Applications of Behavioural Economics to the Developing World

MSc in Economics for Development, Development Economics Module 4

Course description and reading list
Weeks 1-4, Hilary Term, 2020

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1 Outline

Behavioural economics applies psychological insights into human behaviour to investigate how people make economic decisions under various conditions of constraint (e.g. time and knowledge) and influence (e.g. social pressure). The course will explore the following psychological characteristics which affect economic choices and outcomes, with a focus on how they affect poor people’s choices in the developing world:

1. Present bias
2. Psychology of poverty
3. Social norms and preferences
4. Aspirations and beliefs

2 Structure of the module

Each week, I will give a two hour introduction and overview of the topic for the week in the Tuesday session.

The Thursday session in weeks 1 and 3 will be a one hour long deep dive into a couple of empirical papers, led by myself. I expect everyone to read the papers in advance and be willing to engage in
discussion of them. The Thursday session in weeks 2 and 4 will be a one hour long class with student presentations. Please note that papers discussed in the class are all examinable material, whether presented by students or myself.

For those signing up to present, note that I will be available for fifteen minutes after the Tuesday lecture in case you want to discuss your presentation.

2.1 Class presentations - weeks 2 and 4

- Two students should sign up for each class. You should prepare slides for your presentation. You will each have fifteen minutes to give your presentation.

- Each presenter will read a piece of work chosen by the researchers who will join us for the classes. These are: Prof Anandi Mani (Blavatnik School of Government) and Dr. Kate Orkin (Blavatnik School of Government)

- You will give your presentation, researcher/me will respond for 5 minutes followed by 5 minutes of question and answers, and then this will be repeated for the second paper. Then they will talk for a further ten minutes more generally, ideally giving some insights into the process of producing the paper (what gave them the idea, if applicable, how the review process altered the course of the paper and where they think the literature should go).

- The focus of the classes is for students to work on the skills of establishing the contribution of a paper and identifying new questions or gaps. When you prepare your presentation, ask:

  1. What are the research questions? Why should we care about them?
  2. What is the value (contribution) added to literature?
  3. How does the paper answer the questions, conceptually/theoretically and empirically?
  4. How convincing is the paper in answering the questions? What limitations can you identify?

2.2 Timetable

Lectures: Tues 9 to 11 am

Classes: Thurs 11:00 to 12:00 pm
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<tr>
<th>Type</th>
<th>Date</th>
<th>Topic</th>
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<tbody>
<tr>
<td>Lecture</td>
<td>Tues 21 Jan</td>
<td>Present Bias</td>
<td>Riley</td>
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<tr>
<td>Class</td>
<td>Thurs 23 Jan</td>
<td>Commitment/defaults</td>
<td>Riley</td>
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<tr>
<td>Lecture</td>
<td>Tues 28 Jan</td>
<td>Psychology</td>
<td>Riley</td>
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<td>Class</td>
<td>Thurs 30 Jan</td>
<td>Mental Bandwidth</td>
<td>Mani</td>
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<td>Lecture</td>
<td>Tues 4 Feb</td>
<td>Norms &amp; social preferences</td>
<td>Riley</td>
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<td>Class</td>
<td>Thurs 6 Feb</td>
<td>Norms</td>
<td>Riley</td>
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<tr>
<td>Lecture</td>
<td>Tues 11 Feb</td>
<td>Aspirations &amp; beliefs</td>
<td>Riley</td>
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<td>Class</td>
<td>Thurs 13 Feb</td>
<td>Aspirations</td>
<td>Orkin</td>
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3 Materials and Office hours

- All slides will be available on Canvas.
- All core readings as well as readings assigned for classes are compulsory and examinable.
- I don’t have any designated office hours but I am happy to answer any questions that you may have. Please email your question(s) on emma.riley@economics.ox.ac.uk and we can decide on a time to meet and discuss.

4 Reading list

All core and class readings are compulsory and examinable.

4.1 Week 1: Present Bias

Core readings:

1. [The World Bank, 2015]- Ch1
2. [Kremer, Rao & Schilbach, 2019] - Sections 2 and 4
4. [Blumenstock, Callen & Ghani, 2018] - Defaults
5. [Dupas & Robinson, 2013] - Commitment
Class:

1. [Ashraf, Karlan & Yin, 2006] - Commitment
2. [Somville & Vandewalle, 2018] - Defaults

Additional reading:

1. [Frederick, Loewenstein & O’donoghue, 2002] - measurement
2. [Andreoni & Sprenger, 2012] - measurement
3. [Kaur, Kremer & Mullainathan, 2016] - Self-control
4. [Alan & Ertac, 2018] - Patience
5. [Casaburi & Macchiavello, 2019] - Commitment
6. [Brune, Chyn & Kerwin, 2018] - Commitment
7. [Giné, Goldberg, Silverman & Yang, 2018] - Commitment
8. [John, 2018] - Commitment

4.2 Week 2: The psychology of poverty

Core reading:

1. [The World Bank, 2015] - Ch4
2. [Kremer et al., 2019] - Sections 10
3. [Shah, Mullainathan & Shafir, 2012]
4. [Schilbach, Schofield & Mullainathan, 2016]
5. [Haushofer & Fehr, 2014]
6. [Blattman, Jamison & Sheridan, 2017] - CBT

Class Reading and presentation papers:

1. [Mani, Mullainathan, Shafir & Zhao, 2013]
2. [Lichand & Mani, 2019]
Additional readings:

1. [Mullainathan & Shafir, 2013] - mental bandwidth
2. [Dean, Schilbach & Schofield, 2017] - cognitive function
3. [Karlan, Mcconnell, Mullainathan & Zinman, 2016] - attention
4. [Beaman, Magruder & Robinson, 2014] - attention
5. [Baranov, Bhalotra, Biroli & Maselko, 2018] - depression
7. [Mckelway, 2018] - self-efficacy
9. [Krishnan & Krutikova, 2013] - non-cognitive skills
10. [Haushofer, John & Orkin, 2019] - light touch psych effective
12. [Schilbach, 2019] - alcohol

4.3 Week 3: Norms and social preferences

Core readings:

1. [The World Bank, 2015] - Ch2
2. [Kremer et al., 2019] - Sections 9
3. [Henrich, Boyd, Bowles, Camerer, Fehr, Gintis & McElreath, 2001] - social preferences
5. [Breza, Kaur & Krishnaswamy, 2019] - norms
6. [Paluck & Green, 2009] - changing norms

Class reading:
1. [Bursztyn, González & Yanagizawa-Drott, 2018]

2. [Jakiela & Ozler, 2016]

Additional reading:

1. [Falk, Becker, Dohmen, Enke, Huffman & Sunde, 2018] - social preferences
2. [Fehr & Gachter, 2000] - social preferences
3. [Fehr & Schmidt, 2000] - social preferences
4. [Fehr & Schmidt, 2006] - social preferences
5. [Hjort, 2014] - social preferences
6. [Chandar, Gneezy, List & Muir, 2019] - social preferences
7. [Karing, 2018] - using social preferences
9. [Jayachandran, 2019] - norms
11. [Green, Wilke & Cooper, 2019] - changing norms

4.4 Week 4: Aspirations and beliefs

Core Reading:

1. [The World Bank, 2015] - Ch3
2. [Dalton, Ghosal & Mani, 2016] - theory
4. [Mani & Riley, 2020] - Section on Social Networks as Aspiration windows
5. [La Ferrara, 2016] - media
6. [Campos, Frese, Goldstein, Iacovone, Johnson, Mckenzie & Mensmann, 2017] - beliefs
Class Reading and presentation papers:

1. [Bernard, Dercon, Orkin & Taffesse, 2014]
2. [Beaman, Duflo, Pande & Topalova, 2012]

Additional reading:

1. [Ray, 2006] - aspirations
2. [Galiani, Gertler & Undurraga, 2018] - aspirations
3. [Janzen, Magnan, Sharma & Thompson, 2017] - aspirations
4. [Ross, 2017] - aspirations
5. [La Ferrara, Chong & Duryea, 2012] - media
6. [Jensen & Oster, 2009] - media
7. [Chong & Ferrara, 2009] - media
8. [Bernard, Dercon, Orkin & Taffesse, 2015] - media
9. [Bjorvatn, Cappelen, Sekei, Sørensen & Tungodden, 2015] - edutainment
11. [Banerjee, La Ferrara & Orozco, 2018] - edutainment
12. [Riley, 2018] - role models (media)
14. [Lafortune, Riutort & Tessada, 2018] - role model
15. [Macours & Vakis, 2014] - role models
16. [Nguyen, 2008] - role models
17. [Jensen, 2010] - information
18. [Lybbert & Wydick, 2018] - hope
5 Thanks

Many thanks to all the guest researchers who will be joining us for the classes and a special thank you to Mahreen Mahmud for sharing her teaching material.
References


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