

## ECONOMIC AND SOCIAL RESEARCH COUNCIL IMPACT REPORT



### For awards ending on or after 1 November 2009

This Impact Report should be completed and submitted using the **grant reference** as the email subject to **reportsofficer@esrc.ac.uk** on or before the due date.

Completion of this Impact Report is mandatory. It will not be possible to edit this Impact Report at a later date, as it is designed to provide a statement of the impacts of your project to date 12 months after your grant ends.

**Please note that the Impact Report will only be accepted if all sections have been completed in full.** If a section does not apply to you, please enter 'n/a'. Grant holders will not be eligible for further ESRC funding until the Report is accepted. (Please see Section 5 of the ESRC Research Funding Guide for details.)

Please refer to the Guidance notes when completing this Impact Report. In particular, the notes explain what the ESRC means by 'impact'.

<b>Grant Reference</b>	RES-167-25-0364		
<b>Grant Title</b>	Chronic Poverty and Aspirations Failure		
<b>Grant Start Date</b>	1 <sup>st</sup> May, 2008	<b>Total Amount Expended:</b>	£138,256.57.
<b>Grant End Date</b>	31 <sup>st</sup> December, 2009		
<b>Grant holding Institution</b>	University of Warwick		
<b>Grant Holder</b>	Sayantan Ghosal		
<b>Grant Holder's Contact Details</b>	<b>Address</b>	<b>Email</b>	
	Department of Economics, University of Warwick, Coventry, CV4 7AL U.K.	<a href="mailto:S.Ghosal@warwick.ac.uk">S.Ghosal@warwick.ac.uk</a>	
		<b>Telephone</b> 02476523042	
<b>Co-Investigators (as per project application):</b>		<b>Institution</b>	

## 1. SCIENTIFIC IMPACT

A Please **summarise** below the scientific impact(s) your project has had. *[Max 250 words]*

Main contribution: (i) to model internally constrained decision-making (Behavioral Decisions) set against a normative benchmark (Standard Decisions), and (ii) to model a behavioural mechanism underlying poverty traps, namely how initial status determines the intensity and/or probability with which the internal constraint binds and thus derive the link between initial disadvantage with aspirations and choices. Two invited contributions (in Social Choice and Welfare and CESIFO Economic Studies) have been solicited and in addition, two other papers have been submitted to American Economic Review and Economic Journal.

New empirical work: a lab experiment showing that once goal setting is controlled for, gender based differences in productivity disappear.

The project has directly lead to two recently initiated pieces of fieldwork, (i) in Argentine (with the cooperation of the Ministry of Education) on the impact of raising aspirations, via participation in classical music orchestras, on educational attainment in school children from deprived backgrounds, (ii) the other in Kolkata, India (with collaboration with Durbar Mahila Samanwaya Committee, a sex workers collective and self-help organisation) on the impact of “dream building sessions” on the aspirations and behaviour of sex workers.

The project funded Patricio Dalton to complete his PhD thesis and start his research career as a tenure-track Assistant Professor at Tilburg. The project influenced a successful ESRC Centre bid, Competitive Advantage in the Global Economy (CAGE, the PI is now the Research Director at CAGE), which secured (partial) funding for the field work (see above) in Argentine and India and also the hiring of a post doc (Dr. Sanchari Roy) and sustaining a critical mass of researchers (Anandi Mani, Chris Woodruff, Fabian Waldinger and Sahrun Mukand) working on this topic.

B Please outline the **findings and outputs** from your project which have had the scientific impact(s) outlined in 1A. *[Max 250 words]*

The findings that have had an impact include:

- (i) an axiomatic characterization of both Behavioral and Standard Decisions
- (ii) the desirability of paternalistic interventions is limited by available information and making the case for alternative interventions (such as cognitive behavioral therapy).
- (iii) Show that initial status determines the intensity and/or probability with which the internal constraint binds and thus derive the link between initial disadvantage with aspirations, choices and achievement.
- (iv) Endogenously determining the cognitive window of the individual via similarity-based learning.
- (v) Clarify how the distribution of initial status determines, via endogenously chosen cognitive windows, determines the transmission of aspirations and choices.
- (vi) Provide a foundation for interventions used to raise aspirations.

Outputs: Four completed research papers: “Behavioral Decisions and Welfare” (P. Dalton and S. Ghosal, already cited in a number of papers on behavioral welfare economics (citations in Google Scholar), a top ten downloaded paper on three occasions in SSRN working paper archives, submitted to the American Economic Review), “Decisions with Endogenous Frames” (with P. Dalton and S. Ghosal, invited submission to a symposium on “Reconciling Behavioral and Normative Economics” (ed. By Robert Sugden)), “Behavioral Decisions and Policy” (with P. Dalton and S. Ghosal, an invited contribution to a symposium on “Behavioral Welfare Economics” (edited by Joan Costa-i-Font and Frank Cowell) in CESIFO Economic Studies) and “Poverty and Aspirations Failure” (P. Dalton, S. Ghosal and A. Mani, presented at several international conferences and submitted to the Economic Journal). Finally, the project conference “Aspirations and Poverty” (one of the first international conferences on this topic) by bringing together a number of researchers and practitioners has contributed to the scientific and broader impact of the project.

C Please outline **how** these impacts were achieved. *[Max 250 words]*

These impacts were achieved by writing up the results of the papers in a number of research papers, presenting the results at a number of conferences and workshops to fellow academics and researchers and practitioners and by organising the project conference.

D Please outline **who** the findings and outputs outlined above had an impact upon. This can include specific academics/researchers through to broader academic groups. *[Max 250 words]*

PhD student(s): Patricio Dalton, Arthur Blouin  
Fellow economists at Warwick: Sanchari Roy, Anandi Mani, Chris Woodruff, Fabian Waldinger, Sharun Mukand;  
Fellow economists outside Warwick include Doug Bernheim (Stanford), D. Ray (New York University), Robert Sugden (UEA), Pietro Ortoleva (Caltech), V. Rao (World Bank), Frank Cowell (LSE), Joan Costa-i-Font (LSE), M. Mariotti (St. Andrews).

## 2. ECONOMIC AND SOCIETAL IMPACT

A Please **summarise** below the economic and societal impact(s) your project has had. *[Max 250 words]*

Some of the research carried out in the project has already had some broader impact. For example, two blogs, the Five minute Economist blog (

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fiveminuteeconomist.wordpress.com) “A cure for irrationality?”) and another blog in Argentine (<http://notio.com.ar/sociedad/las-trampas-de-la-pobreza-4054>) already discuss specific papers and research findings from the project as does a policy paper “What does behavioural economics mean for policy? Challenges to savings and health policies in the Netherlands” by Peter Kooreman and Henriette Prast. In addition, the author has been in correspondence with Johannes Pennekamp (a correspondent in Handellsblat, the most prominent economics newspaper in Germany) in relation to an article he is writing on psychological factors in perpetuating deprivation traps. However, in terms of broader impacts, the most significant are the two pieces of recently initiated pieces of fieldwork in Argentine and Kolkata. Both of these are being carried out in close collaboration with practitioners on the ground ((with Dr. Jana at the Sonagachi Project and Dr. Espector Director of the Buenos Aires Orchestras). In both these projects, the results will be directly relevant to the Durbar Foundation and the Govt. of Argentine in evaluating the effectiveness, design and implementation of a key part of their own established intervention strategies. By providing systematic evidence on the impact of shocking aspirations directly, it is hoped to have a broader impact on both governments and NGOs working on empowerment of marginalised groups. A pilot project is already underway in Kolkata.

B Please outline the **findings and outputs** from your project which have had the economic and societal impact(s) outlined in 2A. *[Max 250 words]*

Same as in B above.

C Please outline **how** these impacts were achieved. *[Max 250 words]*

Via e-mail contact, conference and visits to Kolkata and Buenos Aires.

D Please outline **who** the findings and outputs outlined above had an impact upon. This can be at a broad societal level through to specific individuals or groups. *[Max 250 words]*

These have already mentioned and discussed in 2A above.

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### **3. UNEXPECTED AND POTENTIAL FUTURE IMPACTS**

#### **A Unexpected Impacts**

Please note which, if any, of the impacts that your research has had were *unexpected* at the outset of the research, explaining where possible why you think this was the case. *[Max 250 words]*

Some of the research/broader impacts were unexpected as they were not part of the original research proposal.

#### **B Potential Future Impacts**

If you have a clear idea of the impact your research is likely to have in the future please detail these below. *[Max 250 words]*

These have already been discussed above.

### **4. IMPACT LIMITATIONS**

#### **A Limited scientific impact**

Please state below any major scientific difficulties that have limited the scientific impact of your research. The statement should refer to an effect on *impact* rather than simply detail research difficulties. *[Max 250 words]*

N/A.

#### **B Limited economic and societal impact**

ESRC recognises that some of the research it funds will not have an economic or societal impact in the short term. Please explain briefly below if this is the case for your project, and refer to your grant application where relevant. *[Max 250 words]*

N/A.

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## **C No impact to date**

This project has had no impact to date

Please note that ESRC projects are evaluated on the basis of their scientific and/or economic and societal impact. Grant holders are expected to report any future impacts as they occur using the Impact Record, downloadable from the ESRC Society Today website.

If you have no impacts at this stage, please give reasons below. *[Max 250 words]*

N/A.

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## 5. DECLARATIONS

Please read the statements below. Submitting this Impact Report to **reportsofficer@esrc.ac.uk** confirms your agreement.

- i) This Impact Report is an accurate statement of the impacts of the research project to date. All co-investigators named in the proposal to ESRC or appointed subsequently have seen and approved the Report.
- ii) Details of any subsequent impacts will be submitted via an Impact Record as they occur.

Thank you for completing this Impact Report. Your Impact Report will be considered along with your End of Award Report in the evaluation of your research.

You are now invited to complete the confidential Nominations form, which will assist with the evaluation of your project.

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## NOMINATED OUTPUTS

Please nominate a maximum of two outputs from your research which you would like to be considered as part of the evaluation.

<b>Output type</b> (eg journal article, book, newspaper article, conference proceedings)	<b>Publication details</b> (eg author name, date, publisher details)	<b>Uploaded to <i>ESRC Society Today?</i></b> (Yes/No)
Behavioral Decisions and Welfare	Patricio Dalton and Sayantan Ghosal	Yes, Working Publication, CAGE, 20/10/2010.
Poverty and Aspirations Failure	Patricio Dalton, Sayantan Ghosal and Anandi Mani	Yes, Working Publication, CAGE, 19/10/2010.

Please email your completed Impact Report, including the Nominations section, to [reportsofficer@esrc.ac.uk](mailto:reportsofficer@esrc.ac.uk), using your **grant reference number** as the email subject.