

# INTRODUCTION TO AFTERNOON SESSION

# Behavioural Poverty Traps I

- Design of policy interventions to alleviate chronic poverty and disadvantage: largely missing from conventional analyses are the psychological mechanisms through which the experience of poverty forms the beliefs, values and aspirations of the poor and the marginalised.
- Pro-poor policies tend to focus on relaxing external constraints that may perpetuate poverty traps, such as lack of credit or insecure property rights, but internal constraints such as learned helplessness, pessimistic beliefs, an external locus of control and cognitive constraints are also important.
- These internal constraints are endogenous because they adapt to the experience of chronic poverty. Over time, however, they become an independent source of disadvantage for poor persons in their own right.

# Behavioral Poverty Traps II

- Pro-poor policies that address these concerns will alleviate poverty more effectively than those that address external constraints alone.

- Role for Orchestras.

- Related evidence:

World Development Report 2015 “Mind, Behavior and Society”

Fieldwork in Kolkata provides evidence of the potential impact of an intervention, “Dream-Building”, in addressing stigma, self-image and self-belief.

# Linked Papers and Knowledge Exchange Activities

## **Papers:**

“Decisions with Endogeneous Frames”, (with P. Dalton), (refereed symposium volume “Symposium on Behavioral Economics”, (ed. B. McQuillian and R. Sugden)), *Social Choice and Welfare* (2012) 38:585-600.

“Self-fulfilling mistakes: Characterization and welfare”, (with P. Dalton), revise and resubmit, *Economic Journal*.

“Poverty and Aspirations Failure”, (with P. Dalton and A. Mani), *Economic Journal*.

“Sex Workers, Stigma and Self-Belief: Evidence from a Psychological Training Program in India”  
(with Smarajit Jana, Anandi Mani, Sandip Mitra, Sanchari Roy).

“Empowerment: Theory and policy”, (with P. Dalton) (Work-in-Progress)

## **Knowledge Exchange/Impact Activities:**

Article in Ideas for India, The Conversation, The Scotsman, Chatham House Policy briefing paper

Written submission for Scotland's Economic Future Post-2014 Inquiry, “Aspirations Failure and Poverty Traps”.

Invited Speaker at the 4<sup>th</sup> World Bank Conference on Equity, “Aspirations, Poverty and Inequality”, Washington DC, 29-30 May, 2014.

Keynote speaker at SES/GES Workshop on “Inclusive Growth”

ESRC IAA award, Impact Workshops in India.