groups. “Temptation” group members were made one-time monetary offers of varying size to quit the gym. None of the temptation group subjects accepted the offered compensation to quit the gym. Subjects who were offered a moderate reactive carrot (a full refund plus a cash payment equaling 10% of their initial subscription price to quit) were statistically more likely to visit the gym, to resubscribe, and to earn higher post-treatment grades. Even though the foregone financial opportunities are sunk, they nonetheless affect our subjects’ future behavior. Consistent with the reactive stick hypothesis, we also observe that new subscribers who were exposed to unpleasant weather conditions during their first week of membership were more likely to subsequently visit the gym than new subscribers who did not have to initially confront the reactive stick of bad weather.

This article explores a range of settings where policy-makers might deploy reactive incentives to beneficially enhance self-control– including smoking cessation programs, payday lending, college completion and retirement savings.