Eric J. Koepcke
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Recommendation letter writer: Professor Dmitry Taubinsky

To whom it may concern,

I am writing to express my interest in attending the NBER Behavioral Macroeconomics Research Boot Camp for Graduate Students. I am a third-year economics PhD student at the University of California, Berkeley interested in behavioral economics and labor economics. While macroeconomics is not currently one of my main fields of specialization, my interests in behavioral economics are quite broad and I am keenly interested in learning more about research at the intersection of behavioral and macroeconomics. Attending this boot camp would give me invaluable insight into this new field, as I would be learning about the field's research directly from those conducting it. Additionally, I hope that attending this boot camp will inspire research ideas and research collaborations centered around behavioral macroeconomics.

My academic preparation, research experience, and research interests make me a strong candidate for attending this boot camp. Berkeley has a rich tradition in behavioral economics and the program's courses have provided me with a strong training in the field and brought me up to the edge of research being conducting in the field. My background would be a nice complement to students, both at the boot camp and in possible future research collaborations, whose background is primarily in macroeconomics or who do not have as strong a training in behavioral economics. Additionally, my research experience and interests in behavioral economics will allow me to share with others the cutting-edge findings and methods in the field.

I have attached my essay and C.V. below. My advisor, Professor Dmitry Taubinsky, will be submitting a letter of recommendation on my behalf separately. Please feel free to contact me using the contact information above if you have any questions. I look forward to hearing from you.

Sincerely,

Eric J. Koepcke

Eric J. Koepcke

Curriculum Vitae

Personal Info

Current Address:	1114 Euclid Avenue, Berkeley, CA 94708
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Education

2017–2023 **University of California, Berkeley**

Doctor of Philosophy in Economics

2011–2015 **University of Wisconsin-Madison**

Bachelor of Science
Majors:
Economics (mathematical emphasis, Honors)
Mathematics
Minor:
Computer Science
Cumulative GPA: 3.939/4.0

Honors

2018-2023	National Science Foundation Graduate Research Fellowship
2017–2023	Departmental Fellowship, UC Berkeley
2015	Lorraine A. & W. Dwight Stone Scholarship in Economics
2014	Irma Newman Foundation Scholarship Award in Mathematics
2014	Lorraine A. & W. Dwight Stone Scholarship in Economics
2013	Everett Smith Scholarship in Economics

Publications/Working Papers

- "The US Tax Preference for Retirement Savings" (with Gary Burtless). In: R. Holzmann and J. Piggott, editors, *The Taxation of Pensions*, MIT Press, 2018.
- "An Evaluation of the CPI Indexes for Prescription Drugs" (with Ernie Berndt, John Bieler, Barry Bosworth, and Michael Kleinrock). NBER Working Paper 24210.

Research Assistance Experience

Fall 2019	• With Professor Dmitry Taubinsky, University of California, Berkeley
Summer 2018	• With Professor Ulrike Malmendier, University of California, Berkeley
2015-2017	• With Doctors Barry Bosworth and Gary Burtless, Brookings Institution

Teaching Experience

Fall 2018	• GSI/TA for undergraduate Game Theory, University of California, Berkeley
Spring 2019	• GSI/TA for undergraduate Intermediate Macroeconomics, University of California, Berkeley

PhD Courses

Fall 2017	• Micro Theory I, Macro Theory I, Econometric Theory I, Mathematical Economics
Spring 2018	• Micro Theory II, Macro Theory II, Econometric Theory II, Economic History
Fall 2018	• Psychology and Economics I, Applied Econometrics, Labor Economics I
Spring 2019	• Psychology and Economics II, Labor Economics II

Eric J. Koepcke
NBER Behavioral Macroeconomics Boot Camp

Reasons for Attending

I am applying to the NBER Behavioral Macroeconomics Boot Camp as it will afford me the opportunity to broaden my training in behavioral economics, learn about the data and techniques utilized in behavioral macroeconomics research, and connect with professors and students with research interests close to my own. As a third-year economics PhD student at the University of California, Berkeley, I have received a strong training in behavioral economics and am in the early stages of my research career. This puts me in a position to benefit tremendously from the education and resources that this boot camp will provide.

The behavioral PhD courses here have provided me with a very strong training in behavioral economics, teaching me the state-of-the-art techniques of the field and bringing me up to the edge of the field's research frontier. While macroeconomics is not one of my primary fields of interest, my interests in behavioral economics are quite broad. Despite George Akerlof's work on behavioral macroeconomics, Berkeley's behavioral sequence doesn't cover research in the subject. Thus, this boot camp would provide me with a great opportunity to learn about the data, techniques, and research being used and done in behavioral macroeconomics. This would broaden my training in behavioral economics and hopefully inspire research ideas in behavioral macroeconomics.

My academic preparation and research interests should prove to be a boon to others attending the boot camp. Given my robust training in behavioral economics, I will be able share with others the cutting-edge findings and techniques of the field. Given the topic of the workshop, this should be a nice complement to those who have a primary background in macroeconomics or whose background in behavioral economics isn't as strong. Additionally, given that I am very early in my research career, I have the time and flexibility to delve deeply into behavioral macroeconomics and collaborate on research ideas in the subject. I hope that attending this boot camp will lead to such collaborations.

Current and Future Research Interests

My research interests are heavily behavioral and currently focused on models of present-biased preferences.

The project that I am currently focused on investigates how uncertainty affects commitment contract take-up. Commitment contracts are contracts designed to help present-biased agents overcome their bias. Theory predicts that agents who are aware of their present-bias may demand these contracts, while unbiased agents will never want to take-up such contracts. Given this prediction, many researchers have devised commitment contracts and documented that people do indeed take them up. These findings have been regarded as "smoking gun" evidence for the existence of sophisticated present-biased agents. However, researchers have mostly neglected to study other potential determinants of commitment contract take-up. A richer understanding of which factors affect take-up is critical to determining whether commitment demand truly does reflect the presence of self-aware present-biased individuals. Additionally, greater understanding would allow researchers and policymakers to better design and target these types of contracts, which have been shown to have beneficial impacts on those who take them up.

One important potential determinant of commitment contract take-up is uncertainty. There is an inherent tension between commitment and uncertainty: while one may wish to combat self-control problems by restricting their future choice set, uncertainty about the future will discourage

tying one's hands with commitment. Thus, increasing uncertainty about the future should erode demand for commitment contracts. This result has been established theoretically, but has yet to be studied empirically. I am working to fill this gap in the literature. In particular, I am working on a theoretical model of commitment contract take-up with uncertainty. Using this model, I will derive quantitative predictions that I will be able to test in a laboratory setting. One important such prediction is that a present-biased model should predict no commitment take-up under a sufficiently high level of uncertainty. If I were to find take-up under this level of uncertainty, this would call into question the "smoking gun" status ascribed to commitment take-up and suggest that there are other factors, besides present-bias, driving take-up. Finally, I would like to run a field experiment to make sure that any findings from the lab hold in an economically meaningful environment.

I am also interested in studying the relatively untouched subfield of irrational or behavioral firms. For example, I am interested in partnering with a gym chain to test out a "the more you go, the less you pay" gym membership payment scheme. This would be a membership that starts off at a high monthly price, but given enough visits to the gym in a month would decrease to a low price. Present-biased agents vastly overpredict how often they will go to the gym, leading them to take-up these types of contracts and end up paying high monthly fees to the gym. Thus, it is conceivable that such a payment scheme would lead to higher profits for the gym. I would first like to study the types of consumers that would take-up such a contract, to see if they tend to be present-biased. Second, I would look into whether this payment scheme does in fact increase profits for the gym. If so, gyms are acting "irrationally" by not offering a more profitable contract. It will then be important to get a sense of why they are acting this way, say because of norms in the industry or a lack of imagination.

Conclusion

In sum, I would like to attend this boot camp in order to expand my horizons and broaden my training in behavioral economics. The boot camp's focus on the intersection of behavioral and macroeconomics would introduce me to a new field of research and teach me about the datasets and techniques used in that field. The opportunity to meet and learn from professors and students working on research ideas similar to my own would be invaluably helpful to me, as I am someone just getting started in their research career. I believe my strong training in behavioral economics would allow me to make valuable contributions to research collaborations at the intersection of behavioral and macroeconomics. I hope that attending this boot camp will lead to such collaborations.

Dmitry Taubinsky
Assistant Professor of Economics
University of California, Berkeley

530 Evans Hall, Berkeley CA 94720
Dmitry.taubinsky@berkeley.edu
http://www.dmitrytaubinsky.com

To whom it may concern:

I am delighted to recommend **Eric Koepcke** to the Behavioral Macro Research Boot Camp. He has my strongest recommendation. I know the Berkeley behavioral econ students quite well, and I think Eric is probably one of the two smartest students among the second, third, and fourth years (the other one being Billy Morrison with whom I've already written two papers).

I know Eric well. I've come to know him since last year when he was in my graduate Behavioral Economics class, and I have had the pleasure to discuss research with him since then. He had the best scores on both the class final exam and on the behavioral economics qualifying exam.

Currently, Eric is helping me with a very technical aspect of a project about payday loan borrowing. This involves building, solving, and calibrating a dynamic model of borrowing and loan repayment by decisions-makers with quasi-hyperbolic preferences facing uncertainty about future shocks to their incomes. Although I have three other co-authors on this project, we needed Eric to help us because of his technical prowess. He has not disappointed. He has done a fantastic job generalizing the analytical results that I started, and he has moved along numerical welfare analysis of payday loan regulation at an incredible pace.

He's also come up with some nice research ideas. One of his ideas involves deriving and testing predictions about how demand for various kinds of commitment contracts depends on the nature of uncertainty (and thus need for flexibility). Although we know that qualitatively uncertainty erodes the value of commitment contracts, no one has derived quantitative predictions and tested

them. Another of his research ideas involves optimal design of gym membership contracts to target individuals with the highest self-control problems. He has been in touch with health clinics to try to negotiate a research agreement that would allow him to empirically implement these ideas.

I think that Eric's skills and disposition position him very well to conduct research at the intersection of Macro and Behavioral. In fact, I have been gently nudging him in that direction. Since he is just at the point of figuring out his research trajectory, I think your workshop would be immensely inspiring and helpful to him.

On a personal level, he is also a great human. Although he can by shy sometimes, he is always very thoughtful and very engaged, and I have heard him ask some terrific questions in our behavioral economics seminar. He also seems very generous with his time and helpful to his classmates, and he is extremely conscientious.

Please don't hesitate to reach out with further questions.

Sincerely,

Dmitry Taubinsky

Dmitry Taubinsky
Assistant Professor of Economics, University of California at Berkeley