#### Interventionist Preferences and the Welfare State: The Case of In-Kind Nutrition Assistance

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- ► This paper: paternalistic preferences?

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If so, what do Paternalists (Choice Architects) seek to achieve?

### **Our Approach**

Lab-in-the-field experiment in which nationally representative citizens decide about how to expand the consumption opportunities of SNAP participants (food stamp recipients; SNAP = supplemental nutrition assistance program).



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Specific egalitarianism is about ensuring minimum consumption of "good" items (Enough food? Enough healthy food?)

### **Hypothesis 2: Ward Paternalism**

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— Bryan Caplan

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Ward paternalism is about ensuring limited consumption of "bad" items (e.g. alcohol, video games, "luxuries")

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- 1. What do Choice Architects seek to achieve?
  - ► Specific egalitarianism (calories or health?)
  - > Ward paternalism
- 2. Recipient demographics (stereotypes?) & CA demographics

# Experimental Design

### **Overview**

#### LAB-IN-THE-FIELD EXPERIMENT

- Choice Architects (US general population sample) decide on the options that will be available to a recipient paired with them
- Recipients: Supplemental Nutrition Assistance Program (SNAP, i.e., food stamp) participants in the USA

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#### INCENTIVES

- ▶ 1 in 20 Choice Architects see a real SNAP participant, others decide about hypothetical participants. Do not know whether their participant is real.
  - ▶ One decision selected at random for implementation
- ▶ No material incentives for Choice Architects' main decisions
  - But incentivized belief elicitation

#### Environment

#### DECISIONS

All decisions involve:

- A. Monthly deliveries of a food box for half a year
- B. Monthly deliveries of cash equivalent for half a year

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FOOD BOXES

- ▶ Two different types: (i) Healthy, (ii) Representative
- Each Choice Architect makes decisions about only one of them; does not learn of the other one.

### The Healthy Food Box

Contents satisfy intake of macronutrients recommended by the American Heart Association for 2 weeks for a 2000 calorie diet



Cost: \$51.68 (walmart.com, Sacramento CA, June 2022)

### The Representative Food Box

Contents chosen to match the macronutrient and food group intake of the average SNAP participant for 2 weeks (Zhang et al., 2018)



Cost: \$51.73 (walmart.com, Sacramento CA, June 2022)

### Cash equivalent

Goal: Cash equivalent that cannot buy groceries

- Necessities: Inexpensive clothing, home improvement, gas, and spending at gas stations other than alcohol and tobacco
- ▶ *Luxury*: full service restaurants, travel, fine clothing stores
- Comfort: on-screen entertainment and consumer electronics, fast food, and hot foods purchased at gas stations
- ► Sporting goods

► Addictive goods: alcohol, tobacco (through gas station gift cards)



### **Types of Decisions (Scenarios)**

One scenario randomly selected for implementation

Scenario 1: How do individuals restrict recipients?

▶ Paternalistic choice. Yields *enforcement price*
### **Scenario 1: Paternalism Decision**

Choose one of the following

Welfare recipient gets the Healthy Food Box monthly (no choice)



Morgan will receive the food box.

Welfare recipient chooses between Healthy Food Box monthly and monthly gift cards  $\mathbf{OR}$ Morgan will choose between the montly food box delivery and the monthly gift cards.

Please decide on each line whether Morgan can choose between the monthly food box and the monthly gift cards, or must receive the monthly food box.

If the gift card allowance is \$130 each month: Choice: Morgan chooses between the monthly food box OR \$130 in Food box (no choice): Morgan will gift cards each month 00 get the monthly food box Recommend food box Recommend aift cards If the gift card allowance is \$105 each month: Choice: Morgan chooses between monthly food box OR \$105 in gift Food box (no choice): Morgan will cards each month get the monthly food box Recommend food box Recommend gift cards If the gift card allowance is \$85 each month: Choice: Morgan chooses between monthly food box OR \$85 in gift Food box (no choice): Morgan will cards each month get the monthly food box Recommend food box Recommend gift cards

Decisions for values \$0, \$25, \$45, \$60, \$70, \$85, \$105, \$130

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Scenario 2: What do people believe recipients should consume (net of willingness to act on that judgment)

▶ Surrogate choice. Yields *surrogate reservation price* 

### Scenario 2: Surrogate Choice

Choose one of the following



Cannot leave choice to the recipient

If the gift card allowance is \$130 each month:

Gift cards: Morgan selects gift cards worth \$130 for each month (no food box, no groceries)

00

Food box: Morgan will get the food box each month.

If the gift card allowance is \$105 each month:

00

Gift cards: Morgan selects gift cards worth \$105 for each month (no food box, no groceries)

Food box: Morgan will get the food box each month.

If the gift card allowance is \$85 each month:

Gift cards: Morgan selects gift cards worth \$85 for each month (no food box, no groceries)

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Food box: Morgan will get the food box each month.

If the gift card allowance is \$70 each month:

Gift cards: Morgan selects gift cards worth \$70 for each month (no food box, no groceries)



Food box: Morgan will get the food box each month.

 $One\ scenario\ randomly\ selected\ for\ implementation$ 

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Scenario 3: What do people believe recipients would choose absent restrictions?

▶ Belief elicitation. Yields *reservation price beliefs* 

### **Scenario 3: Belief Elicitation**

If the choice is between **\$130 in gift cards** every month for half a year and the food box each month, what is the chance Morgan will opt for the food deliveries?

0 of 10	1 of 10	2 of 10	3 of 10	4 of 10	5 of 10	6 of 10	7 of 10	8 of 10	9 of 10	10 of 10
choose										
O	0	0	0	0	0	0	0	0	0	0

If the choice is between **\$105 in gift cards** every month for half a year and the food box each month, what is the chance Morgan will opt for the food deliveries?

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Choice Architect matched with real recipient may be paid for accuracy on this prediction (up to \$5).

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  ▶ Demographics of the recipient
  - ▶ Race (black, white): unobtrusively conveyed through pixelated mugshot

You are now making decisions about the following welfare recipient.



(Image pixelated for anonymity.)

Age: 20-29 Children: One two-year old Marital status: No partner present

Citizenship: US Collects SNAP benefits ("food stamps") Place of residence: FL, rural area.

This welfare recipient has **no food restrictions**. She has access to a fridge, to a freezer, and to a cooking appliance such as a stove.

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  - ▶ Gender (male, female)
  - ▶ Age (20-29, 50-69)
  - Parental status (only for young women)
  - ▶ Place of residence {NY, CA, TX, FL}, {urban, suburban, rural}

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#### RECIPIENT DESCRIPTION

- Only single individuals (to obviate inference about partner or need to describe that person)
- ▶ If children, then one two-year old

# Data and Results

#### Data

#### ▶ 152 SNAP participants (recipients)

- ▶ 2,157 Choice Architects, online (provider: Kantar)
- ► August October 2022

(New wave of data collection underway)

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#### **Paternalistic interventions**



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#### **Paternalistic interventions**



Enforcement price = switching point (midpoint) in paternalistic decision

Many "libertarians" (s = 0, ~ 17.5%) & "authoritarians" (s = 130, ~ 27.5%)
Tradeoff-types (0 < s < 130) ~ 55%</li>

### Enforcing one's own view of what's right

▶ Surrogate price: What CA considers appropriate for recipient

▶ Enforcement price: What CA considers appropriate + how much she enforces that view



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• Over half of CAs: Fully enforce what they think is right

- ▶ Vast majority of other half: some limited discretion
- $\rightarrow~$  Overall, remarkably little respect for respondent autonomy

	(1)	(2)
VARIABLES	Enforcement price	Surrogate price
Dep. var. mean	73.712***	91.064***
	(1.499)	(1.255)
Belief about mean	$0.177^{***}$	0.223***
reservation price	(0.045)	(0.037)
Observations	1,970	2,040

Note: \*, \*\*, and \*\*\* indicate statistical significance at 0.10, 0.05, and 0.01 levels.

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#### B. REASONS FOR RESTRICTIONS

#### C. EXTERNAL VALIDITY

# Hypothesis 1: Specific egalitarianism

- ▶ If Choice Architects are specific egalitarians *and* care about ensuring healthy nutrition:
  - $\rightarrow~$  Higher enforcement prices for healthy box
- If Choice Architects are specific egalitarians who exclusively care about calorie intake (and believe that recipient needs more calories):
  - $\rightarrow\,$  Higher enforcement prices for the representative box (15% more calories)

### Healthiness of Food Box Has No Effect



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Rules out both versions of specific egalitarianism

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## **Hypothesis 2: Ward Paternalism**

- Ward paternalists seek to limit consumption of "inappropriate" items
  - $\rightarrow\,$  Beliefs about use of gift cards should be highly predictive of enforcement prices

### **Evidence on Ward Paternalism**

	(1)	(2)
	Enforcement price	Surrogate price
Beliefs about gift card use		
Alcohol & Tobacco	$0.385^{***}$	$0.206^{*}$
	(0.146)	(0.121)
Comfort	$0.231^{***}$	$0.219^{***}$
	(0.082)	(0.069)
Sporting	-0.621***	-0.607**
	(0.163)	(0.243)
Luxury	0.032	-0.076
	(0.087)	(0.076)
Gas	0.106	$0.188^{***}$
	(0.101)	(0.068)
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Note: Omitted category is Necessities. \*, \*\*, and \*\*\* indicate statistical significance at 0.10, 0.05, and 0.01 levels.

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## **Effects of Recipient Demographics**



Controls: CA demographics, beliefs about food box cost, type of food box.

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1. Experimental behavior correlated with SNAP policy views

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#### Ongoing work: structural model of paternalistic decision-making

## Thank you!