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Lose weight? Bet on it

If you can't stick to that New Year's resolution, try putting your money where your mouth is.

By Ian Ayres
January 27, 2008

Over the years, I've had a lot of trouble keeping off weight. I'd go on a serious diet and lose dozens of pounds fairly quickly, but usually most of it would come back on within a year.

But at the beginning of last year, I tried something new. I promised my colleague, Dean Karlan, who teaches economics at Yale University, where I teach law, that I would lose 20 pounds and keep it off. What's more, I backed my promise by entering into what we called a "commitment contract," in which I put \$500 at stake every other week. If I failed to meet my goal weight, I owed Dean the money (which he would then send to the charity of his choosing).

I lost about 25 pounds, and for the last 40 weeks my weight has remained remarkably constant.

Dean, whose professional work includes the field of "behavioral economics," has been using this type of commitment contract even longer than I have, and he has lost even more weight. Over the last six years, commitment bonds have helped him lose 38 pounds, and he still puts as much as \$5,000 at stake every other week. Neither of us has ever lost any money. And our combined life expectancy has increased by almost five years.

There are lots of different ways people have tried over the years to lose weight, to quit smoking, to wean themselves from their credit cards and to make other difficult changes in their lifestyles. There are thousands of theories and self-help books designed to help us along.

But as economists, we're here to tell you that plain, old-fashioned financial incentives -- the risk of losing a substantial amount of money -- are a pretty effective tool. Commitment contracts are a way for people to steel themselves today against tomorrow's temptation. In academic jargon, we often fall prey to "hyperbolic discounting" or "dual-self models of temptation." This basically means that many of us, knowing we will succumb to temptation, want to avoid putting ourselves in tempting situations.

Odysseus had his crew tie his hands to the mast of his ship so he wouldn't give in to the temptations of the sirens. But how are the rest of us, without shipmates to help us, to make sure we don't succumb?

Dr. Lisa Sanders, who writes a health column for the New York Times Magazine, recently celebrated with a friend the 20th year of a smoking pact. If either one smokes a cigarette, they promise to pay the other \$5,000. They started outputting \$1,000 at risk but increased it as their wealth increased. Even though they've long since kicked the habit, they see no reason why they shouldn't keep the contract in place -- just in case they're ever tempted to backslide.

Rob Harrison, a lecturer in legal writing at Yale Law School, has been using commitment bonds for the last decade to help students overcome writer's block. Students have given him checks of up to \$10,000 written to charity and authorized Rob to mail the checks if they failed to turn in a paper by a particular time. For the first five years, students made the checks payable to charities that they liked, but about five years ago, a student suggested that making the checks out to charities they *didn't* like would be an even more effective incentive. The great news is that Rob has never had to mail one of these commitment checks.

Some people find it hard to make such commitments (much like resisting tempting behavior in the first place, it is easier said than done). Some people lack the "other

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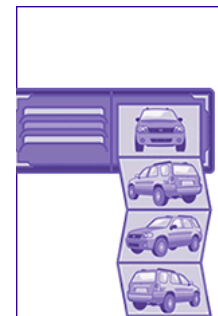


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person" who they can trust not only to catch them if they fail but to actually punish them too. Some people simply need a little nudge to get them going, to facilitate the process and provide a little structure to the commitment. Cass Sunstein and Richard Thaler of the University of Chicago have a book coming out called "Nudge," which discusses just this type of phenomena and potential solutions. How can the design and "framing" of products and services change our actual behavior?

We've just launched a free Internet service to help people stick to their resolutions. You choose a goal, choose your stakes and even choose whether you want a third-party referee to rule on whether you achieved your goal. If putting up money is not for you, you can put up your reputation: Post your goal and give us a list of friends. We will tell them if you succeed or fail.

The fact is, the existence of a commitment option forever changes the conversation. If someone resists backing up a resolution with a binding commitment, you are entitled to question whether he is sincere.

This basic principle goes far beyond health issues. Imagine someone who reschedules an appointment for the third time but swears he will not cancel the next one. Or wants to borrow your car and promises to be back on time. Make him create a commitment contract and find out if he's prepared to follow through.

So this year, when a loved one seems to be flailing on yet another New Year's resolution, ask if the person really means it.

Ian Ayres is a professor at Yale Law School and co-founder, with Dean Karlan, of stickK.com.

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