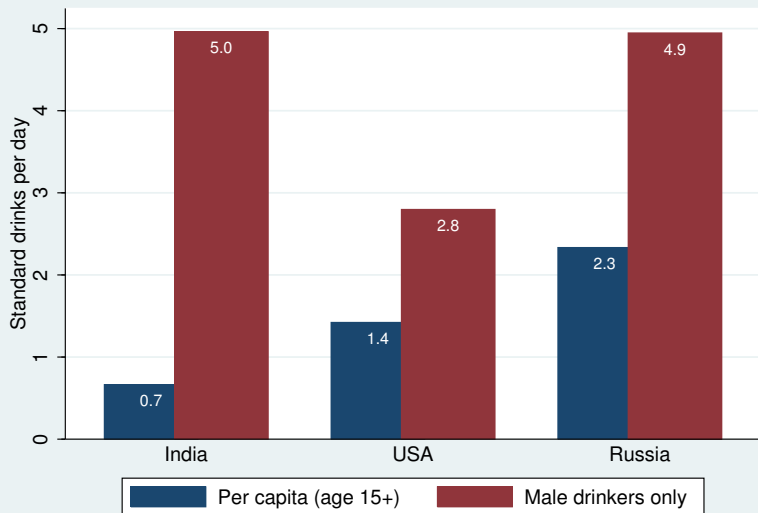


Heavily concentrated alcohol consumption in India



Source: WHO (2014), WHO (2001), own calculation.

Study sample

- Cycle-rickshaw peddlers in Chennai
 - 35 years old, 5 years of education
 - 80% are married, 2 children
 - Average daily labor incomes of about Rs. 300 (\$5)
- Alcohol consumption
 - Individuals drink (almost) every day, usually alone.
 - A third of labor incomes spent on hard liquor (>80 proof)
 - Individuals drink over 5 standard drinks per day.
 - High levels of intoxication, often during the day
 - 80% say they would be better off if all liquor stores closed.

▶ SELECTION TABLE

Experimental design

- 229 individuals paid to visit study office for 20 days
- Daily visits any time between 6 pm and 10 pm
- Measure blood-alcohol content (BAC) using breathalyzer test
- Short survey
 - Labor market outcomes
 - Alcohol consumption
 - Expenditure patterns
- Opportunity to save money at study office

Financial incentives for sobriety: three treatment groups

(I) **Control Group:** unconditional payments

- Paid Rs. 90 regardless of BAC

(II) **Incentive Group:** monetary incentives to show up sober

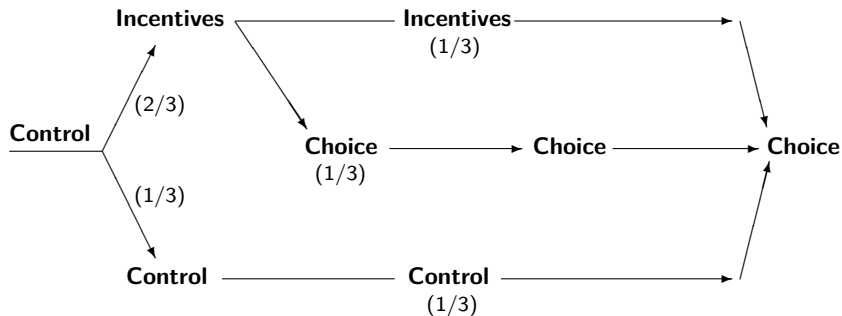
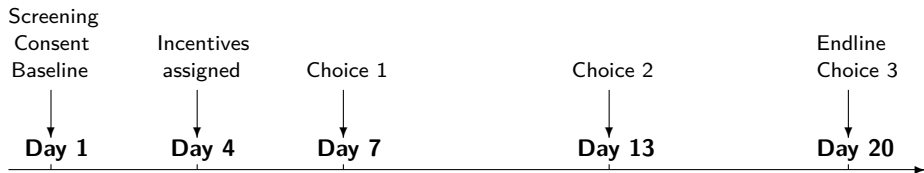
- Paid Rs. 60 if $BAC > 0$
- Paid Rs. 120 if $BAC = 0$

(III) **Choice Group**

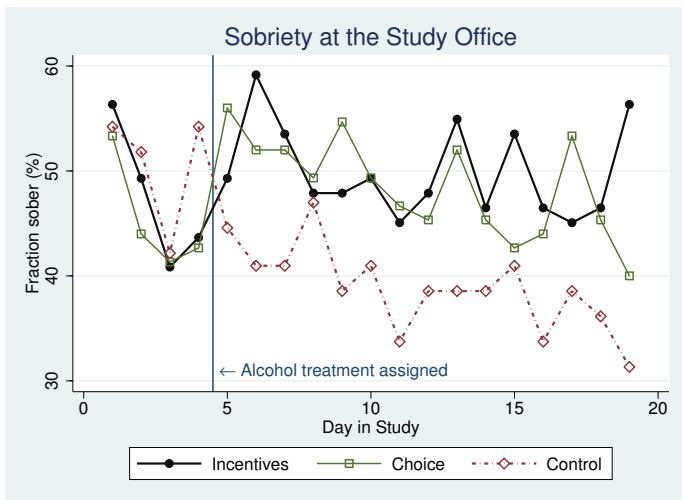
- Choice between incentives and unconditional payments

▶ BALANCE TABLES

Experimental design



Financial incentives significantly increased daytime sobriety.

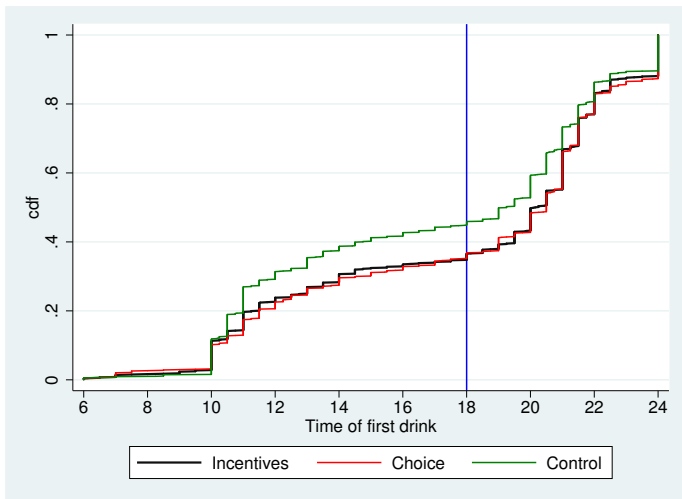


▶ ATTENDANCE IN THE INCENTIVE GROUP IS LOWER.

...but reported overall drinking did not fall by much.

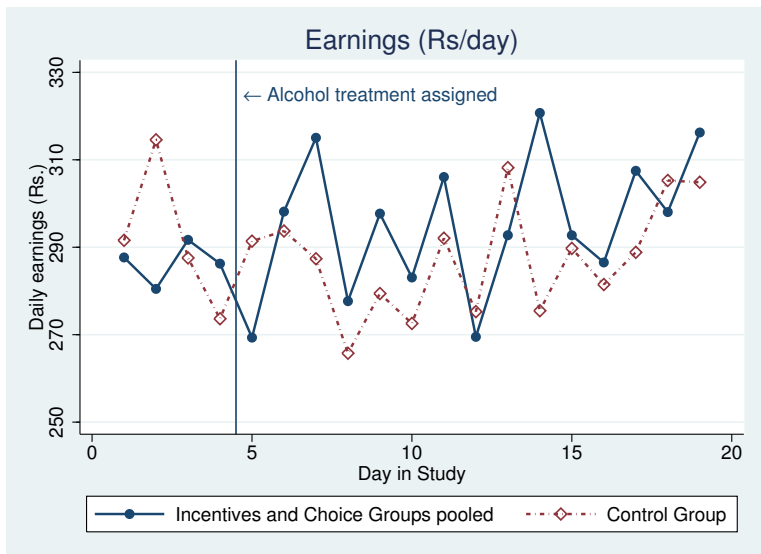


Intertemporal substitution: time of first drink



▶ BACK TO SUMMARY OF EFFECTS ON DRINKING

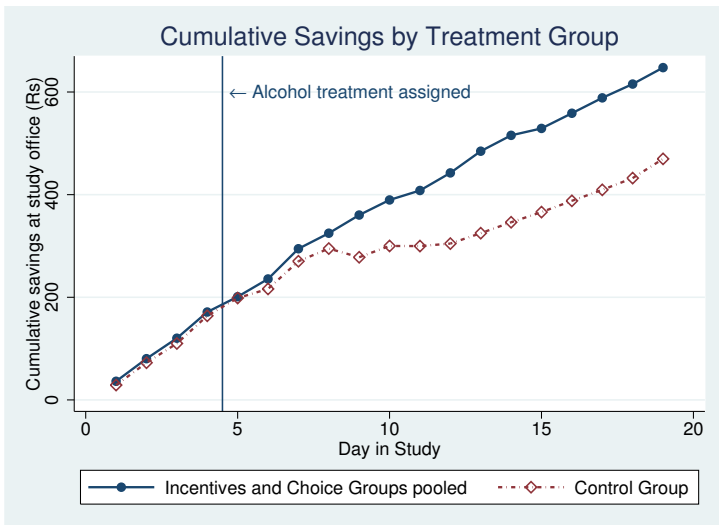
No significant effects on earnings



Measuring the impact of increased sobriety on savings

- All subjects got personalized savings box at study office.
 - Could save up to Rs. 200 per day.
 - Paid out entire amount plus matching contribution on day 20.
- Cross-randomized matching contribution to benchmark effects
 - 10% vs. 20% of amount saved
- Cross-randomized commitment savings feature
 - Allowed to withdraw any day between 6 pm and 10 pm
 - Not allowed to withdraw until day 20

Incentives for sobriety increased savings.



▶ DEPOSITS

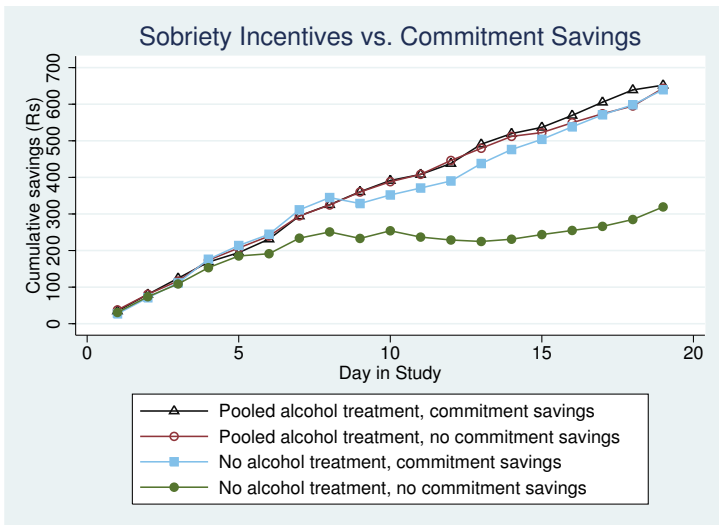
▶ WITHDRAWALS

Incentives for sobriety increased savings.

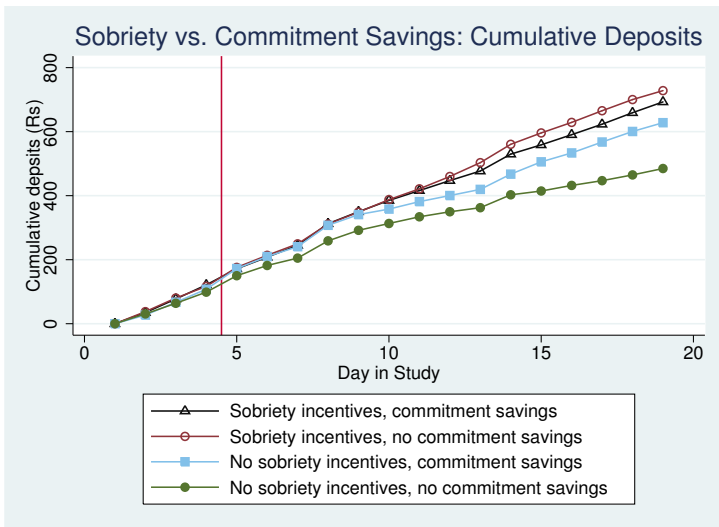
VARIABLES	(1) Rs/day	(2) Rs/day	(3) Rs/day
Pooled alcohol treatment	12.45** (6.262)	13.41*** (5.018)	11.55** (4.792)
High matching contribution	9.29 (6.532)	10.11** (4.873)	11.65** (4.619)
Commitment savings	7.59 (6.539)	2.88 (5.074)	2.86 (4.820)
Daily study payment (Rs)			0.35*** (0.050)
Observations	3,435	3,435	3,435
R-squared	0.006	0.113	0.129
Baseline survey controls	NO	YES	YES
Phase 1 controls	NO	YES	YES
Control mean	20.42	20.42	20.42

Standard errors in parentheses, clustered by individual.

Interaction between sobriety and commitment savings

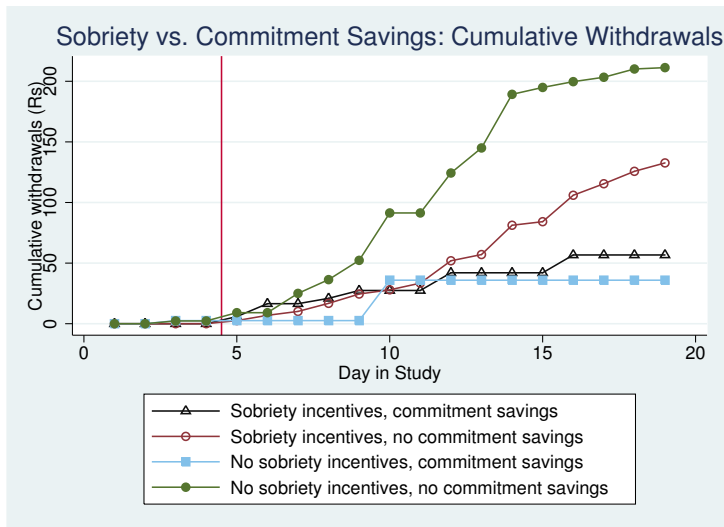
[▶ WITHDRAWALS](#)[▶ DEPOSITS](#)

Sobriety incentives vs. commitment savings: deposits



▶ [BACK TO SAVINGS SECTION](#)

Sobriety incentives vs. commitment savings: withdrawals



▶ BACK TO SAVINGS SECTION

Eliciting willingness to pay for incentives

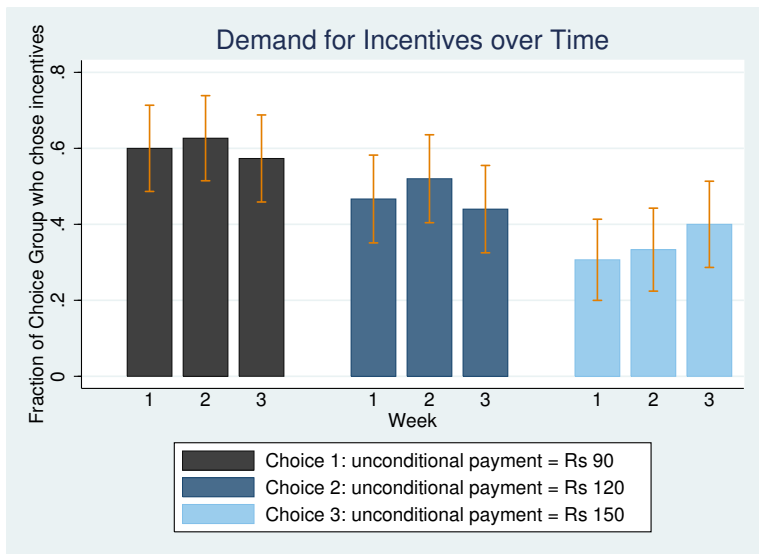
- Choice Group chooses between:
 - Incentives for sobriety
 - Unconditional payments
- Choice sessions on days 7, 13, 20, each for subsequent week
 - Elicit preferences for set of 3 choices
 - Then randomly select one choice to be implemented (RLIS)

Demand for incentives

- **Option A:** incentives for sobriety
 - Same payment structure as Incentive Group
 - Rs. 60 if $BAC > 0$, Rs. 120 if $BAC = 0$
- **Option B:** payment of Rs. Y regardless of BAC

	Option A		Option B
	BAC > 0	BAC = 0	regardless of BAC
(1)	Rs. 60	Rs. 120	Rs. 90
(2)	Rs. 60	Rs. 120	Rs. 120
(3)	Rs. 60	Rs. 120	Rs. 150

Demand for commitment persists over time.



Exposure to incentives increases demand for incentives.

