'Equilibrium Effects of Food Labeling Policies

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Comentarios

- Sobre el trabajo y sus resultados

- Sobre implicancias más generales de políticas de entrega de información

- Sobre este tipo de investigación y políticas públicas

Resultados del trabajo

- Mensaje central 1: Efectos en equilibrio

- Mensaje central 2: mecanismo clave: información equivocada y difícil de certificar

- Mensaje central 3: efectos heterogéneos

- Mensaje central 4: los detalles importan para diseñar y evaluar políticas públicas.

Lo que queda pendiente

- Efectos en comportamientos y resultados de salud

- Efectos de largo plazo

- Políticas complementarias

- Muchas preguntas sobre detalles

  - Trabajo muy transparente y que permite hacer ejercicios adicionales

Implicancias más generales I

- Investigación amplia sobre efectos de entregar información **simple** pero **certera** y **entendible** en diferentes situaciones:

  - Educación

  - Política

  - Salud

  - Decisiones financieras y de ahorro

  - Medio ambiente

  - Otros

  Ver www.povertyactionlab.com para ejemplos y más detalles de investigación científica

Implicancias más generales II

- ¿Cómo usar estos "sellos"? ¿entrega de información?
  - Probablemente si se usa demasiado intensivamente pierde su valor.
  - La credibilidad y la certidumbre es clave.

Este tipo de investigación y políticas públicas

- Ejemplo de investigación de altísimo nivel y con tremenda utilidad de políticas públicas

- "Gratis" para la sociedad

- ¿Cómo hacemos para que esté más cerca de la toma de decisiones?

Price Regulation in Credit Markets:
A Trade-off between Consumer Protection and Credit Access[*]

José Ignacio Cuesta[§]   Alberto Sepúlveda[‡]
Job Market Paper

January 9, 2019
Link to the latest version

Abstract. Interest rate caps are widespread in consumer credit markets, yet there is limited evidence on its effects on market outcomes and welfare. Conceptually, the effects of interest rate caps are ambiguous and depend on a trade-off between consumer protection from banks' market power and reductions in credit access. We exploit a policy in Chile that lowered interest rate caps by 20 percentage points to understand its impacts. Using comprehensive individual-level administrative data, we document that the policy decreased transacted interest rates by 9%, but also reduced the number of loans by 19%. To estimate the welfare effects of this policy, we develop and estimate a model of loan applications, pricing, and repayment of loans. Consumer surplus decreases by an equivalent of 3.5% of average income, with larger losses for risky borrowers. Survey evidence suggests these welfare effects may be driven by decreased consumption smoothing and increased financial distress. Interest rate caps provide greater consumer protection in more concentrated markets, but welfare effects are negative even under a monopoly. Risk-based regulation reduces the adverse effects of interest rate caps, but does not eliminate them.

The Economics of the Public Option:
Evidence from Local Pharmaceutical Markets[*]

Juan Pablo Atal, *University of Pennsylvania*
José Ignacio Cuesta, *Stanford University*
Felipe González, *Pontificia Universidad Católica de Chile*
Cristóbal Otero, *University of California, Berkeley*

Abstract. We study the economic and political effects of competition by state-owned firms, leveraging the decentralized entry of public pharmacies to local markets in Chile around local elections. Public pharmacies sell drugs at a third of private pharmacy prices, because of a stronger upstream bargaining position and downstream market power in the private sector, but are also of lower quality. Exploiting a field experiment and quasi-experimental variation, we show that public pharmacies affected consumer shopping behavior, inducing market segmentation and price increases in the private sector. This segmentation created winners and losers, as consumers who switched to public pharmacies benefited, whereas consumers who stayed with private pharmacies were harmed. The countrywide entry of public pharmacies would reduce yearly consumer drug expenditure by 1.6 percent, which outweighs the costs of the policy by 52 percent. Mayors that introduced public pharmacies received more votes in the subsequent election, particularly by the target population of the policy.

Switching Costs in Pension Plan Choice

Gastón Illanes[*]

April 14, 2017

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http://sites.northwestern.edu/gil208/

Abstract

How well do market mechanisms for retirement savings function when there are switching costs? This work answers this question by estimating a dynamic demand model with switching costs for pension fund administrator choice in Chile's privatized pension market. This market exhibits significant price dispersion and very low switching rates, and switching costs are often mentioned as a likely driver of this outcome. If this is the case, then regulatory intervention to lower switching costs may increase welfare. This is not only important for the functioning of the Chilean pension market, but also more generally for other settings where governments mandate consumer participation and set the default as continuing in the same firm as last period. A key challenge in dynamic demand models is the fact that consumers form expectations about the future evolution of product characteristics and base their choices on them. Using a new methodology, based on a combination of revealed preference inequalities and latent variable integration, this work takes these expectations into account without having to model them explicitly, while using exclusion restrictions to separate switching costs from unobserved preference heterogeneity. I find

Targeted Vouchers, Competition Among Schools, and the Academic Achievement of Poor Students

Christopher A. Neilson

This version : March 19th, 2020
First version : October 17th, 2013

Abstract

I develop an empirical model of demand and supply with imperfect competition to study the primary school market in Chile. I use this framework to study how voucher policy affects competitive incentives and the equilibrium allocation of school quality. I estimate my model using administrative data, leveraging variation from a policy change that eliminated out-of-pocket fees for approximately 40% of students. The model indicates that schools can increase prices above marginal cost and mark down quality below the perfectly competitive benchmark. Schools in poorer neighborhoods have more local market power and this contributes to inequality in access across socioeconomic groups. I find that a voucher system that provides more resources for poor students would reduce schools' market power and increase school quality. Using the observed policy change, I show that competition increased in the poorest neighborhoods and consequently reduced the inequality of academic achievement.

Approximating the Equilibrium Effects of Informed School Choice

Claudia Allende   Francisco Gallego
Columbia University   PUC-Chile and J-PAL

Christopher Neilson
Princeton University, NBER and J-PAL[*]

July 29th, 2019

Abstract

This paper studies the potential small and large scale effects of a policy designed to produce more informed consumers in the market for primary education. We develop and test a personalized information provision intervention that targets families of public Pre-K students entering elementary schools in Chile. Using a randomized control trial, we find that the intervention shifts parents' choices toward schools with higher average test scores, higher value added, higher prices, and schools that tend to be further from their homes. Tracking students with administrative data, we find that student academic achievement on test scores was approximately 0.2 standard deviations higher among treated families five years after the intervention. To quantitatively gauge how average treatment effects might vary in a scaled up version of this policy, we embed the randomized control trial within a structural model of school choice and competition where price and quality are chosen endogenously and schools face capacity constraints. We use the estimated model of demand and supply to simulate policy effects under different assumptions about equilibrium constraints. In counterfactual simulations, we find that capacity constraints play an important role mitigating the policy effect but in several scenarios, the supply-side response increases quality, which contributes to an overall positive average treatment effect. Finally, we show how the estimated model can inform the design of a large scale experiment such that reduced form estimates can capture equilibrium effects and spillovers.

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