Research Topics

Topics in Behavioral Development Economics

2nd Semester

Academic Year 2016/17

Instructor: Dr. Danila Serra

Short Biography: Danila Serra is an Assistant Professor of Economics at Southern Methodist University, in Dallas, Texas. Dr. Serra holds an MSc in Economics from the London School of Economics and Political Sciences and a PhD in Economics from the University of Oxford. Her research explores the behavioral foundations of corruption and accountability, using novel experimental methodologies. She has collected data in a number of developed and developing countries, including Ethiopia, Albania and Kenya.

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1. COURSE AIMS

This course provides an in-depth analysis of current research in selected critical issues in development economics using recent insights from behavioral and experimental economics. The course will start with an overview of methodological issues relating to field, lab and lab-in-the-field experiments. We will then critically examine recent research conduct on a variety of topics, ranging from the preferences of the poor to the formal and informal institutions prevailing in developing countries. We will conclude by analyzing the concept and implementation of “community-driven development.”

2. COURSE CONTENT

1. Introduction:
   - Intro to Behavioral Economics
   - Intro to Behavioral Development Economics
   - Intro to Experimental Economics
     - Experiments in the lab and in the field.
     - Estimation issues and data analysis.
     - Internal validity and external validity
   - Internal and External Validity
2. **Preferences and behavior of poor people**
   - Cognitive problems
   - Affect
   - Aspirations

3. **Time preferences, self-control problems and saving behavior**
   - Time inconsistency and present-bias: are the poor different?
   - How can the poor save more: commitment devices and mental accounting
   - Lottery-linked saving technologies

4. **Career choices and responsiveness to incentives, with applications to the health sector**
   - Intrinsic motivations and choice of public sector vs. private sector job
   - The effectiveness of monetary and non-monetary incentives

5. **Social identity, gender differences and ethnic/caste/racial discrimination**
   - Gender differences in competitiveness and bargaining
   - The importance of role models
   - Discrimination

6. **Accountability, corruption and community-driven development**
   - Experiments on corruption and lessons from the lab
   - Bottom-up accountability
     - Advantages and limitations
     - Existing evidence
     - Are citizens willing to hold providers accountable?

3. **LEARNING OBJECTIVES**
   On successful completion of this course students should be able to:

A. **Knowledge and Understanding.**
   - Evaluate and critique papers using lab or field experiments.

B. **Subject-Specific Skills:**
   - Explain the added value of behavioral economics to a number of topics in development economics.
   - Explain the principles behind experimental economics.

C. **General Skills:**
   - Critique and summarize existing literatures.
4. **TEACHING AND LEARNING METHODS**

After the first introductory lecture, the course each day will cover a different topic, or course module. Each day, students will have assigned readings (1 or 2 papers) and, starting from day 3, they will have to hand in short assessments of the readings. The same papers will be then discussed in class the day they are due. The course will end with a short final test, which will take place on the last day of classes.

5. **ASSESSMENT**

Grades will be computed as follows:

- **Participation** 40%
- **First paper written assessment** 10%
- **Second paper assessment** 10%
- **Third paper assessment** 20%
- **Final test** 20%

Students are required to actively participate in all classes. In order to be able to actively engage in class discussions, students will need to read the required papers before class. The reading list may change and is likely to be updated during the semester.

6. **BIBLIOGRAPHY**

(Subject to change)

1) **Introduction**
   - Mullainathan (2005) “Development economics through the lens of psychology”

2) **Cognitive problems, affect and aspirations:**
3) Time Preferences and Savings

4) Career Choices and Responsiveness to Incentives (Health)
- Ashraf, Bandiera and Jack (2014) “No Margin, No Mission? A Field Experiment on Incentives for Public Services Delivery”
- Banerjee, Baul and Rosenblat (2014): Does unethical behavior affect choice of profession: public vs. private?”

5) Social identity, preferences and discrimination

6) Governance, corruption and accountability

7) Community-driven development
- Salmon and Serra (2016) “Corruption, social judgment and culture: An experiment” working paper.