

Class 6

Outside the usual econ box

May 23, 2017

Prepare for Normandy

- 1 7:00 AM! Outside Metrogate; buddy system, group me; .
- 2 Passports, letter, small bag; if bringing electronics, need different adapter plug.
- 3 Money? The euro. (money changers here on Cromwell).

Review: game theory, strategic bombing, Galileo

- "We also discussed assurance games, but I'm not sure if I understand the concept fully. Are these games in which one player is confident in what the other will choose, or is this just a different name for games that involve the game matrix and Nash Equilibrium?"
- "I knew that the US bombed during the day for more accuracy and that the British bombed at night to lessen casualties, but why was accuracy seemingly more important to the US than the Brits, and why was safety more important to the Brits than the US? Obviously both sides were working towards a common goal – to win the war. But I cannot think of a fundamental difference in philosophy between the two sides that led to this difference. Surely both sides valued their servicemen at roughly the same level, and both sides wanted to win as badly as possible, so accuracy during bombing campaigns was key."

- "I can't imagine a more demoralizing act than to turn an entire city to ash with just one bomb. After the war was over, many of the scientists working on the Manhattan project became pacifists and sought that nuclear weapons may never be used again. It's not hard to imagine why."
- "Cost sharing (via copays, deductibles, etc.) is a technique aimed at deterring beneficiaries of health insurance from consuming excessive healthcare because they are insured."

Motivating soldiers: Akerlof

- "...It is relatively cheap to impart identity to soldiers and officers, since many self-select into the armed services and thus are open to its methods, and it is very costly to quit (for example, Lipsky reports that West Point is the only economically viable college education for many cadets). In the military, it is hard to observe effort, especially when it is most crucial—in battle. In addition, military personnel are especially susceptible to indoctrination because of their isolation. Hence, the model would predict that the military would rely more on identity than on monetary compensation, and this prediction is consistent with described differences between military and civilian organizations, which we discuss further below"
- Draftees

How do they do it?

- "cognitive dissonance theory suggests why people who are led to choose an unpleasant experience will change their image of themselves: they need a consistent explanation why they made such a choice. Such changes in self-perception can be used to manipulate identities, as in fraternity initiations that induce loyalty to the fraternity. A large number of other perceptual biases can be used to alter subjects' self-perceptions."
- "*The American Soldier*, a study of combat soldiers in World War II, finds soldiers' major incentive to fight came from adherence to the ideal fostered in the combat unit of being "a man." It meant showing "courage, endurance and toughness, ..., avoidance of display of weakness in general, reticence about emotional or idealistic matters, and sexual competency"

But remember:

- 1 NYT, Tuesday Dec 1: "To curb Repeat Hospital Stays, Pay Doctors," by Sandeep Jauhar, M.D.

"You have to motivate doctors to do the right thing. You can appeal to professionalism or altruism, to doing well for patients or serving a greater purpose, but nothing influences behavior like money..."

Article is about the cost of not discharging medicare patients in a timely manner. The conflict comes from doctors getting paid if the patient is in the hospital but not if they are discharged and not there, while the hospital is under pressure to discharge quickly because they get paid a lump sum based on the patient's diagnosis.