



STICERD

Oriana Bandiera



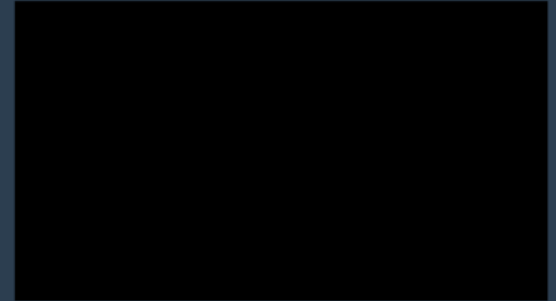
What do you think  
economists do?

[https://www.polleverywhere.com/free\\_text\\_polls/  
MxwBbYbWlvLs9qZ51SG3I?preview=true](https://www.polleverywhere.com/free_text_polls/MxwBbYbWlvLs9qZ51SG3I?preview=true)

## The audience before you



## Economists in action

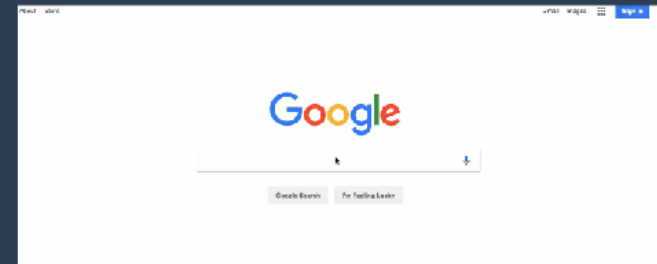


let me ask

## LSE students



## Google



# The audience before you





money?  
inflation?  
banks?

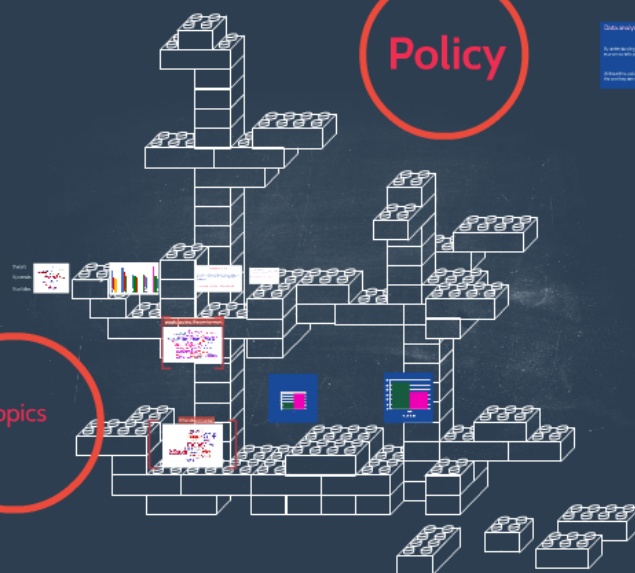
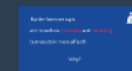
selfish?  
social?

poverty?  
migration?  
inequality?

data?  
maths?  
stats?

A large, thick red circle is centered on a dark blue background. Inside the circle, the text "I will try to organise things a bit" is written in a white, sans-serif font.

I will try to organise things a bit



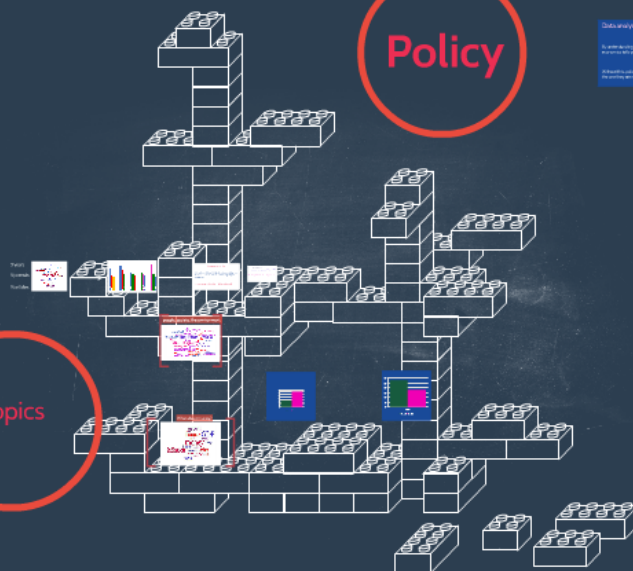
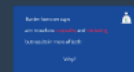
'popular' econ topics at the very top

2018: P Romer and W Nordhaus "for integrating technological innovation & climate change in long-run macroeconomic analysis"  
2017: Richard Thaler - "incorporating psychologically realistic assumptions into analyses of economic decision making"  
2016: Oliver Hart and Bengt Holmstrom - trade-offs in contract, insurance market and performance pay  
2015: Angus Deaton - wealth and income inequality  
2014: Jean Tirole - market power and regulation of monopoly



# economics building blocks

h thanks to Card & DellaVigna for sharing their data



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# economics building blocks

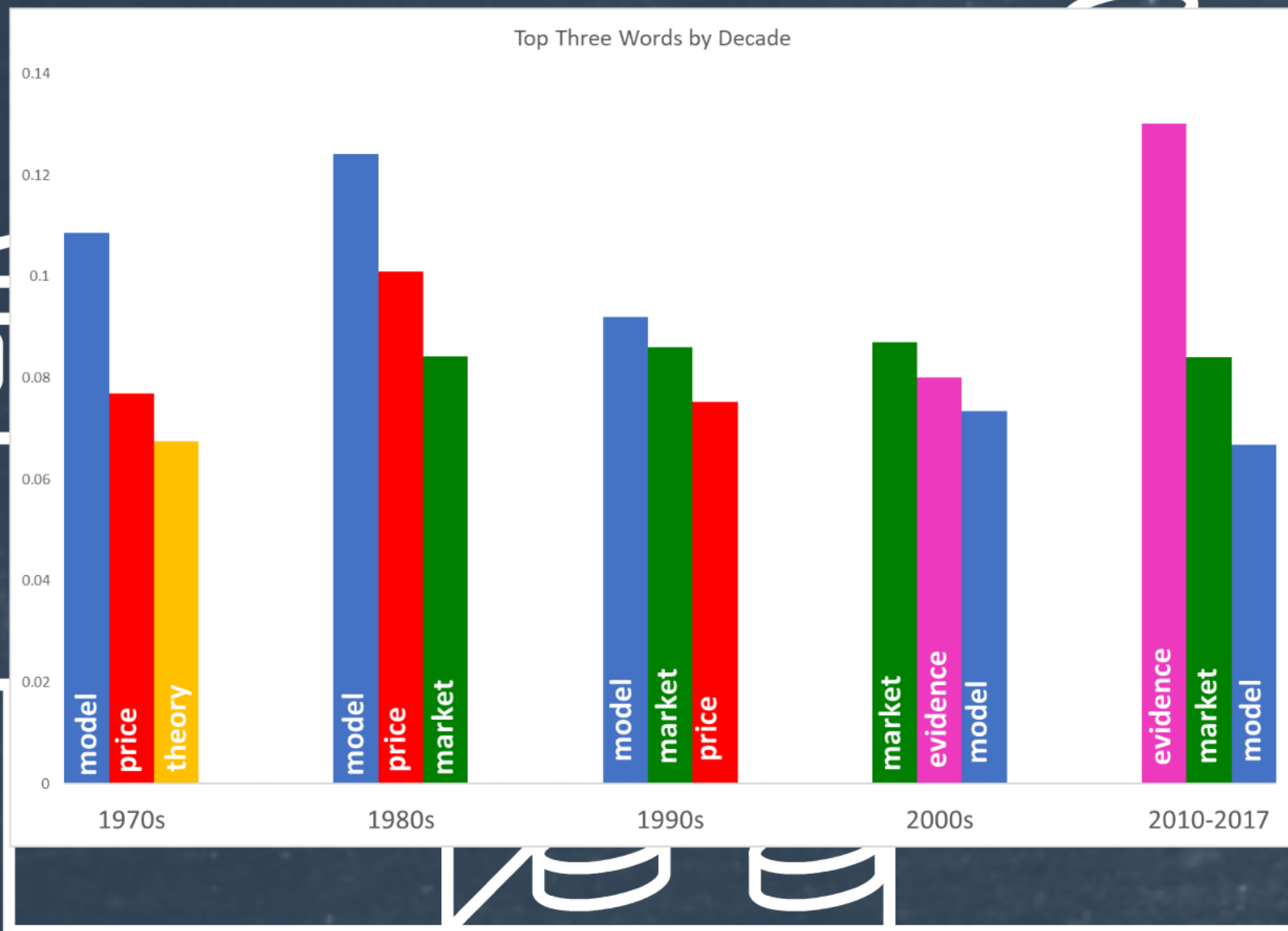
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3 years

5 journals

1k articles





# Economics is a tool

we provide a systematic way of thinking on how people make choices, to maximise their well-being subject to constraints

as with every tool, it can be used for good or evil

economics is not defined by

assumptions like "selfishness"

topics such as "money",

values like "markets are good"

but these ultimately determine who studies economics, and how it is used



# Topics



# people, society, the environment

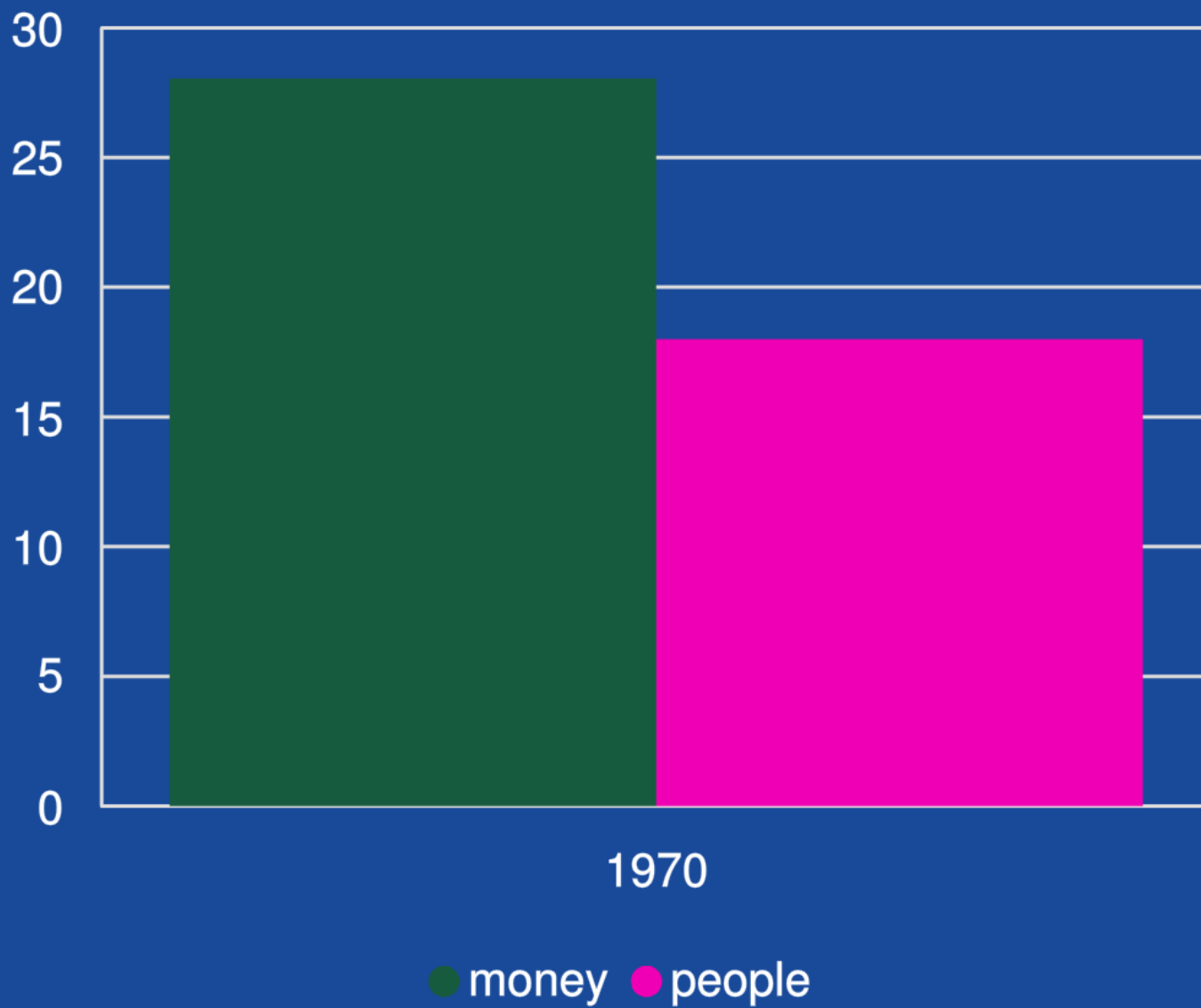
A word cloud featuring the following terms: election, wealth, race, ecological, poverty, externalities, health, poor, enfranchisement, women, conservation, parliamentary, percent, employment, job, disability, labour, vaccine, inequality, equality, mother, politics, public, school, corruption, wage, gender, maternal, democracy, renewable, deforestation, power, vote, gini, unemployment, labor, tax, medicare, and education.

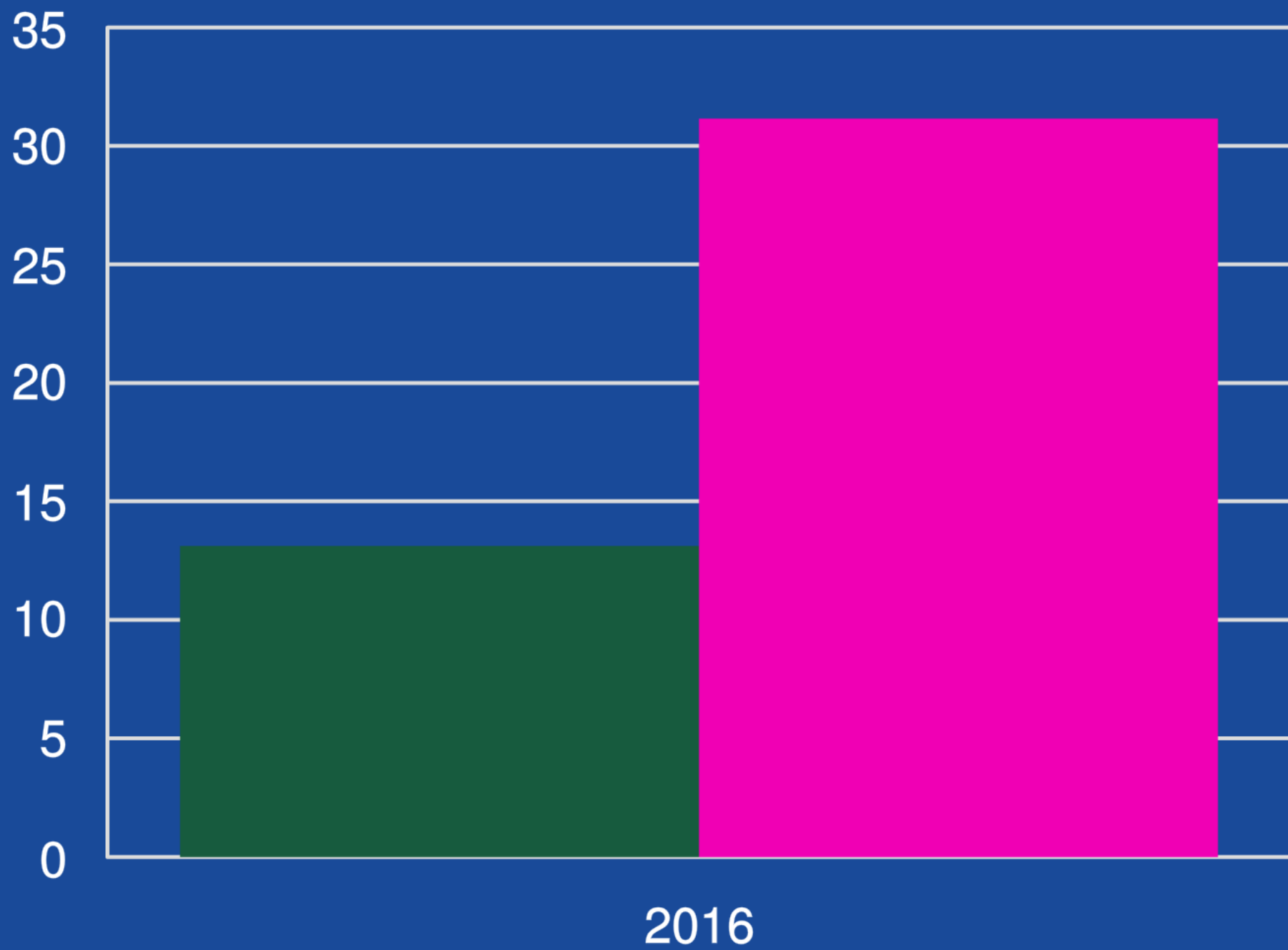
# What about money?



A word cloud of economic terms centered on a white rectangular background. The words are in various sizes, colors (red, blue, purple), and orientations. The most prominent words are 'money' (large, red, horizontal), 'GDP' (large, blue, horizontal), 'inflation' (large, red, horizontal), and 'growth' (large, purple, horizontal). Other visible words include 'finance', 'crises', 'bank', 'interest', 'capital', 'monetary', 'wealth', 'cycle', 'asset', 'exchange', 'aggregate', 'monetary', 'phillips', and 'bank'. The word cloud is flanked by two large, stylized red brackets on a dark blue background with white line art of coins and a grid.

growth  
finance GDP  
cycle asset  
money exchange  
interest capital  
inflation aggregate crises  
monetary wealth  
bank phillips





● money ● people

## 'popular' econ topics at the very top

2018: P Romer and W Nordhaus "for integrating technological innovation & climate change in long-run macroeconomic analysis"

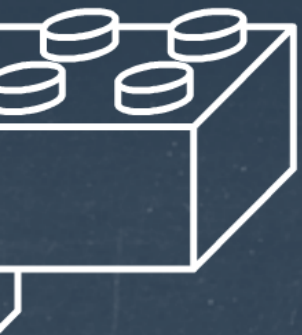
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# Policy



# Data analysis for policy



By understanding the goals of people and firms,  
economics tells you how they will respond to policies

Without this, policies might create a bigger problem than  
the one they are meant to fix



Banker bonuses caps



aim to reduce **inequality** and **risk taking**

but results in more of both.

Why?

We need to understand the aims of who sets bonuses

Banks' goal is to make profits,  
they pay bonuses to attract the  
best people and motivate them



then we need to understand how the cap changes  
their problem

The cap eliminates one instrument  
to achieve the goal

But, how banks will respond

Can't use bonuses --> increase salary

## Other policies with unintended effects

A&E time bonuses reduce the number of ambulances

Teacher bonuses increase children's sugar consumption



Incentives in bureaucracies typically backfire



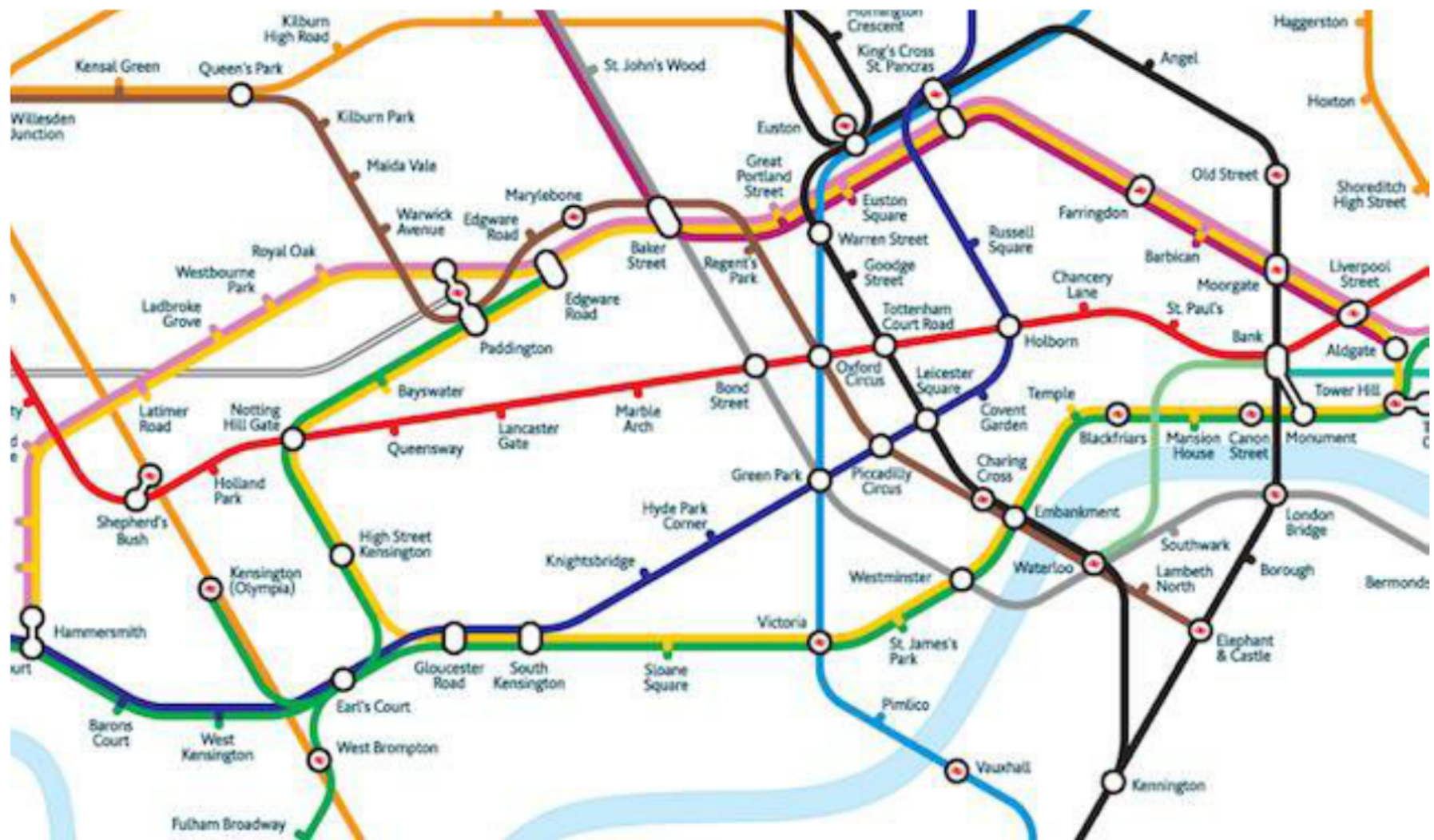


Toolbox

We use mathematics to make sense of a very  
complex reality

Mathematical models are “unrealistic” by design

# Reality is messy





A good model makes it easier by getting rid of non-essential details

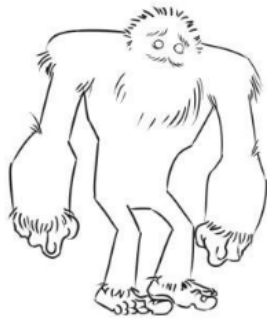


# A bad model makes it harder





# What about the Homo Economicus?



pretty nasty



imaginary

# Is self-interest a good assumption?

- If it simplifies things without leading you astray: yes
  - e.g. understanding the demand for cereal
- or as a worse case scenario: yes
  - firm behaviour with externalities
- If it leads to wrong conclusions: no
  - e.g. charity giving

# We use data to understand how people behave and to evaluate policies

The main challenge is measuring causality



Let's say that the share of students who go to a Russell group university is 50% in school G vs 25% in school C.....

*Does school G cause students to do better?*

Imagine two parallel universes,  
identical in every way except for  
Tim's choice of school

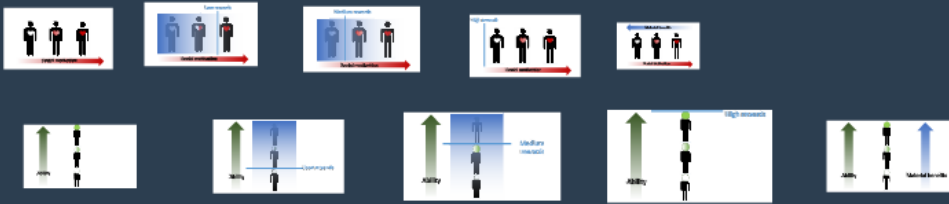


most economists try to create the equivalent of parallel universes

That is, find ways to keep everything the same  
but for the policy we want to evaluate



# creating parallel universes in Zambia



Do you want another go?

## The nurse dilemma

“What will happen now that they see themselves as civil servants? will they retain their connection to the community?” (Mr Mwila, MOH HR director)

# Control

## BENEFITS:

- Learn about the most important health issues in your community
- Gain the skills you need to prevent illness and promote health for your family and neighbors
- Work closely with your local health post and health centre
- Be a respected leader in your community

## QUALIFICATIONS:

- Zambian National
- Grade 12 completed with two "O" levels
- Age 18-45 years
- Endorsed by Neighborhood Health Committee within place of residence
- Preference will be given to women and those with previous experience as a CHW

## APPLICATION METHOD:

Submit to the **DESIGNATED HEALTH CENTRE** indicated above:

- Completed application form with necessary endorsements. If no blank forms are attached to this notice, kindly obtain a blank one at the nearest health centre.
- Photocopy of school certificate documenting completion of Grade 12 and two "O" levels.
- Photocopy of Zambian national registration card.

**For more information:** Contact the designated health centre indicated above.

**Counseling and Support**

**Health Education**

**Care and Treatment**

**Want to serve your community? Become a CHW!**



# Treatment

## BENEFITS:

- Become a highly trained member of Zambia's health care system
- Interact with experts in medical fields
- Access future career opportunities including:
  - Clinical Officer
  - Nurse
  - Environmental Health Technologist

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Nursing

Clinical Medicine

Environmental & Public Health

How to make ORS  
Water Sugar Salt

**Become a CHW to gain skills and boost your career!**

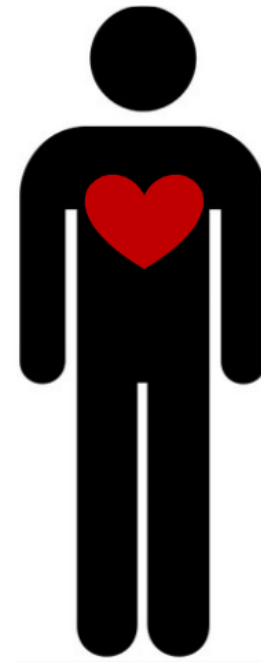
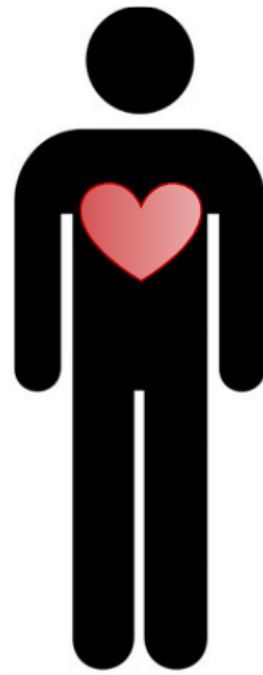
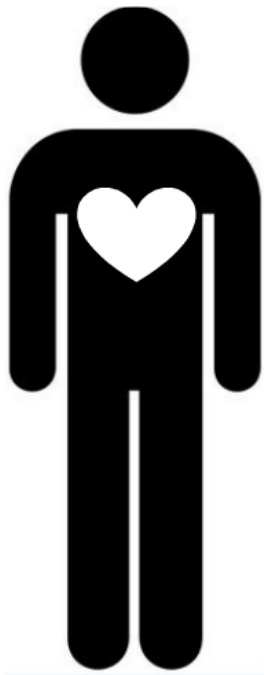
*Career advancement = salary increase (CHA=\$290, Nurse= \$530, EHT=\$615, doctor=\$1625)*

# One group did a lot better

- ↑ Institutional deliveries by 30%,
  - ↑ children visits by 24%
  - ↑ children weighted by 22%
  - ↑ polio vaccination by 20%
- 
- share of malnourished children fell by 25%

can you guess which?

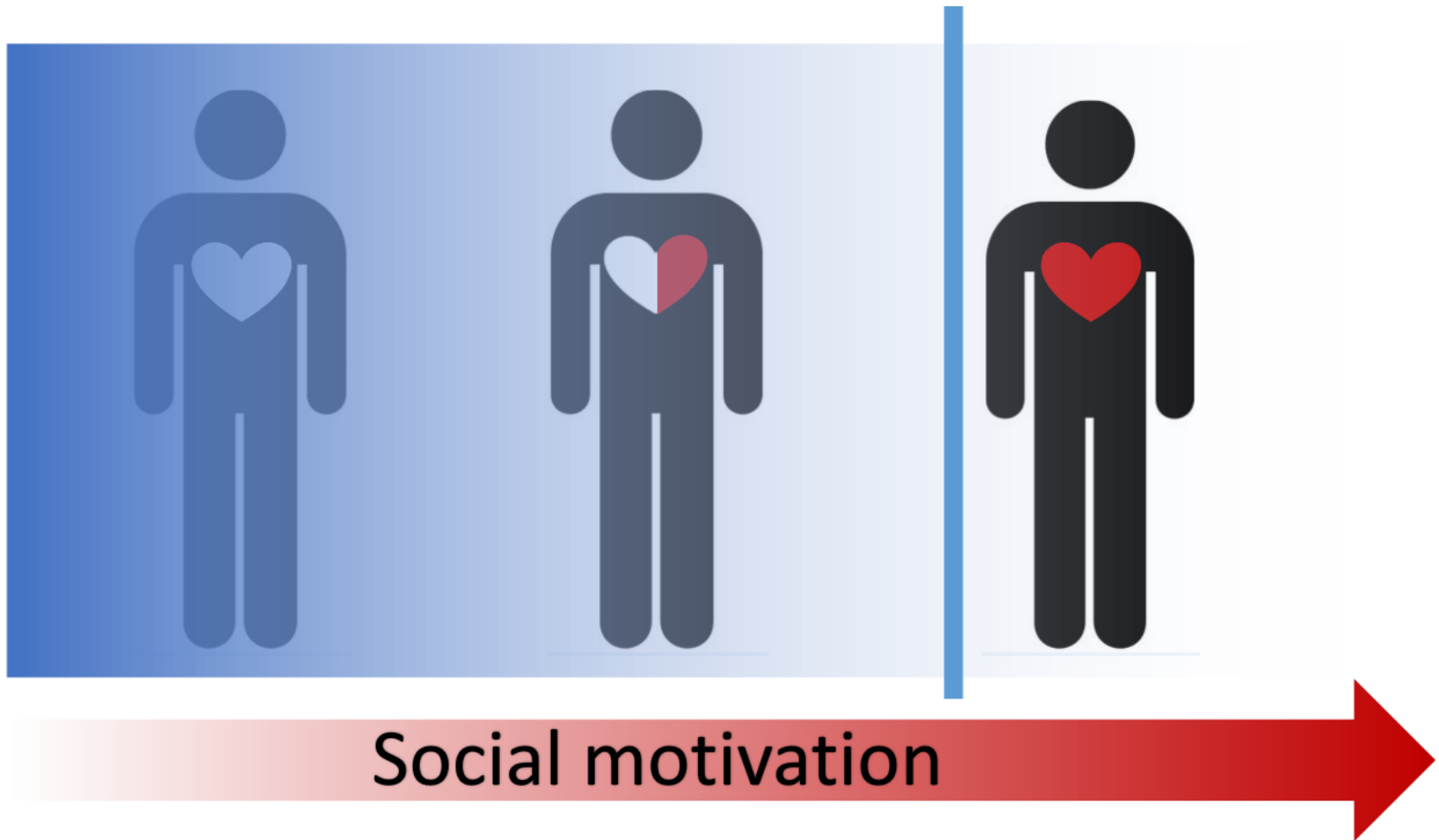
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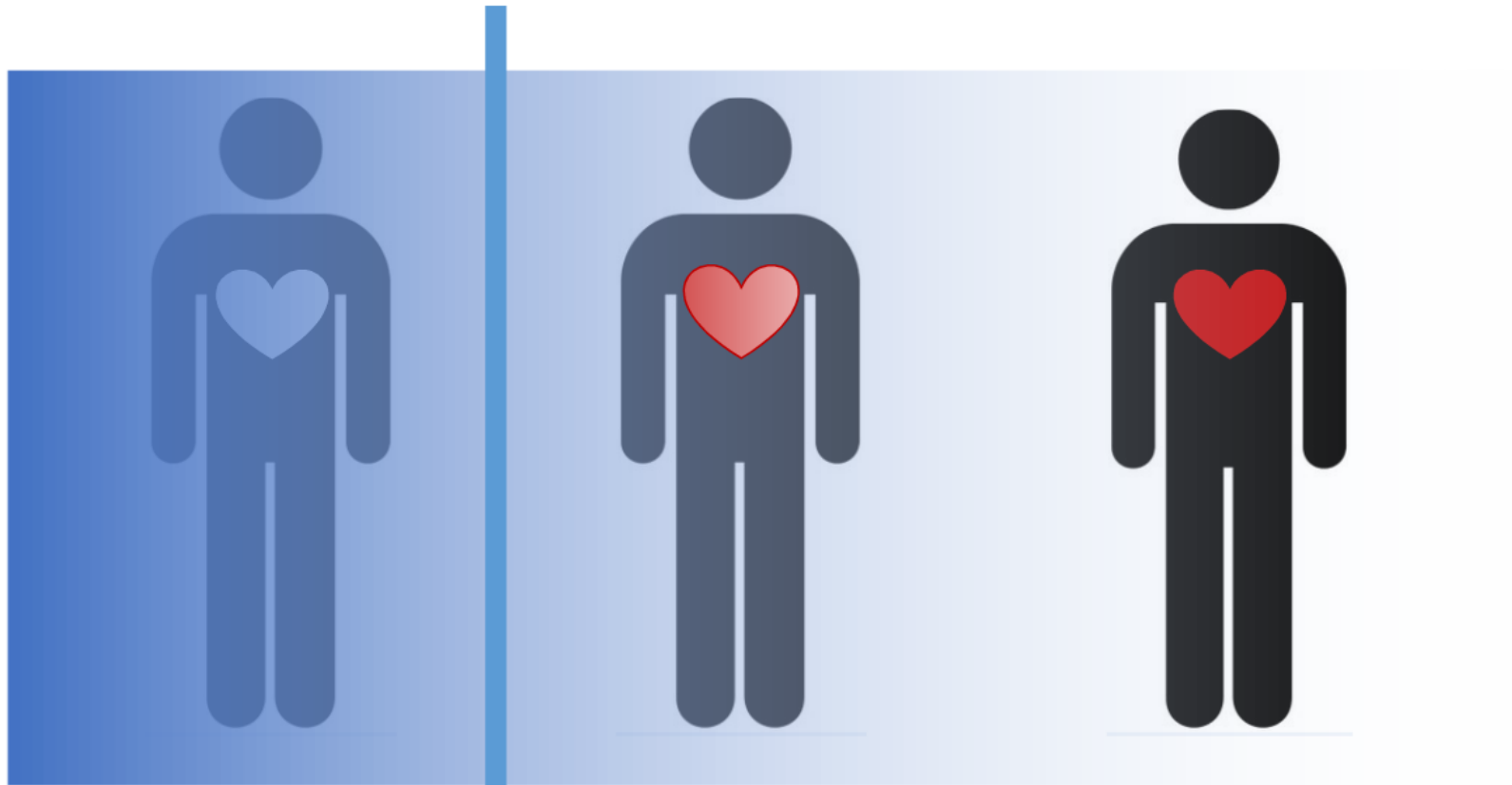
Social motivation



Low rewards



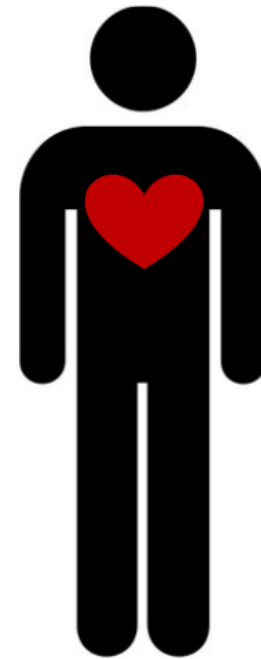
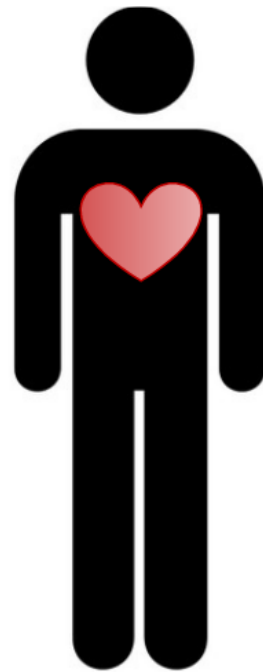
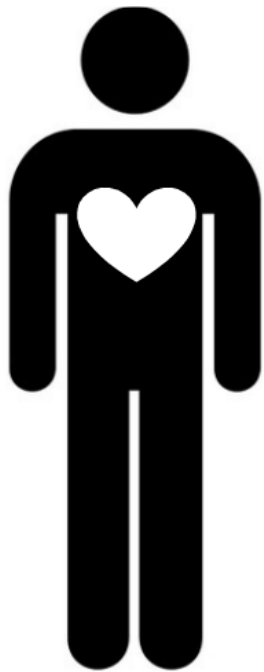
Medium rewards



Social motivation



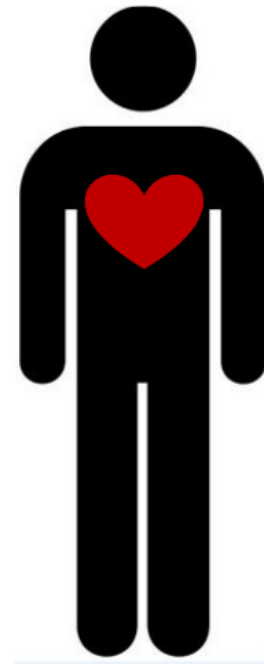
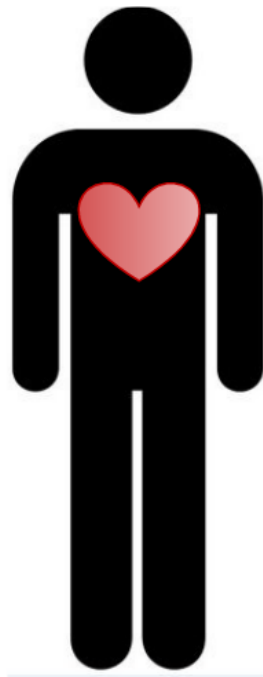
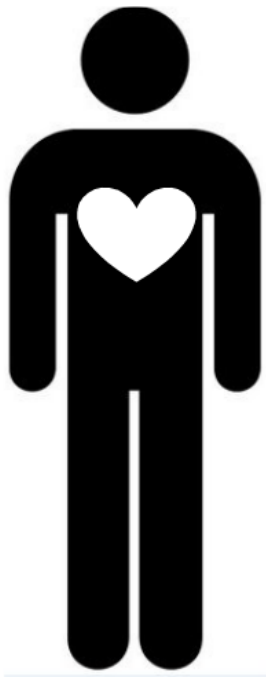
High rewards



Social motivation



← Material benefits



→ Social motivation



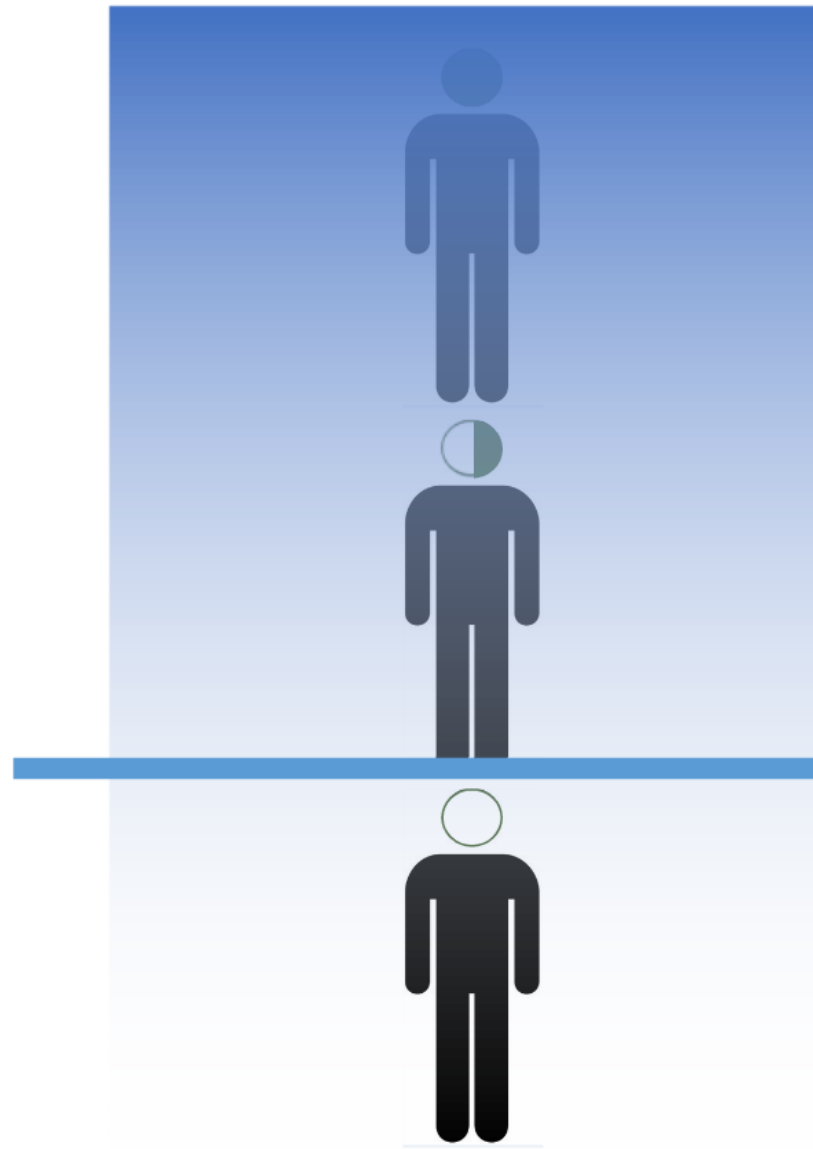
Ability







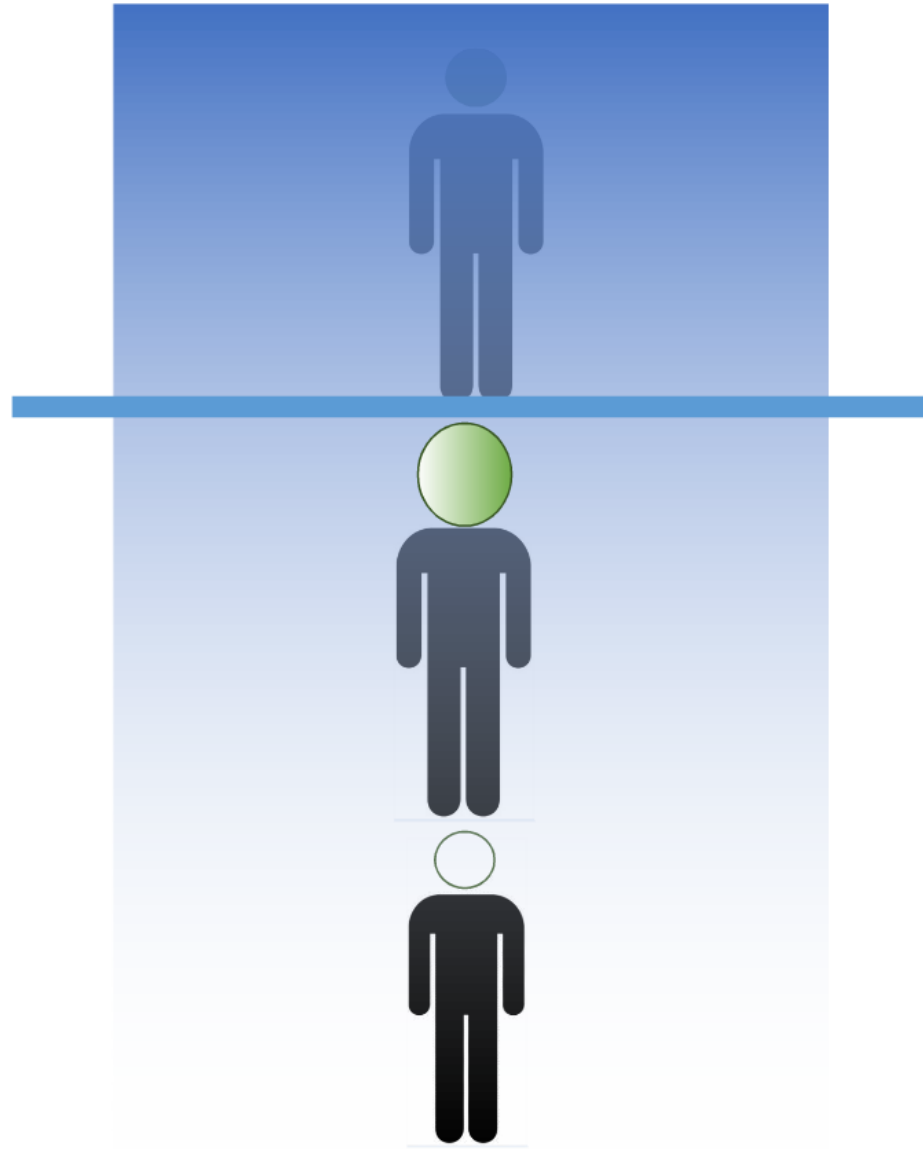
Ability



Low rewards



Ability



Medium  
rewards



Ability



High rewards

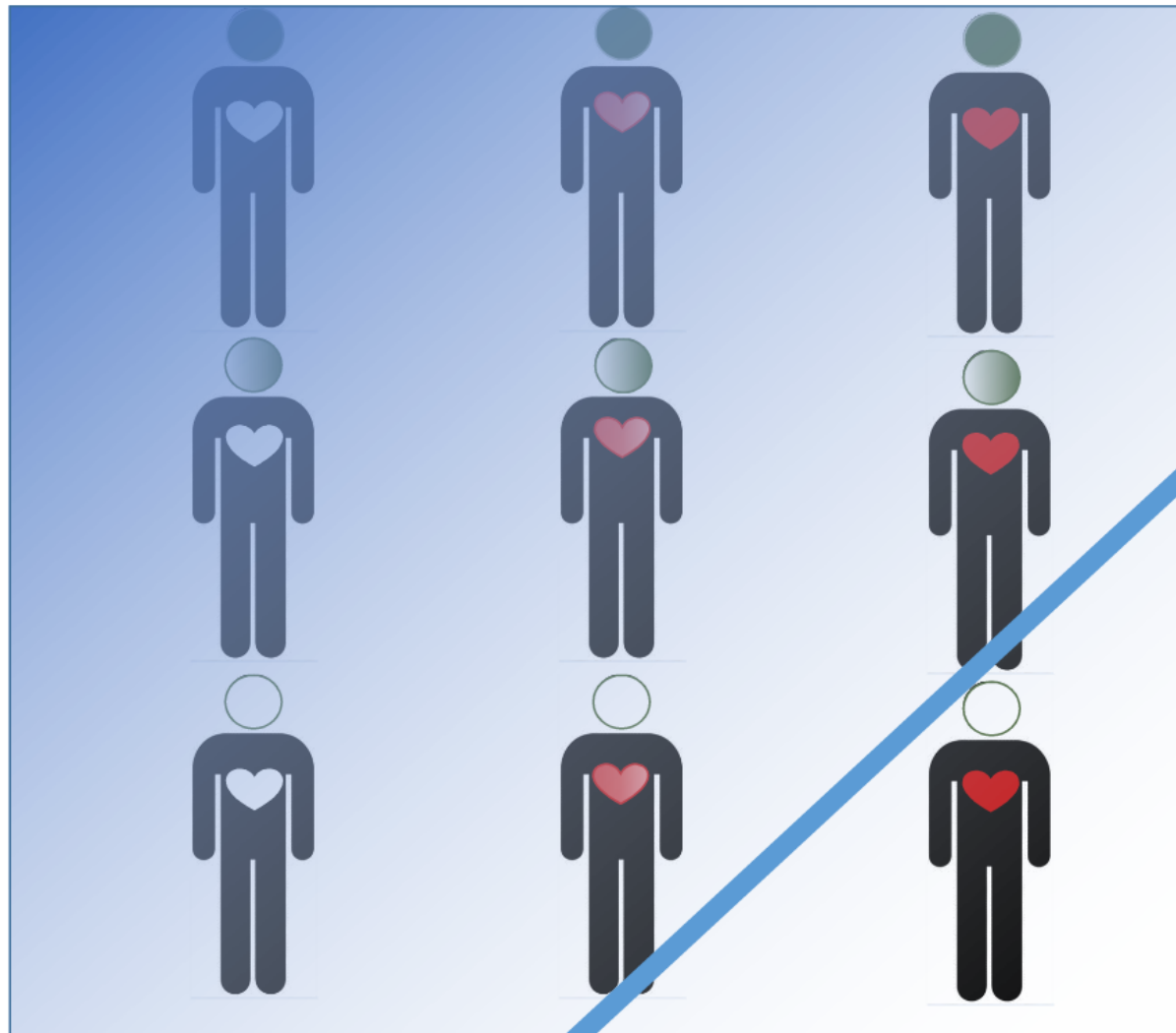


Ability



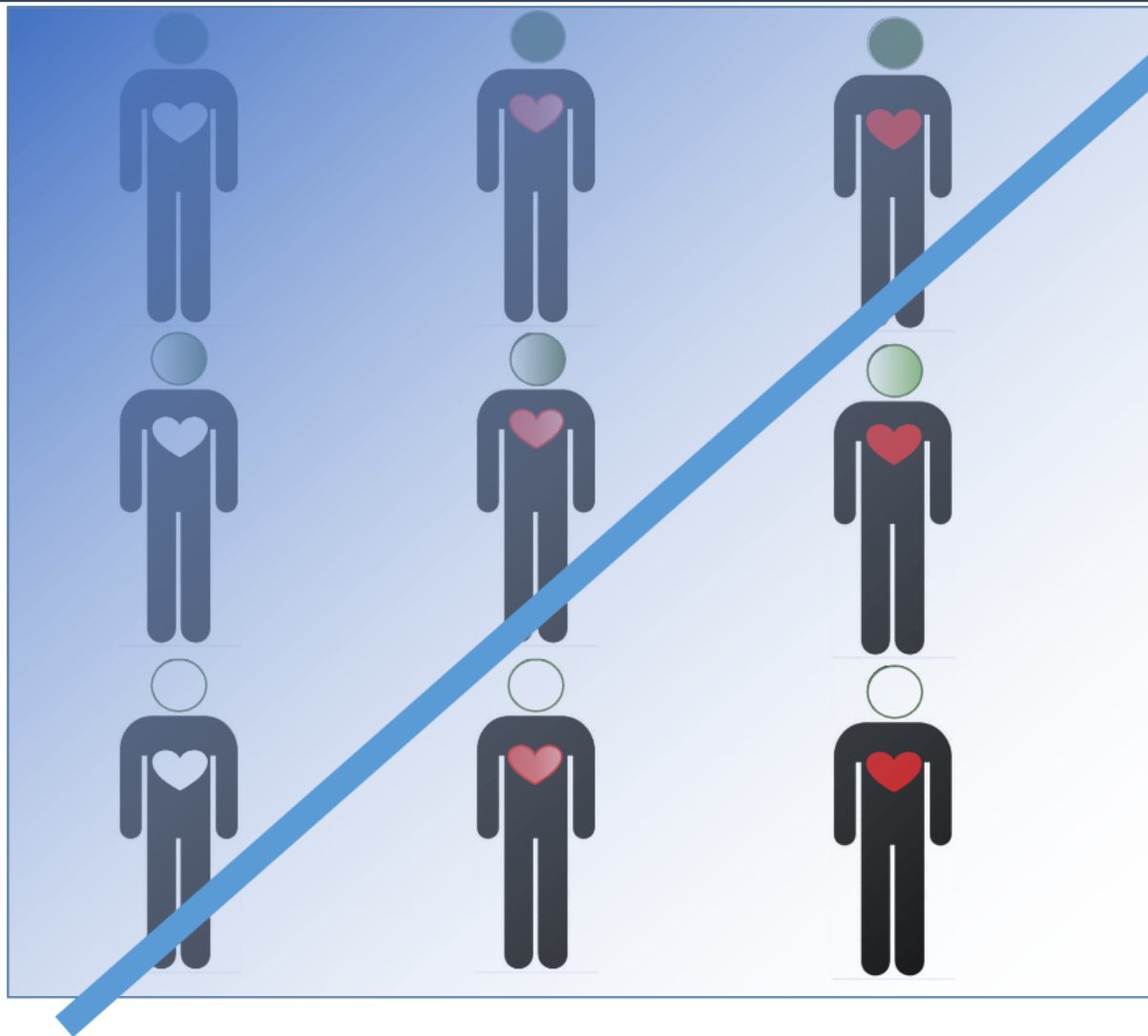
Material benefits





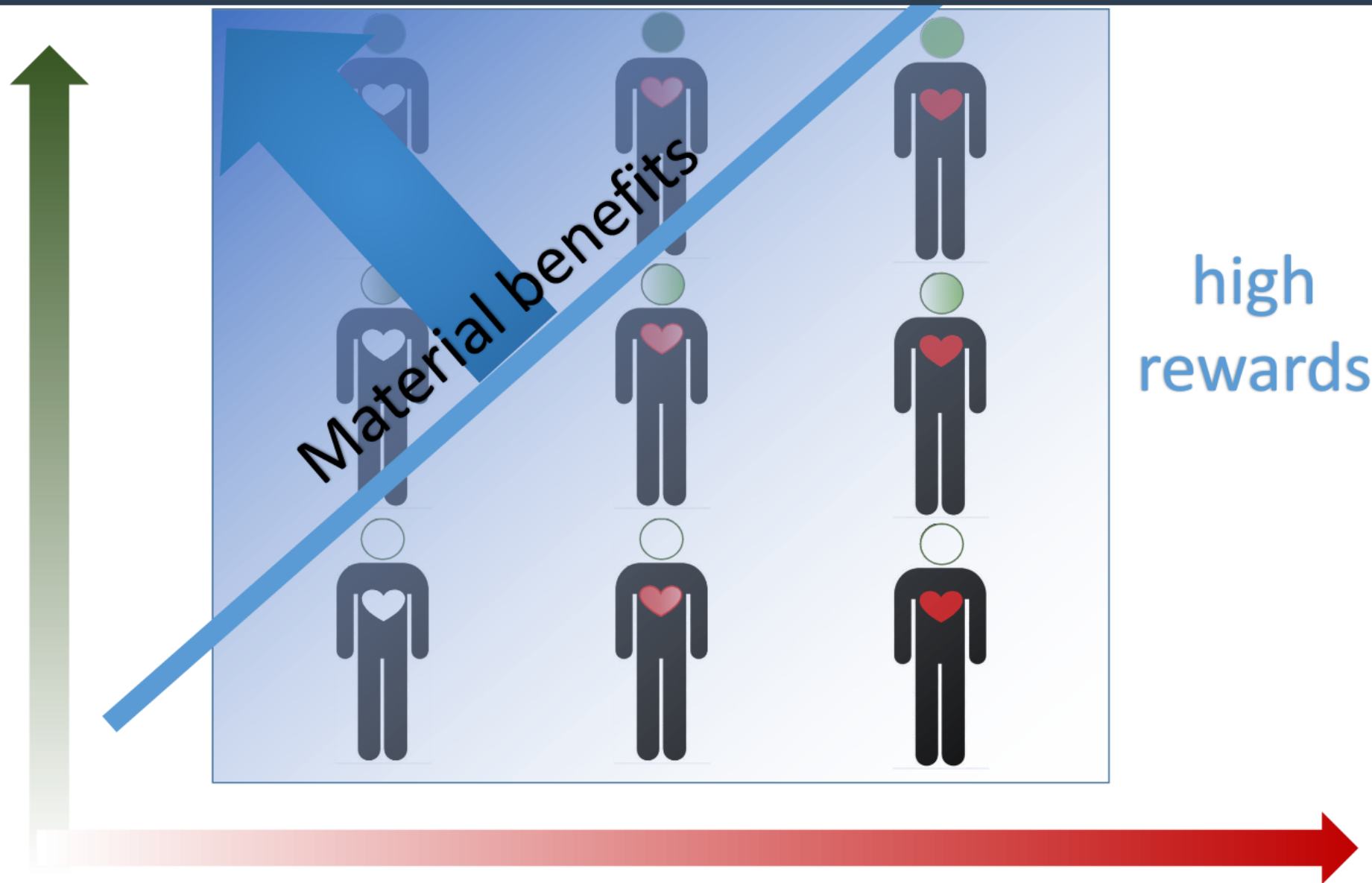
with low  
rewards  
only low  
talent-high  
prosociality  
apply



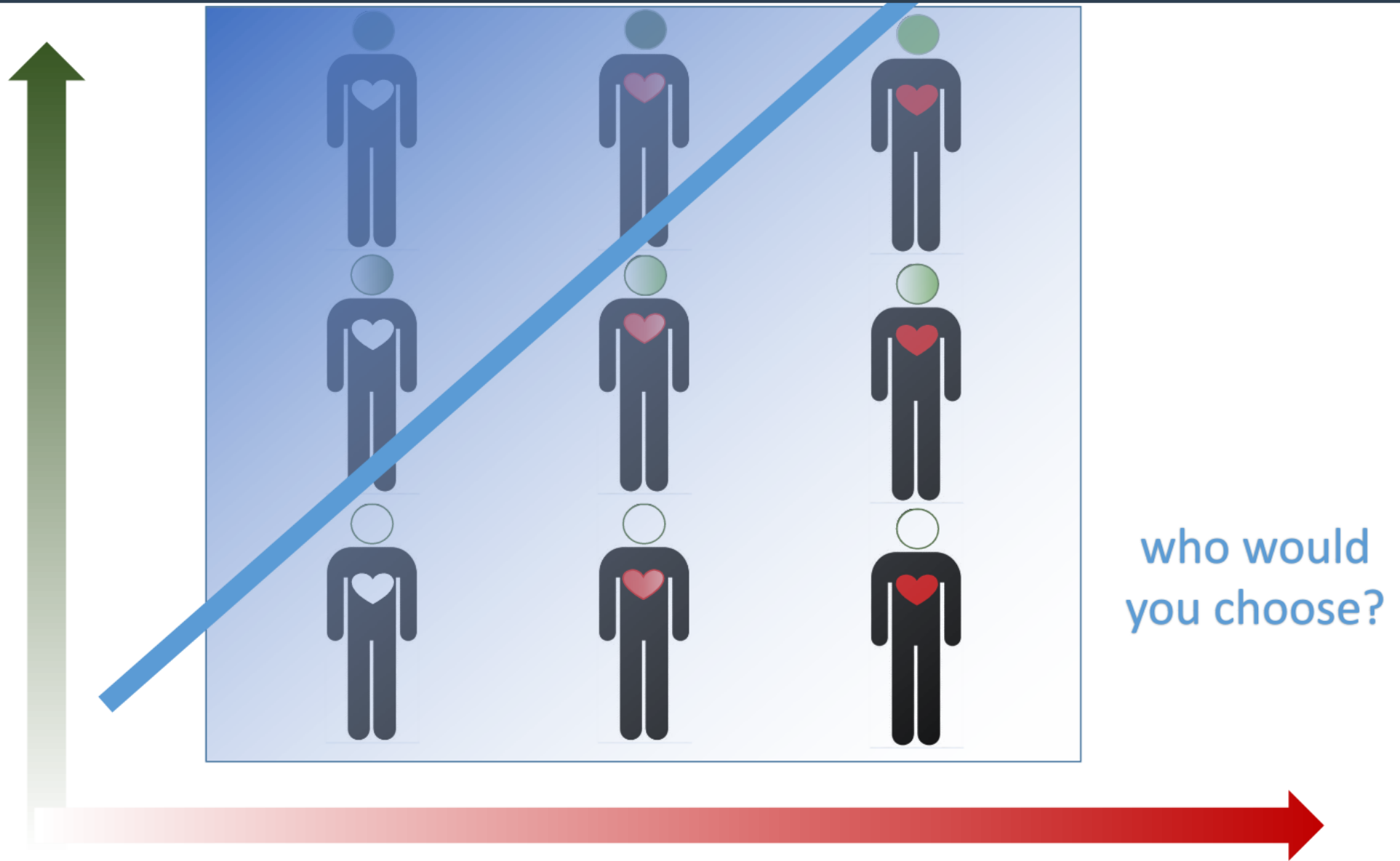


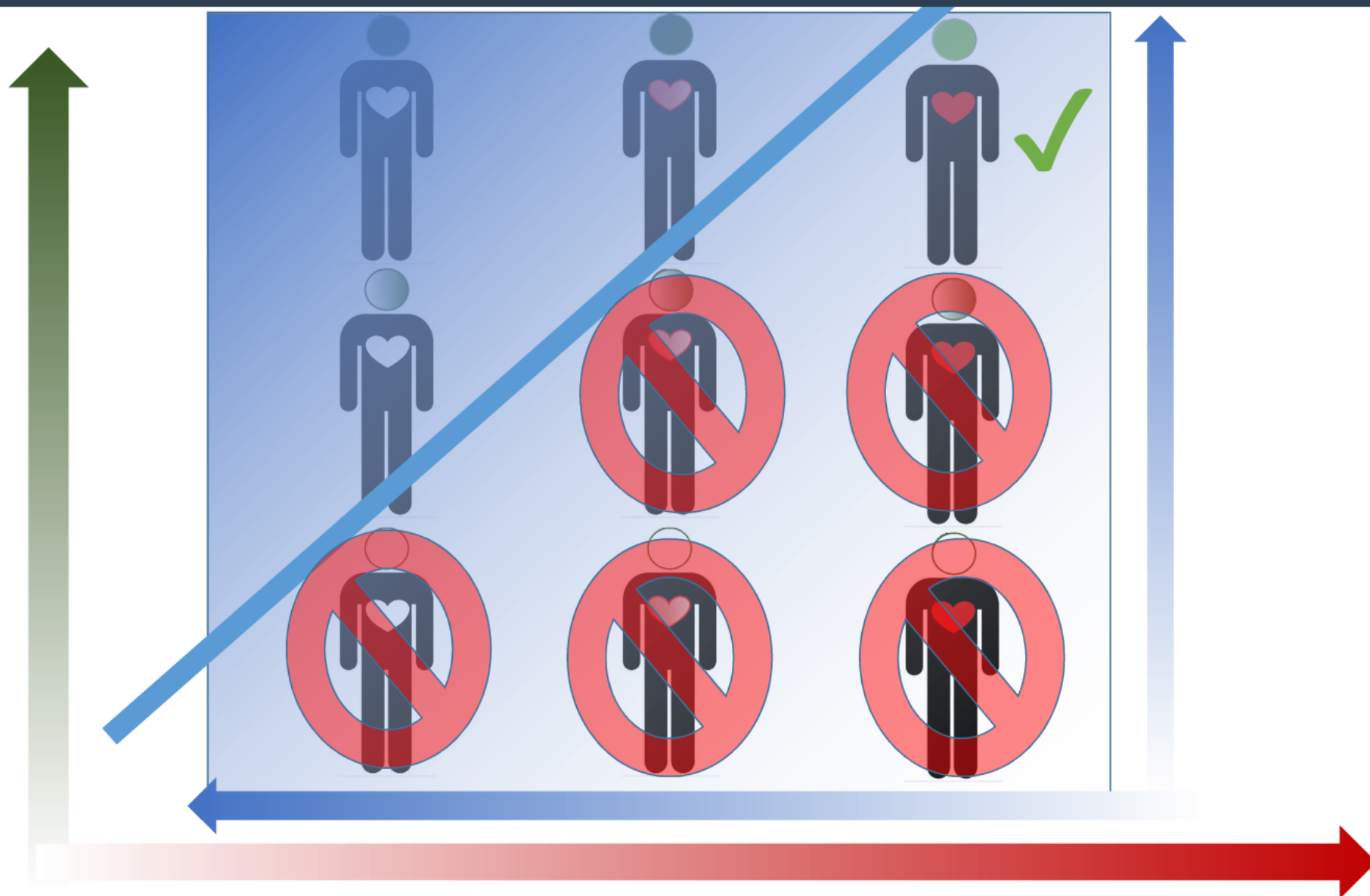
medium  
rewards







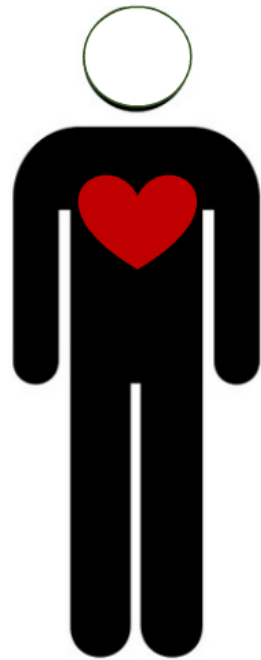




Do you want another go?

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multiple\\_choice\\_polls/nh8HKOPvgWEShAZ?  
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community

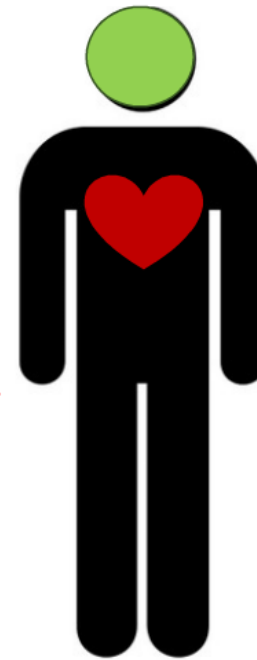


more skills




same prosociality

career



25% lower  
malnourishment



Should I study  
economics?

Think of everything you like: topics,  
future earnings, making the world a  
better place, maths, data

Then think of your constraints:  
**time** first and foremost



If you choose economics you give up  
something else --> this is the main cost

but don't get swayed by the topics

as once you learn the tools

you can ask whichever question you like



find out more

vox dev

vox eu

microeconomic insights