THIS column is in praise of warning labels. So let’s begin with one: I am not your usual sort of economist.
I practice what has come to be called behavioral economics. We behavioralists differ from our more traditional brethren in the way we characterize agents in the economy. Traditional economics is based on imaginary creatures sometimes referred to as “Homo economicus.” I call them Econs for short. Econs are amazingly smart and are free of emotion, distraction or self-control problems. Think Mr. Spock from “Star Trek.”

Real people are not Econs. Real people have trouble balancing their checkbooks, much less calculating how much they need to save for retirement; they sometimes binge on food, drink or high-definition televisions. They are more like Homer Simpson than Mr. Spock. Call them Homer economicus if you like, or just Humans. Behavioral economics is the study of Humans in markets.

Designing policies for Econs is pretty straightforward. Because they are smart consumers and make good choices, the best policies give them as many choices as possible and simply assure that they have access to all the relevant information.

Humans, however, can use a bit more help, especially when the options are hard to understand. Often, it is possible to help people make better choices without restricting their options at all. So shouldn’t it be a no-brainer to try? Some of the financial regulations recently proposed by the Obama administration provide a good example.

Consider mortgages, the source of so many problems in the financial crisis. Once upon a time, choosing a mortgage was easy. Nearly all mortgages were of the 30-year, fixed-rate variety, required a 20-percent down payment and were devoid of tricky features like balloon payments, teaser rates and prepayment penalties.

Sensible regulation was easy in this environment. Congress passed what’s known as the Truth in Lending Act, which required lenders to report interest rates in a uniform way, using the now-ubiquitous annual percentage rate. Picking the best mortgage was no more complicated that finding the lowest A.P.R.

Fast forward to 2008, and the world of mortgage shopping had become a much more complicated place. Borrowers were quoted low initial “teaser” rates that would jump later to some higher level, depending on market interest rates at the time, and there were prepayment penalties for paying off the loans early. For such mortgages, an A.P.R. was no longer an adequate measure of the loan’s cost.

How can we help people make sense of all this?

One extreme approach would be to ban complex mortgages entirely: we could just go back to the world of uniform fixed-rate mortgages. But the cost of simplicity is an end to innovation. Shopping for televisions was easier in the 1970s, when we did not have to decide between plasma and L.C.D. technology — but who wants to go back to those hulking old TV sets?

A better approach is to strive for maintaining diverse options but helping consumers make smart choices and avoid the most common pitfalls.
For mortgages, the specific plan proposed by the administration appears to be strongly influenced by Michael S. Barr, an assistant Treasury secretary. Mr. Barr is a former law professor at the University of Michigan who wrote an important article sketching out these ideas with Sendhil Mullainathan, an economist at Harvard, and Eldar Shafir, a professor of psychology and public affairs at Princeton. As the administration plan describes it, lenders could be required to offer some mortgages they call “plain vanilla,” with uniform terms. There might be one vanilla 30-year, fixed-rate mortgage and one five-year, adjustable-rate mortgage. The features of these plain mortgages would be uniform, much as in a standard lease used in most rental agreements.

Lenders would also be free to offer other exotic mortgages — perhaps called “rocky road” mortgages? — along with the vanilla variety, but these offerings would receive more intense scrutiny from regulators.

Although the details of this dual ice-cream approach have not been fully specified, the concept has two main selling points.

First, inexperienced borrowers are steered toward the vanilla mortgages, the terms of which are chosen to be easy to understand. Vanilla mortgages would be the equivalent to the green runs at ski resorts that are intended for novices. The rocky-road mortgages would at least come with warning labels (“Don’t even think about going down this run unless you are an expert skier, or have a trusted professional instructor by your side”), and it is possible that for very exotic mortgages, borrowers might have to demonstrate that they understand the risks or have been aided by a certified mortgage planner.

Second, because the terms of the vanilla mortgages are all the same, they are more easily comparable; just as in the good old days, the A.P.R. will be a good basis for assessing the cost of the mortgage.

Some critics contend that behavioral economists have neglected the obvious fact that bureaucrats make errors, too. But this misses the point. After all, wouldn’t you prefer to have a qualified, albeit human, technician inspect your aircraft’s engines rather than do it yourself?

The owners of ski resorts hire experts who have previously skied the runs, under various conditions, to decide which trails should be designated for advanced skiers. These experts know more than a newcomer to the mountain. Bureaucrats are human, too, but they can also hire experts and conduct research.

In the past year, we have learned the hard way that when people take out mortgages they cannot repay, the entire economy can be disrupted. Fixing the problem is complicated. But a good first step is to make the mortgage lending process Homer-proof.

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