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## **Salience and the Government Provision of Public Goods**

### **Abstract**

This paper examines the consequences of salience for the government provision of public goods. Salience is a common behavioral bias whereby people's attention is drawn to salient features of a decision problem, leading them to overweight prominent information in subsequent judgments. We analyze the case in which the public's demand for the good is distorted by salient events, and explore how salience influences public good allocation and efficiency. Theoretical predictions regarding public good allocation are ambiguous and depend on the magnitude of the change in payoffs and the extent of salience effects. We test whether salience increases or decreases allocation of government projects to reduce

wildfire severity near wildland-adjacent communities. Even though the occurrence of a wildfire likely reduces the severity of future fires in the same area, it may increase the likelihood that fuels management projects are placed nearby if wildfire events strongly increase the salience of losses under future fires. We find strong evidence that the salience effects increase the likelihood of fuels management projects, and use robustness checks to eliminate competing explanations for our results. Our salience framework may also offer insights into government responses to terrorism, natural disasters, disease outbreaks, and environmental catastrophes.

**Thursday 27<sup>th</sup> April**  
**from 1pm to 2pm**  
**Campus Luigi Einaudi**

**Seminar room n. 36**  
**Building D1 - 3<sup>rd</sup> Floor**  
**Lungo Dora Siena 100/A, Turin**