



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



maximisation
trade demand sustainability worldwide
relationships price elasticity of demand
habits allocation resources models benefits
nigerians power life people stuff choices
making decisions scarcity cost dismal
choices ppf community means hel change disagree
efficiency needs society stocks
ppf distribution everything allocate choice
world welfare salary possibilities transformational
behaviour behaviour

money?
inflation?
banks?

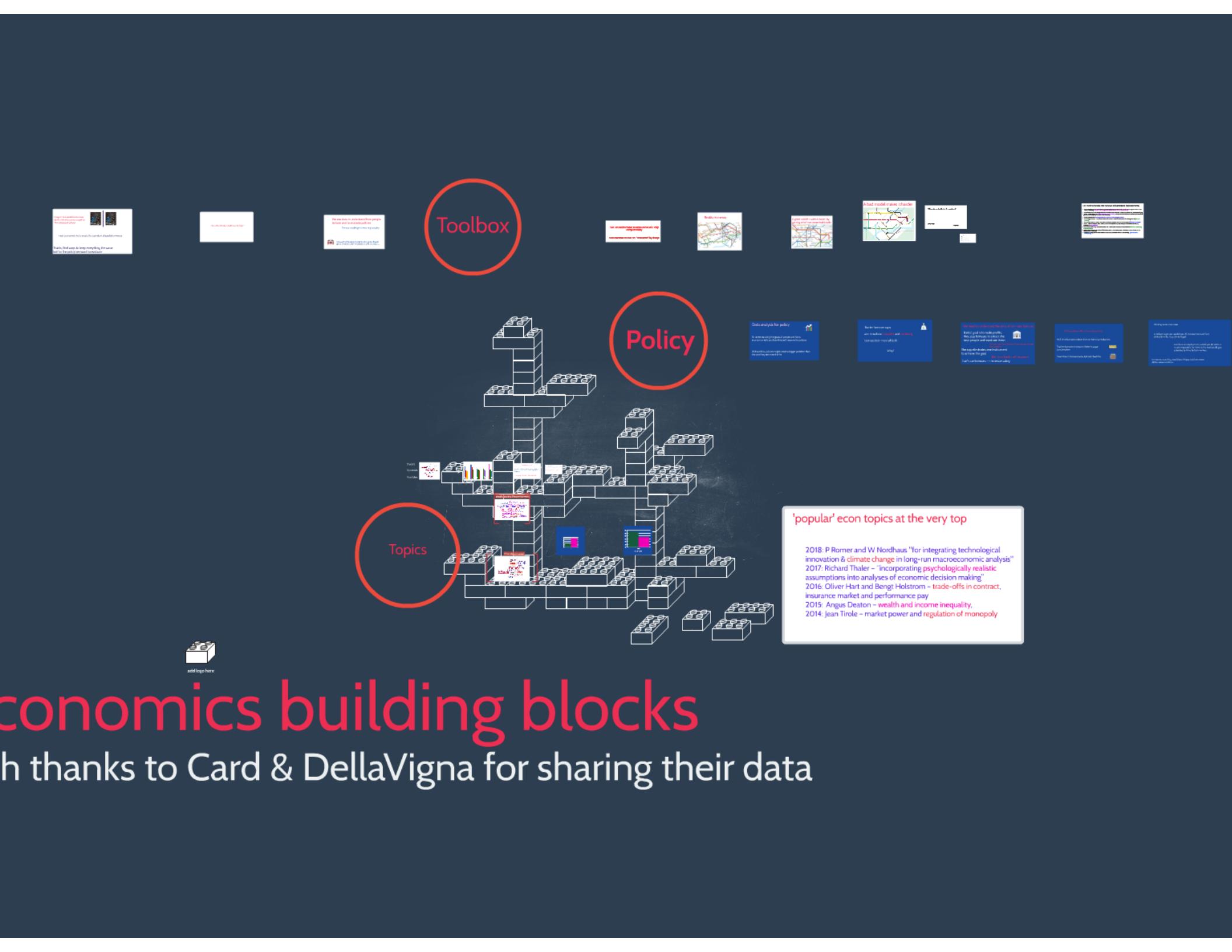
selfish?
social?

poverty?
migration?
inequality?

data?
maths?
stats?



I will try to organise things a bit

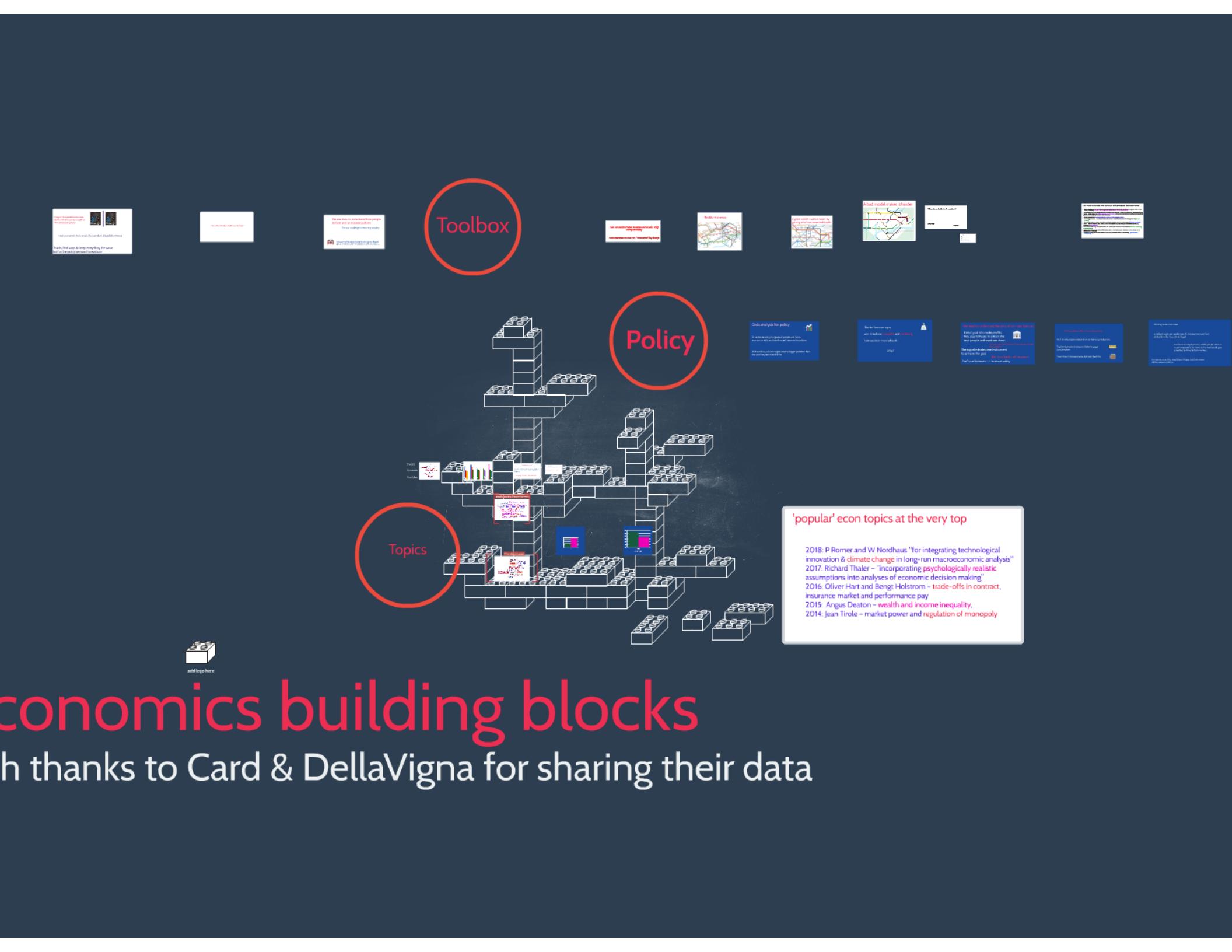


economics building blocks

With thanks to Card & DellaVigna for sharing their data

'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 Holstrom – **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

With thanks to Card & DellaVigna for sharing their data

'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 Holstrom – **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

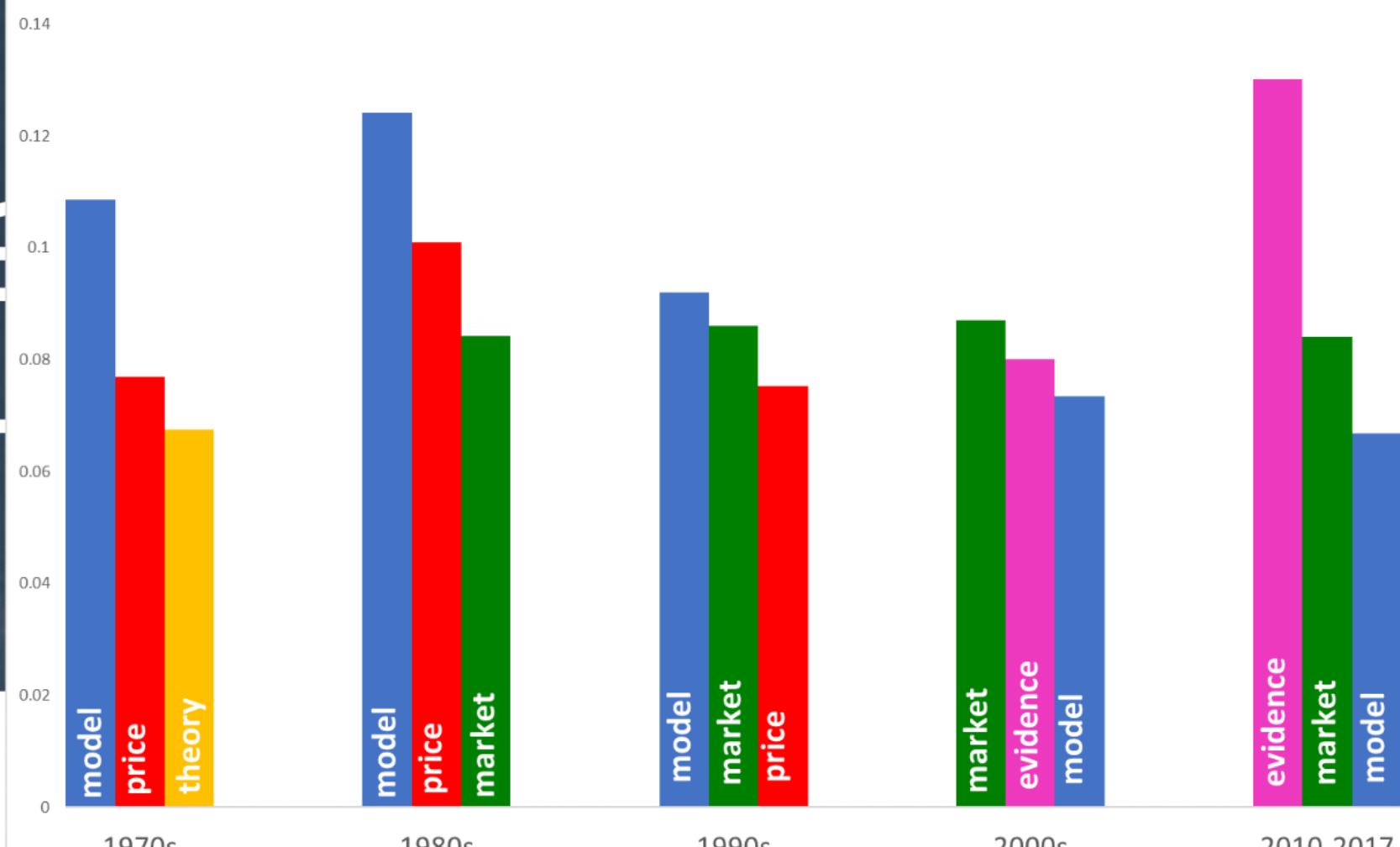
3 years

5 journals

1k articles

capital school
product estimate model
optimum competition welfare
information contract tax risk
theory health choice
effect evidence impact
price test
social policy experiment
financial firm trade
dynamic market

Top Three Words by Decade



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

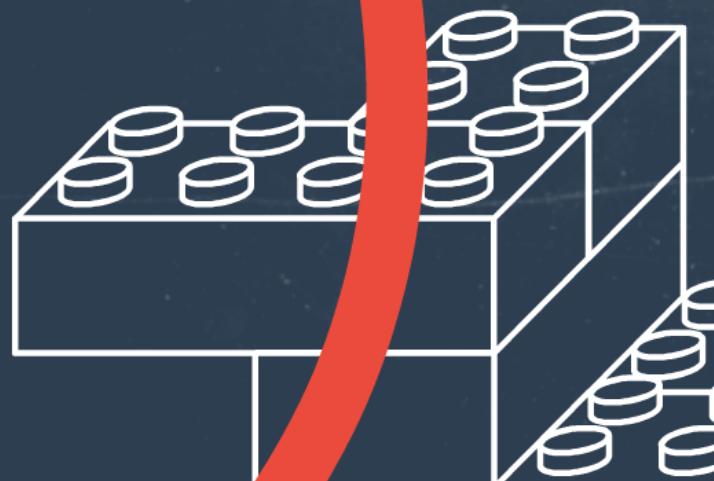
topics such as "money",

values like "markets are good"

assumptions like "selfishness"

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

Topics



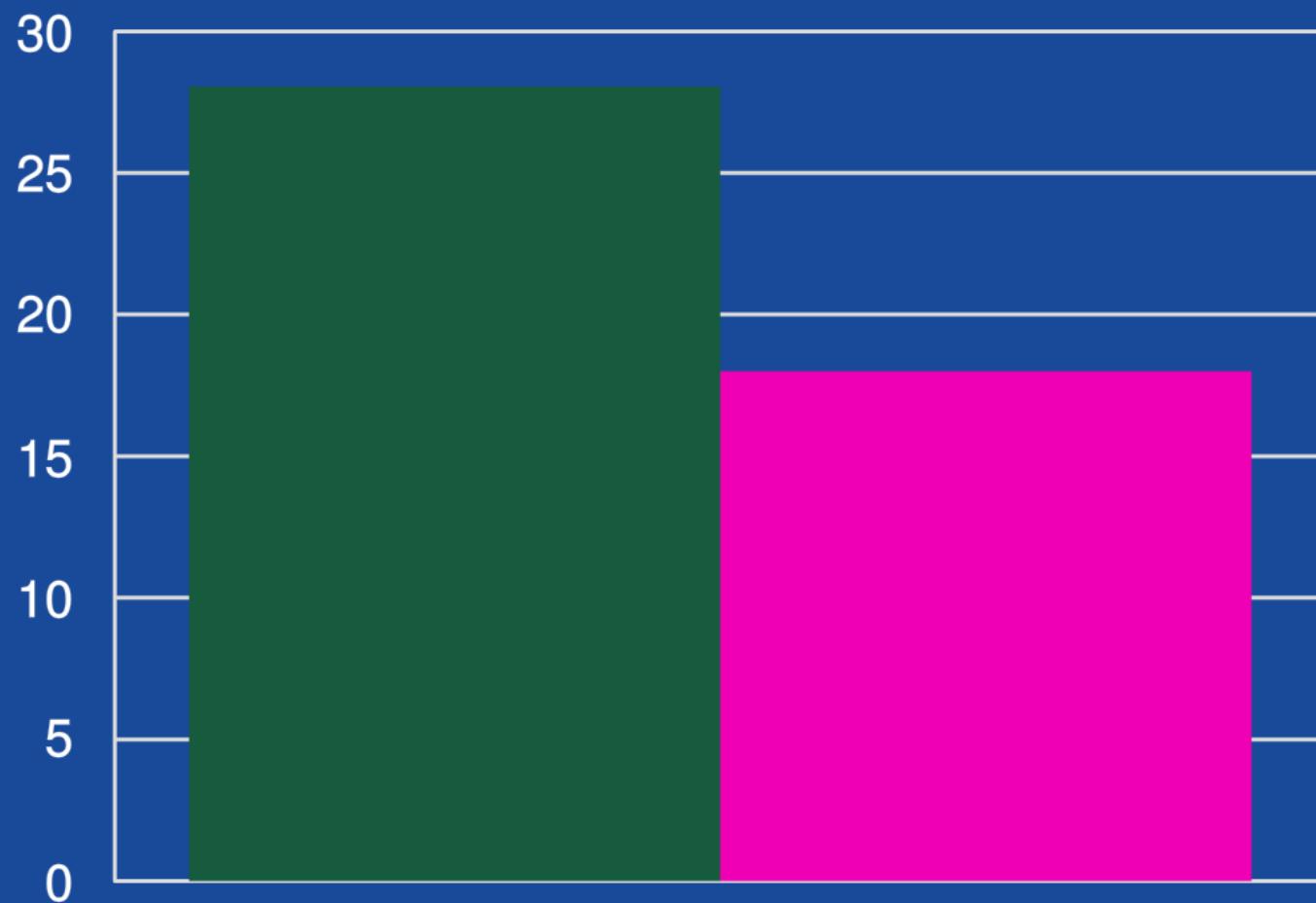
people, society, the environment

wealth ecological poverty
election race externalities health
conservation parliamentary poor enfranchisement
medicare employment women
tax percent labour vaccine job
disability
labor inequality equality
mother politics public school corruption
unemployment wage
gini power vote gender
education deforestation renewable
wealth externalities parliamentary poor enfranchisement
labour vaccine job
disability
corruption
gender
maternal
democracy

What about money?

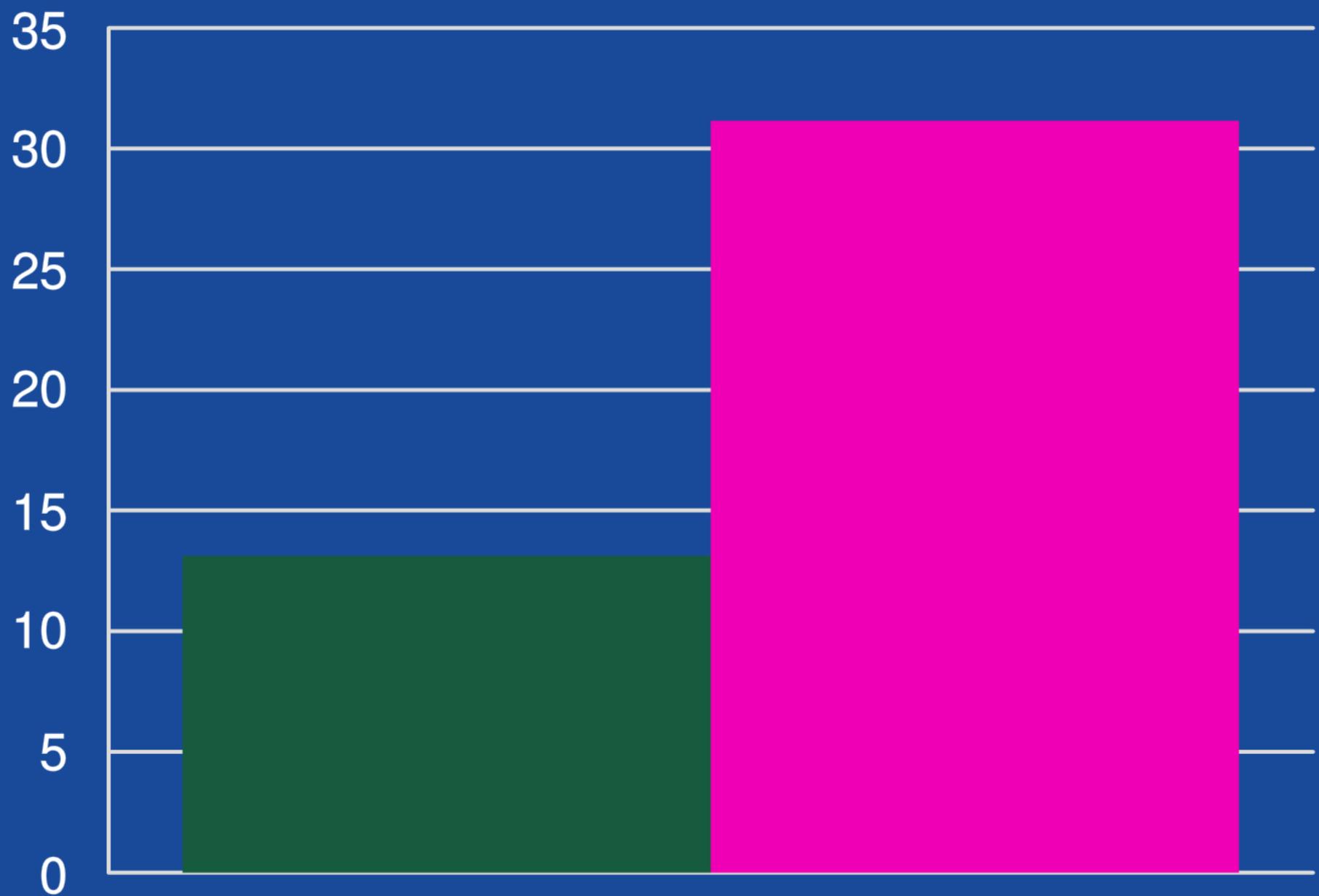


growth
finance **GDP**
cycle asset
money exchange
interest capital
inflation crises
aggregate wealth
monetary
bank phillips



1970

● money ● people



2016

● money ● people

'popular' econ topics at the very top

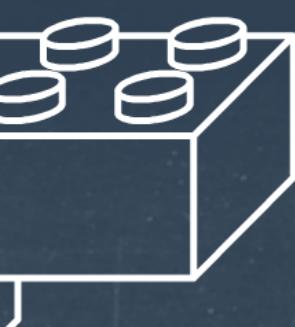
2018: P Romer and W Nordhaus "for integrating technological innovation & **climate change** in long-run macroeconomic analysis"

2017: Richard Thaler – “incorporating **psychologically realistic** assumptions into analyses of economic decision making”

2016: Oliver Hart and Bengt Holstrom – **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**



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

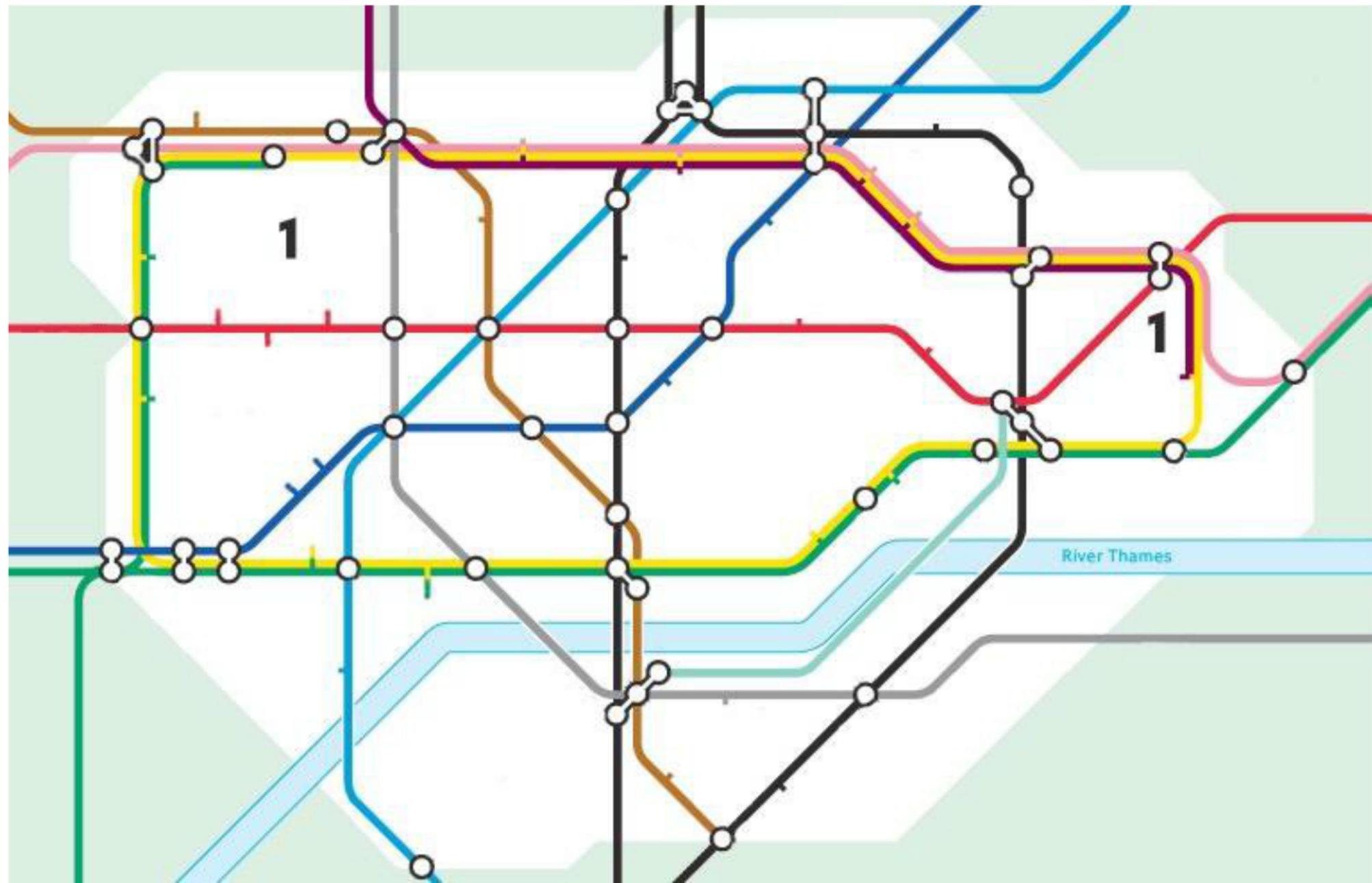
Reality is messy



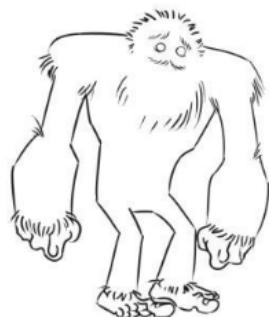
A good model makes it easier by getting rid of non-essential details



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

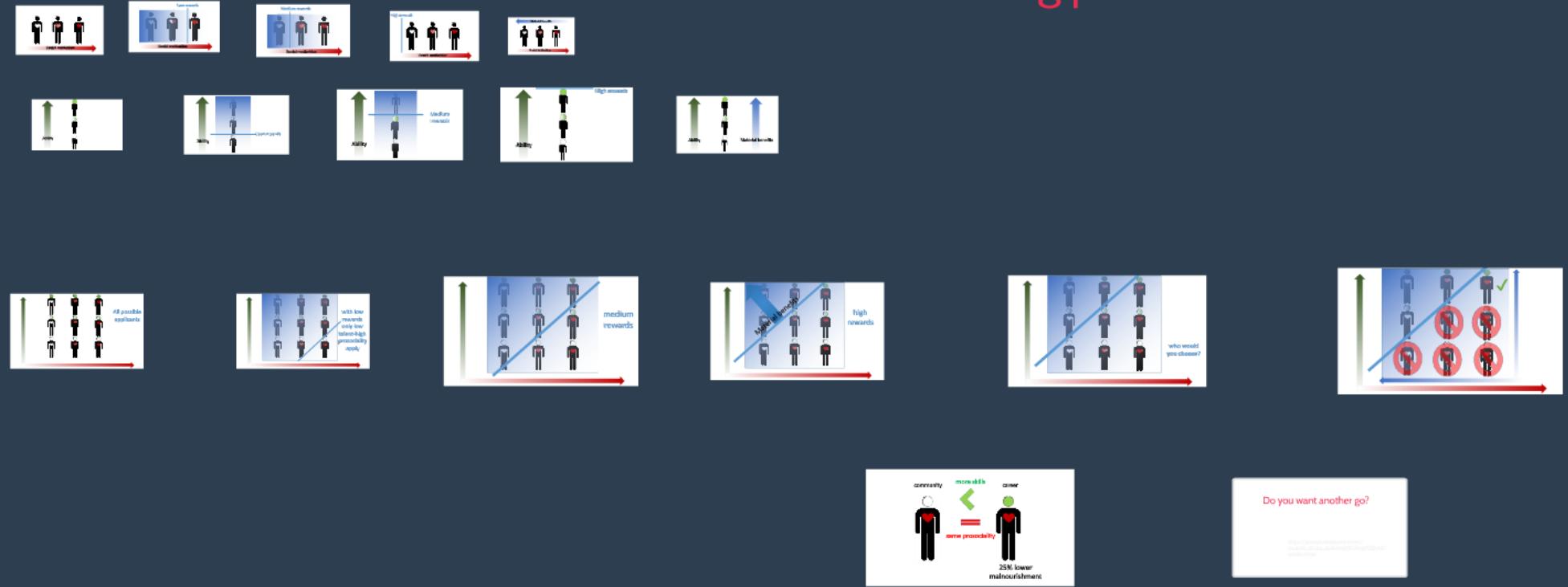


most economists try to create the equivalent of parallel universes

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



creating parallel universes in Zambia



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

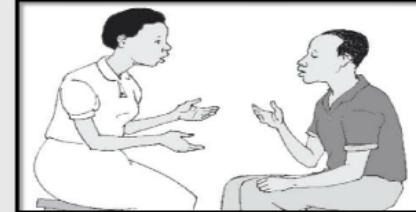
APPLICATION METHOD:

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



Care and Treatment



Health Education



**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

QUALIFICATIONS:

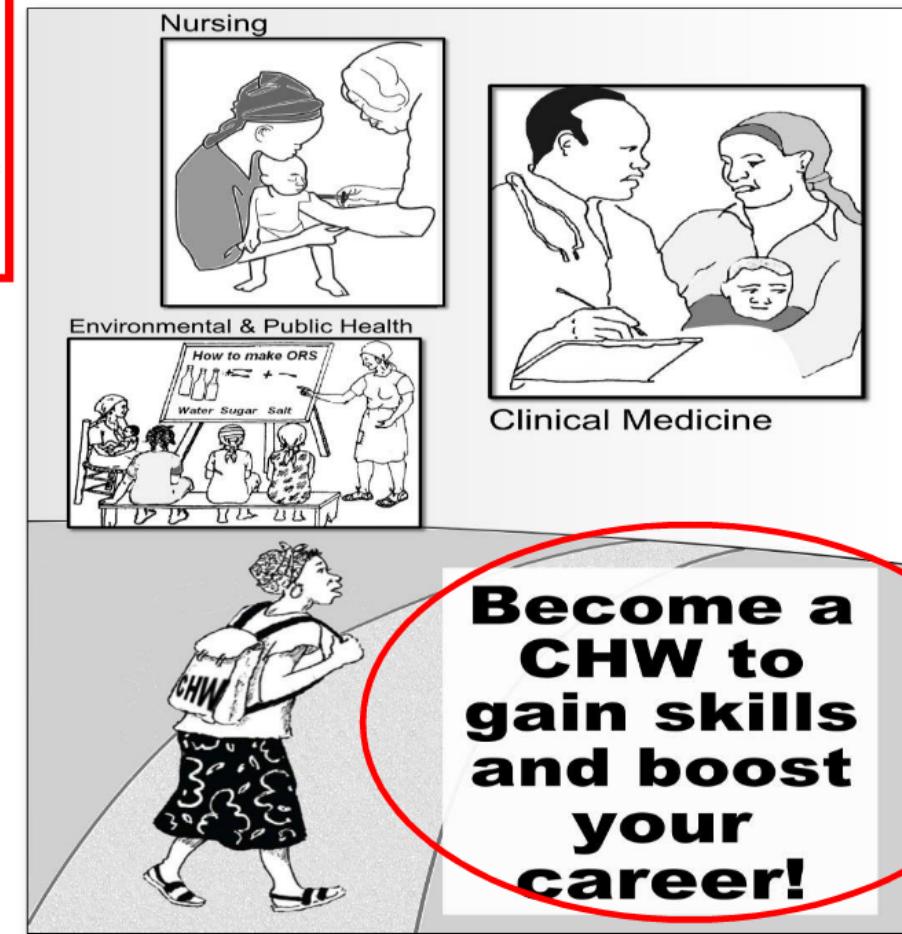
- Zambian National
- Grade 12 completed with two "O" levels
- Age 18-45 years
- Endorsed by Neighborhood Health Committee within place of residence
- Preference will be given to women and those with previous experience as a CHW

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.



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

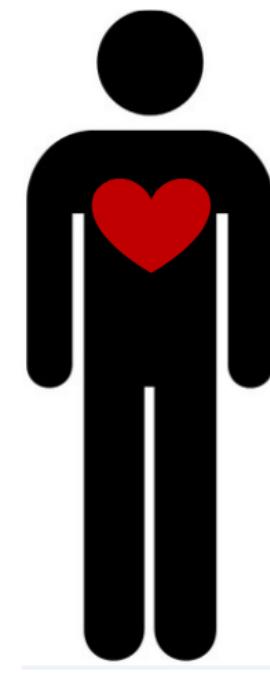
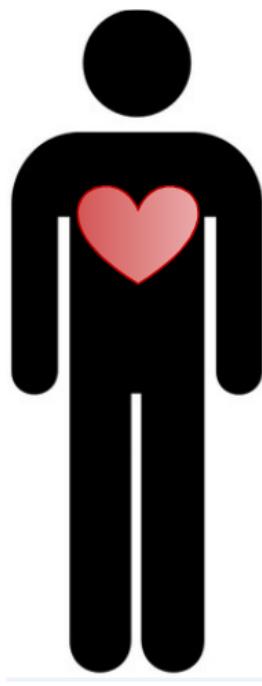
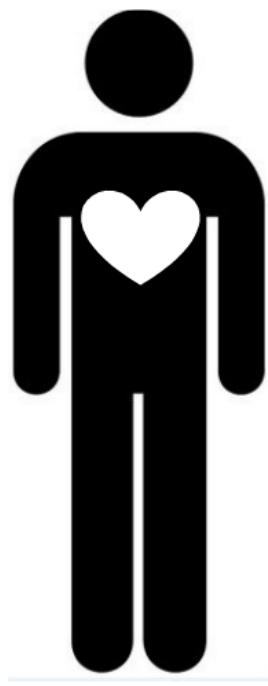
One group did a lot better

- ↑ Institutional deliveries by 30%,
- ↑ children visits by 24%
- ↑ children weighted by 22%
- ↑ polio vaccination by 20%

can you guess which?

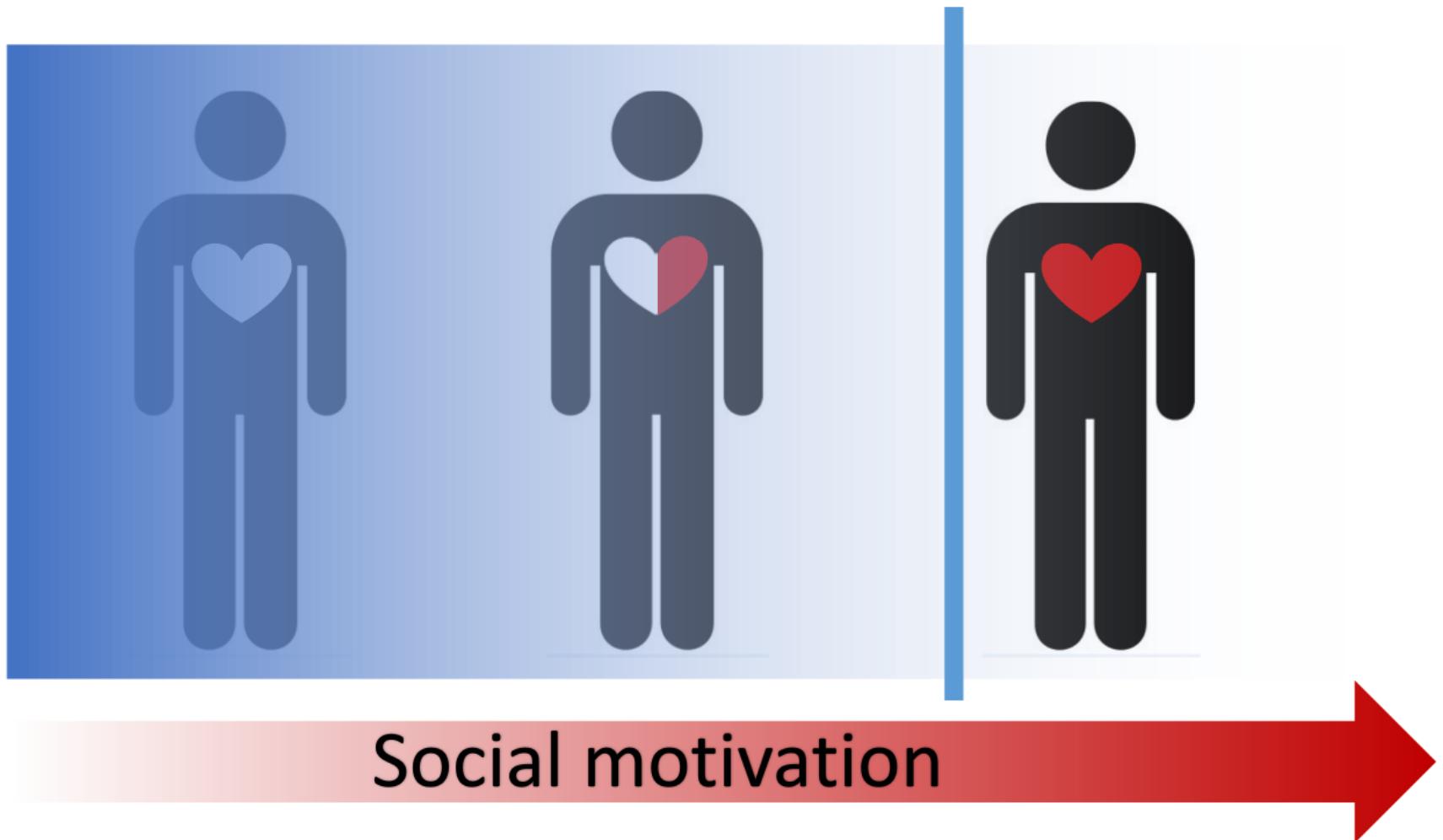
- share of malnourished children fell by 25%

[https://www.polleverywhere.com/
multiple_choice_polls/NBDQR3VDV5ZnmFn?
preview=true](https://www.polleverywhere.com/multiple_choice_polls/NBDQR3VDV5ZnmFn?preview=true)

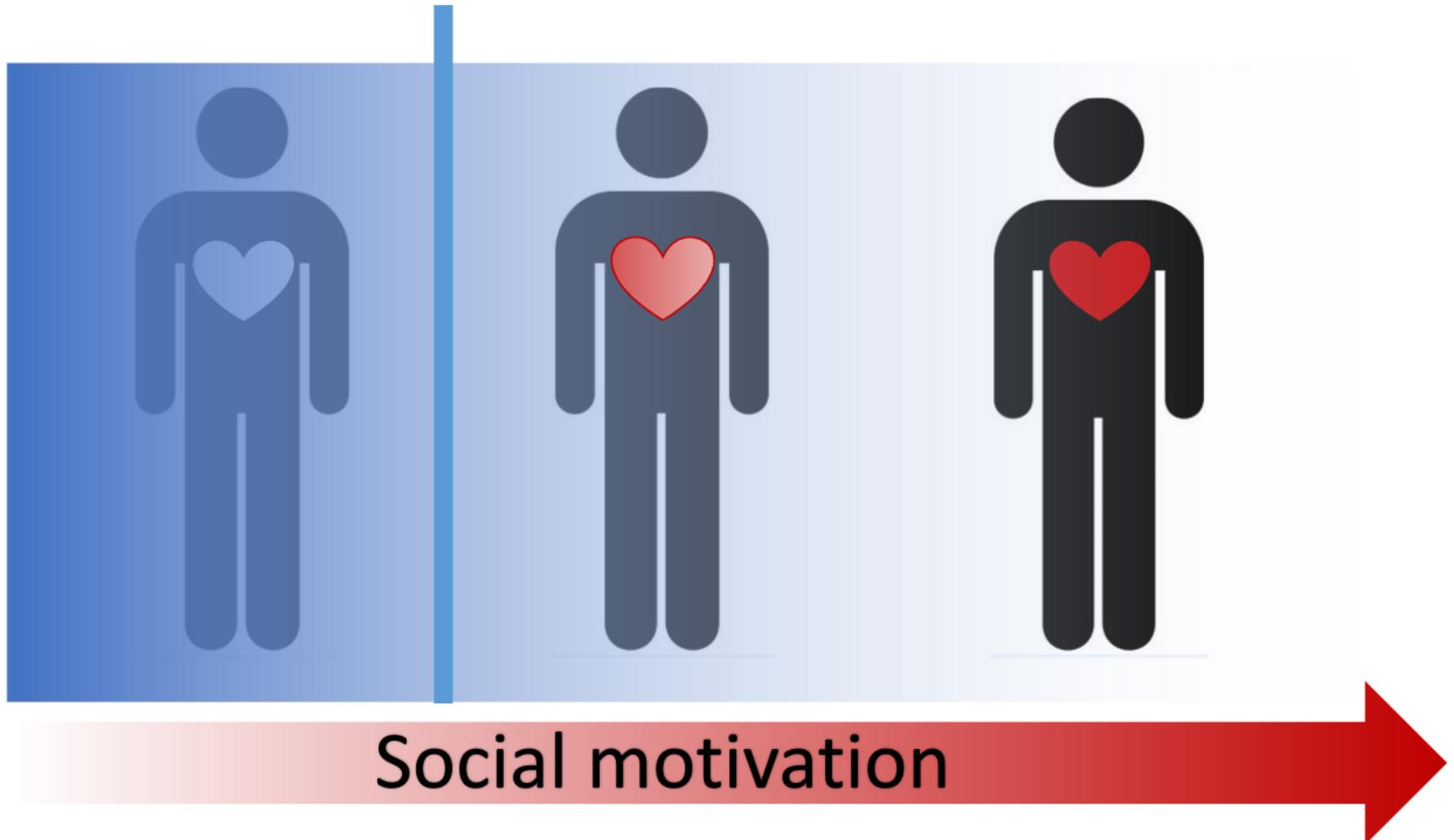


Social motivation

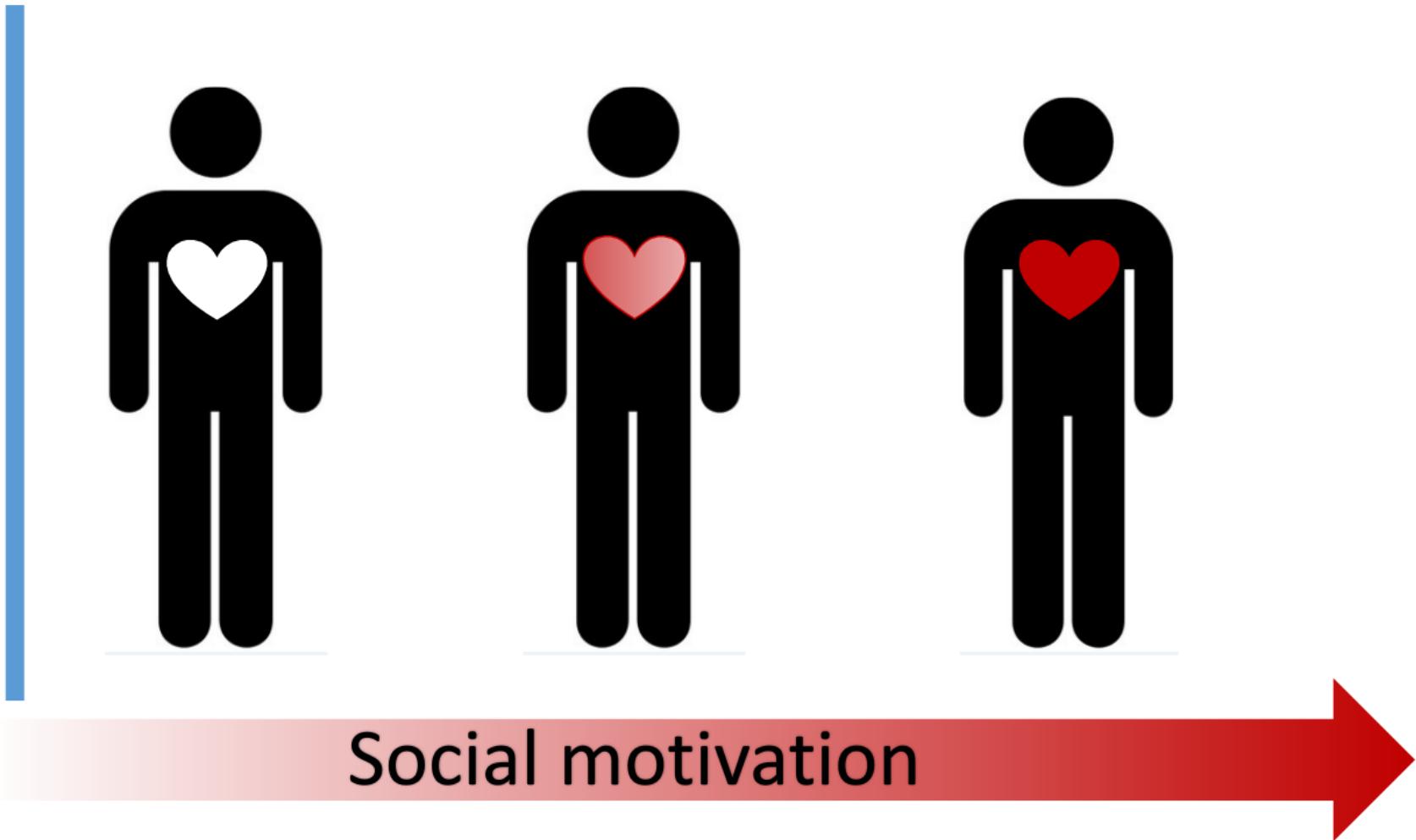
Low rewards



Medium rewards

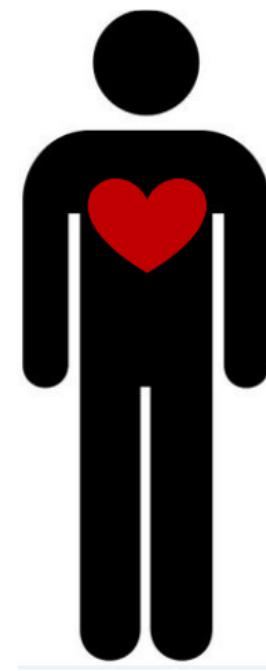
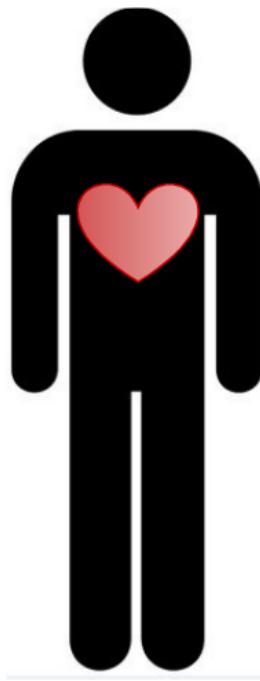
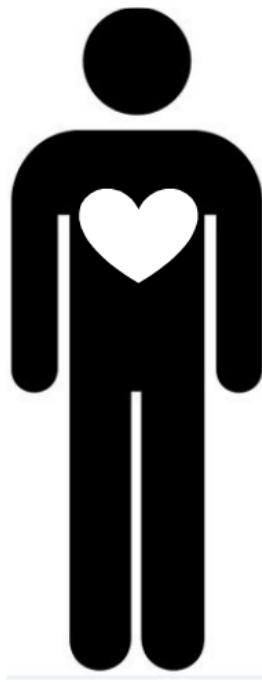


High rewards





Material benefits

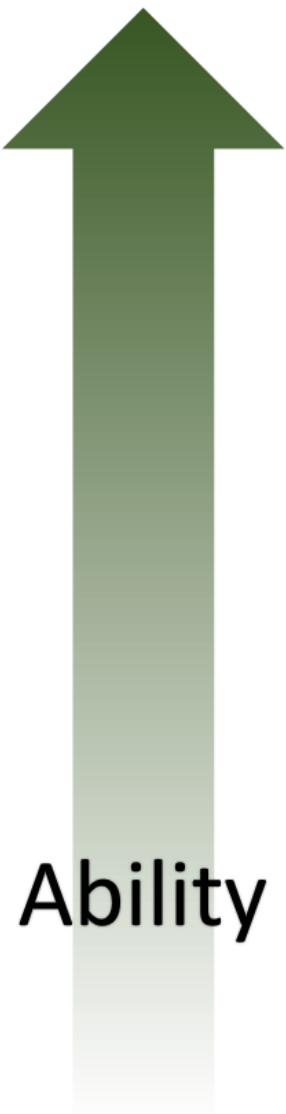


Social motivation

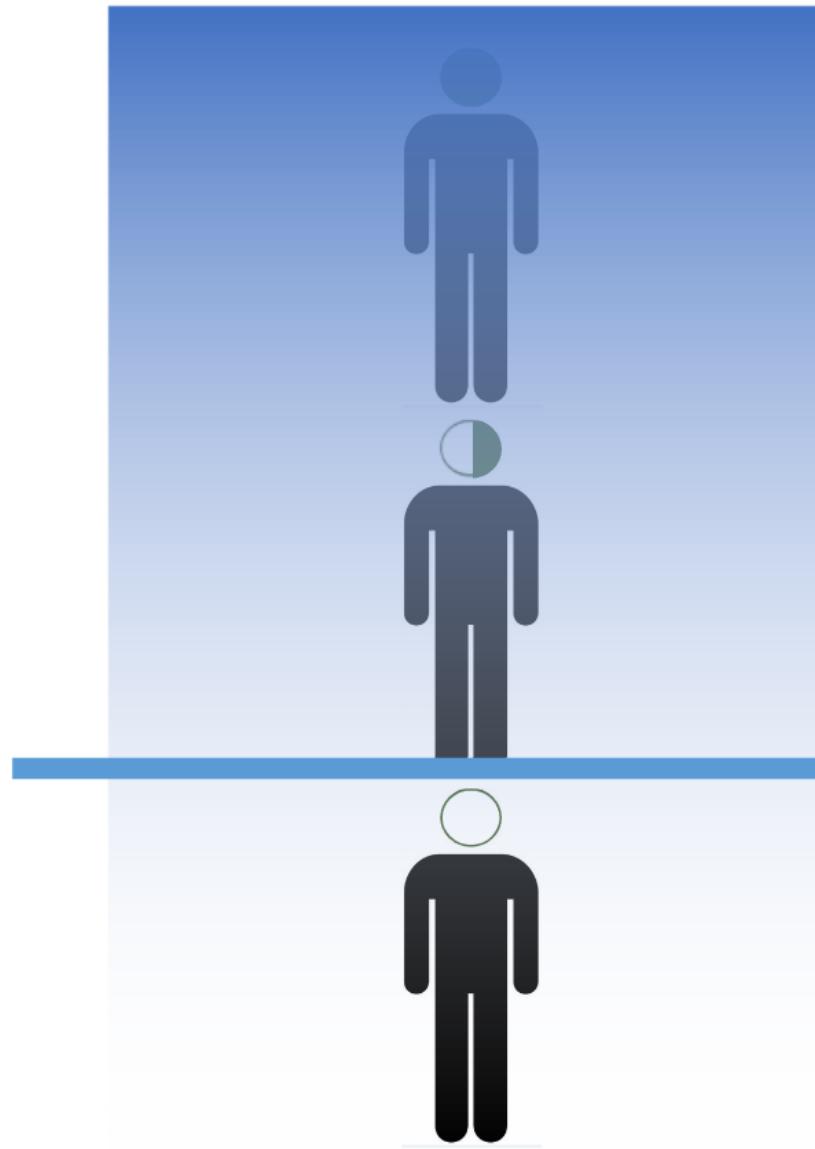


Ability





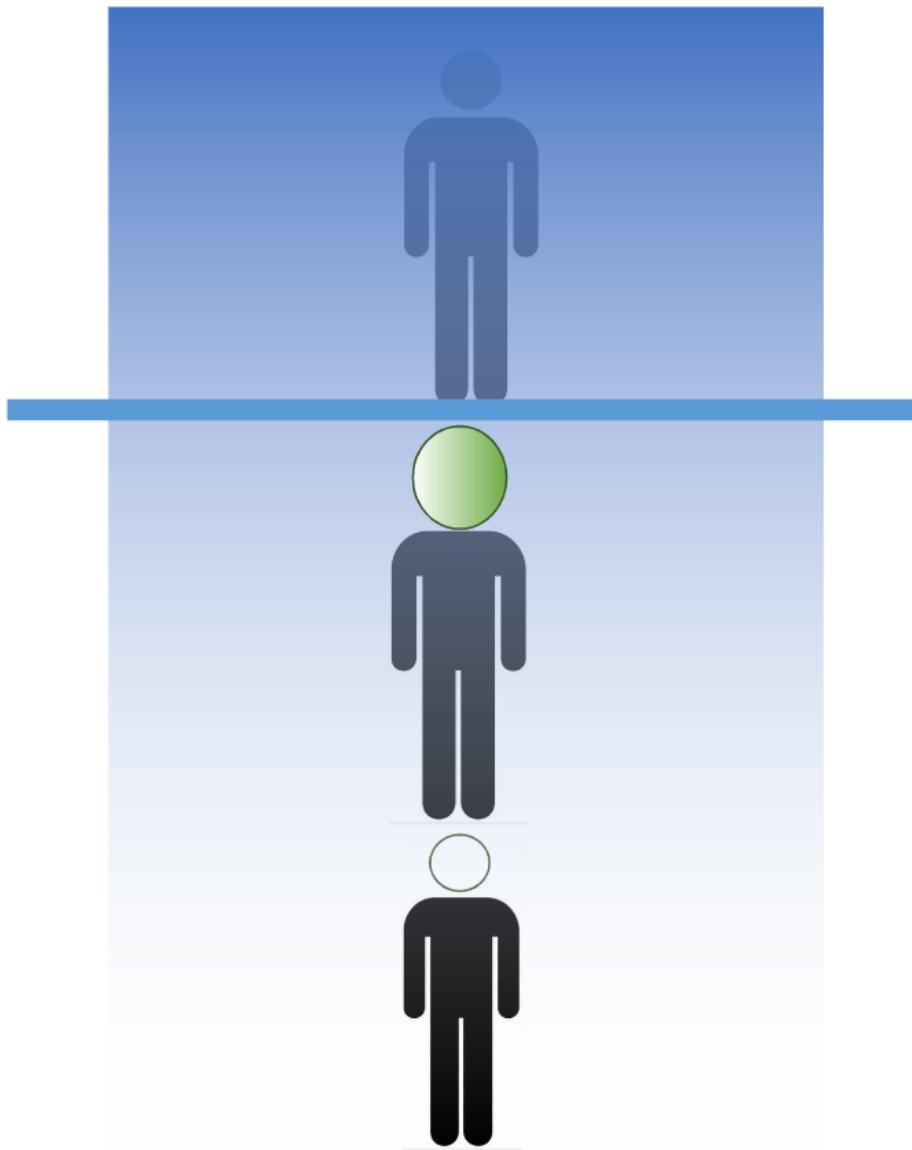
Ability



Low rewards



Ability



Medium
rewards



Ability



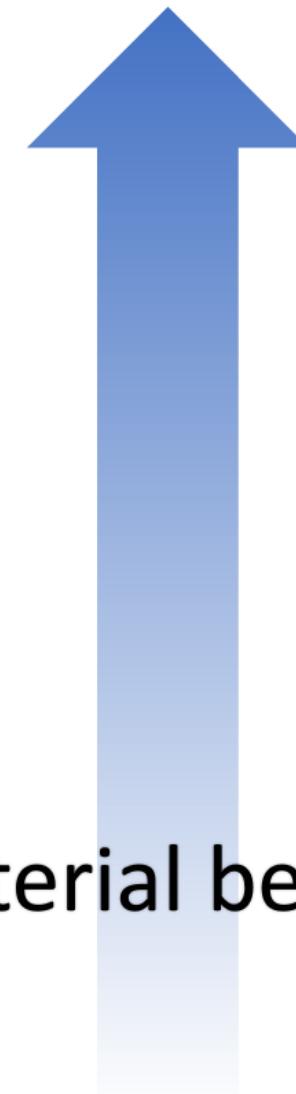
High rewards

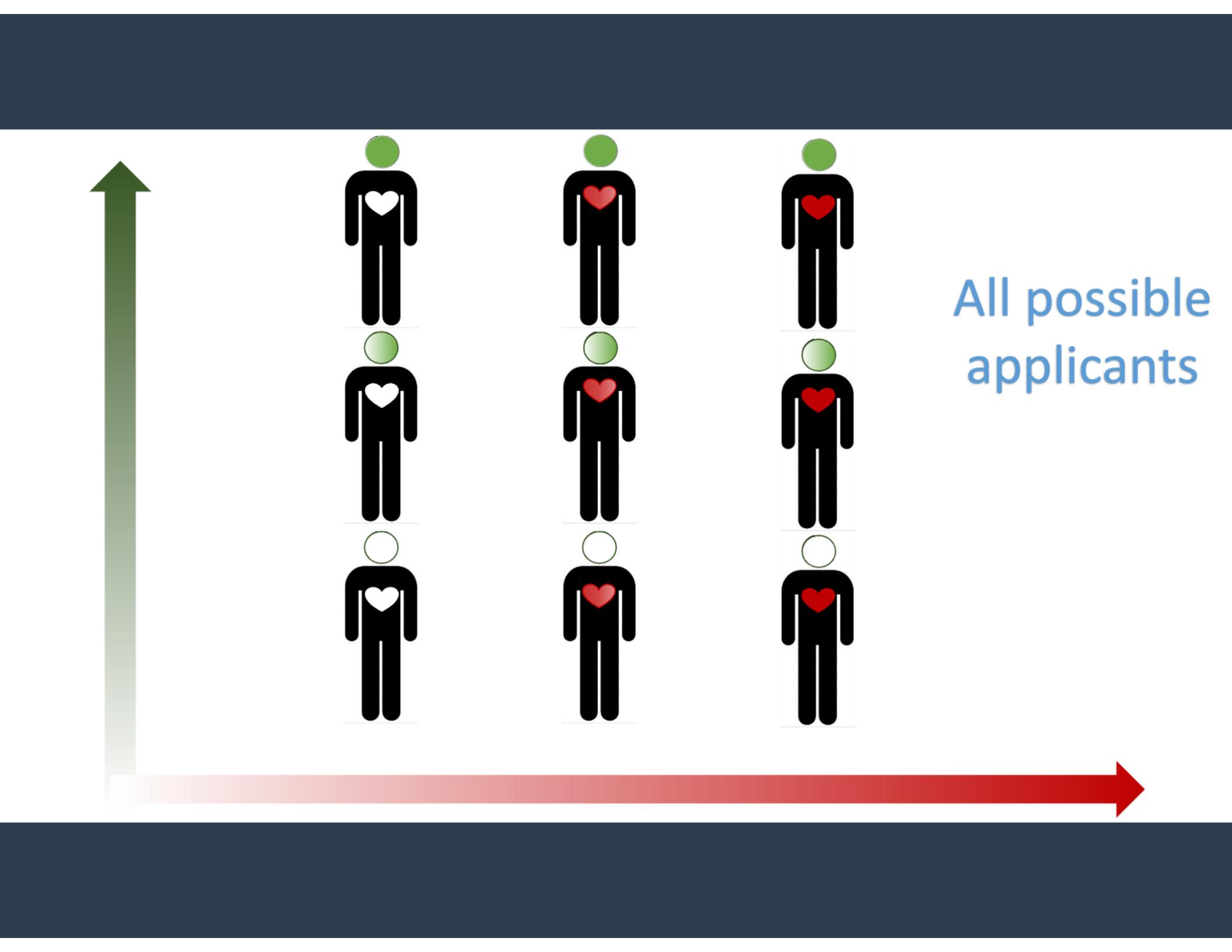


Ability

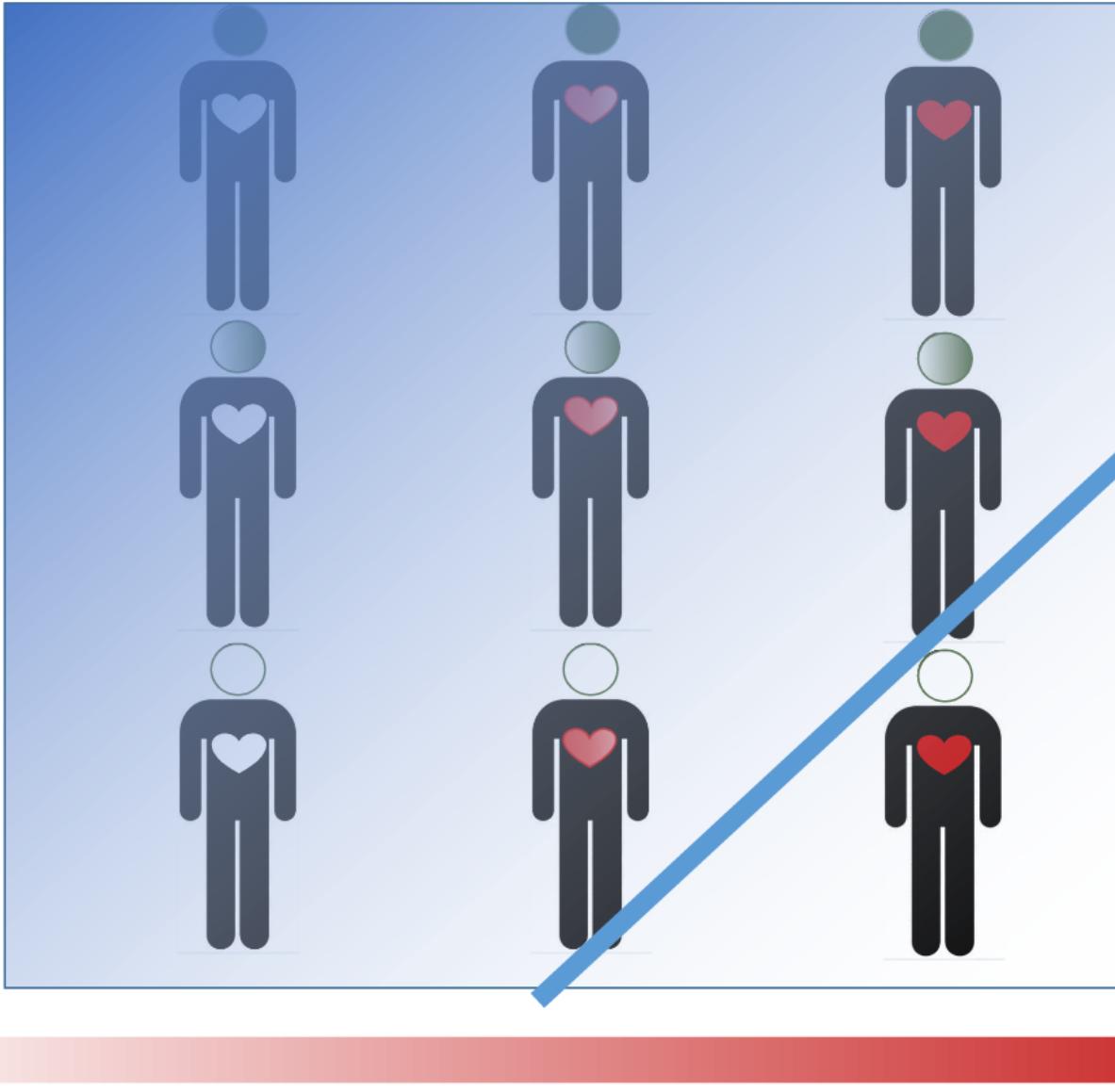


Material benefits

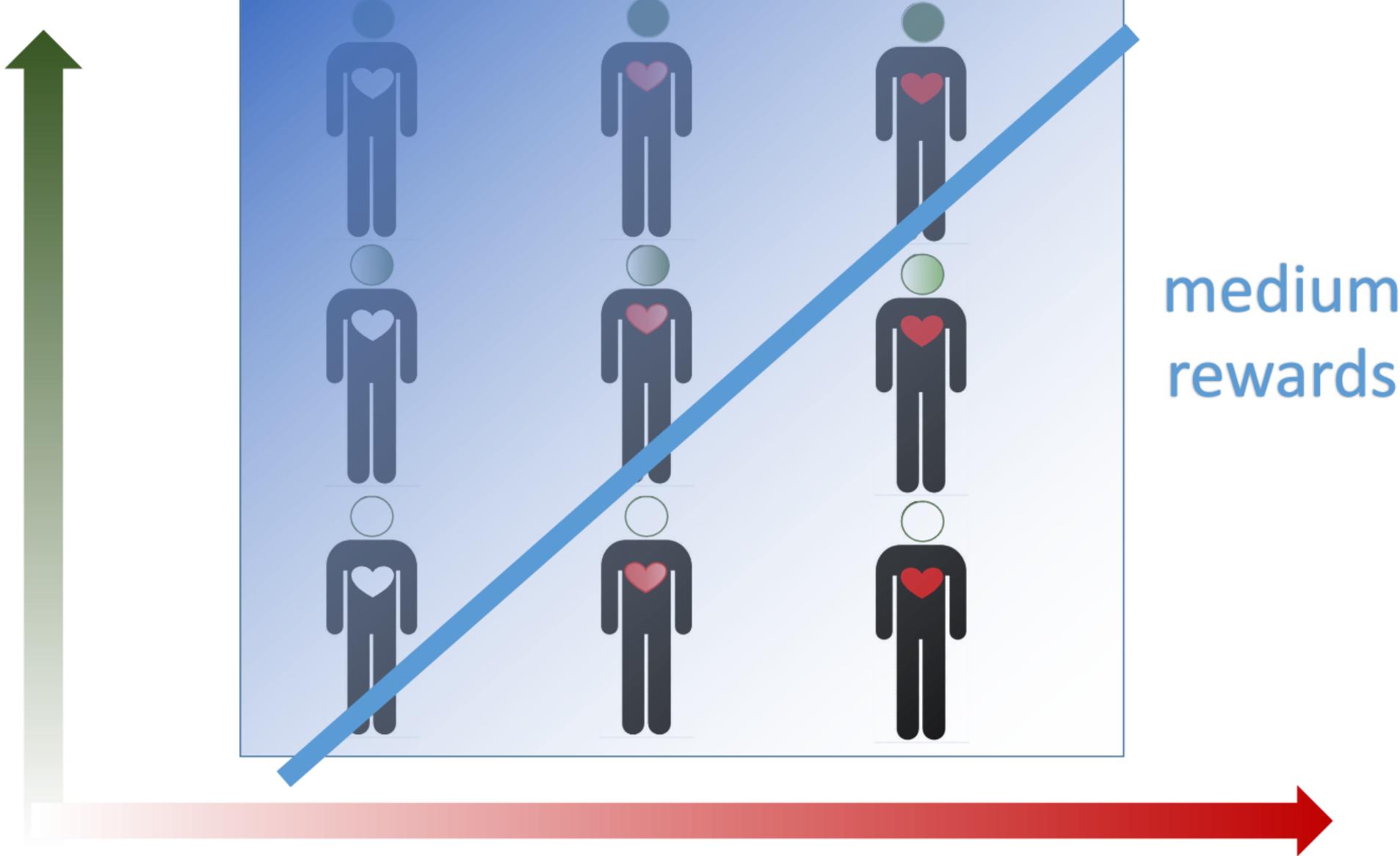


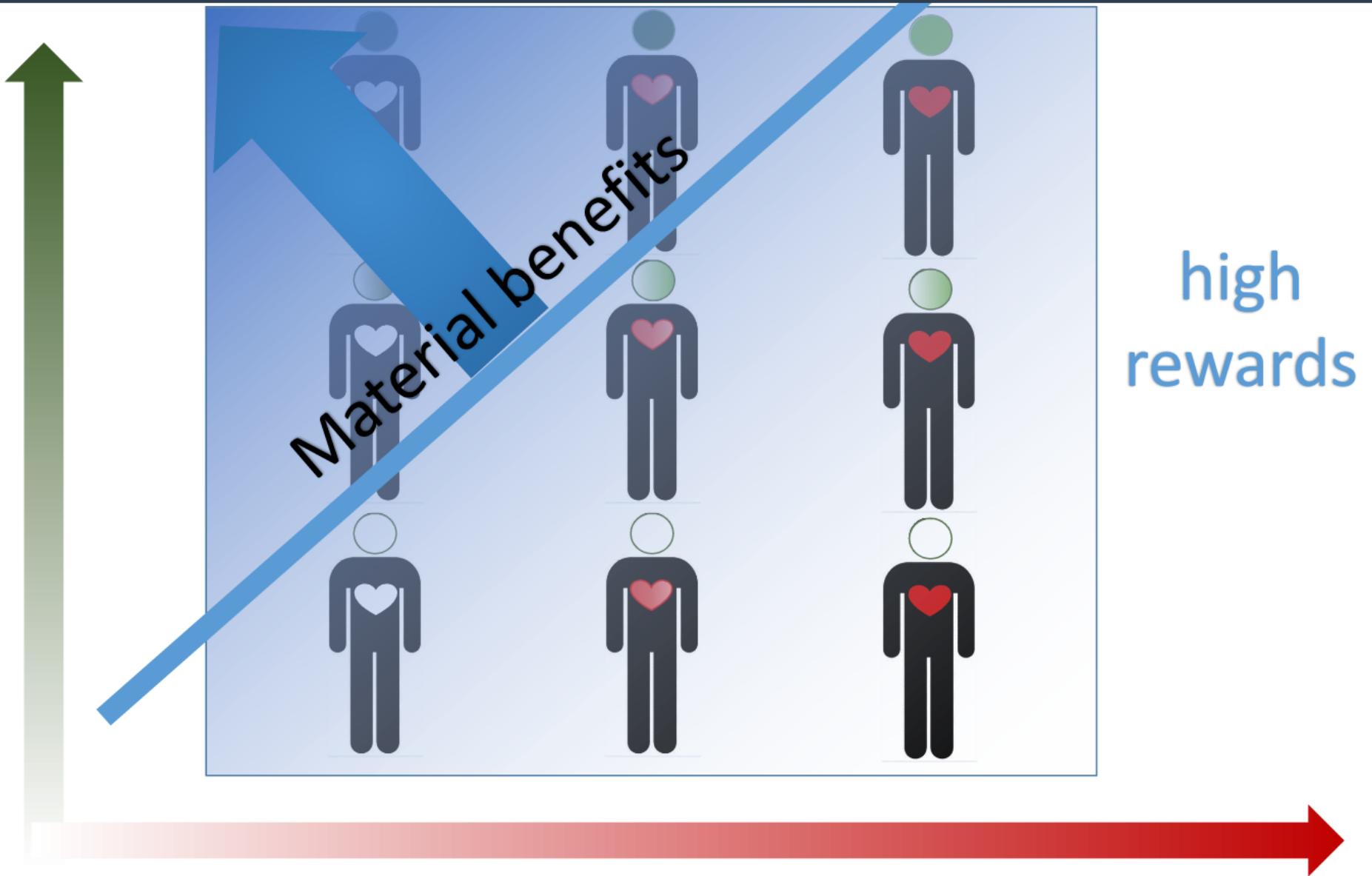


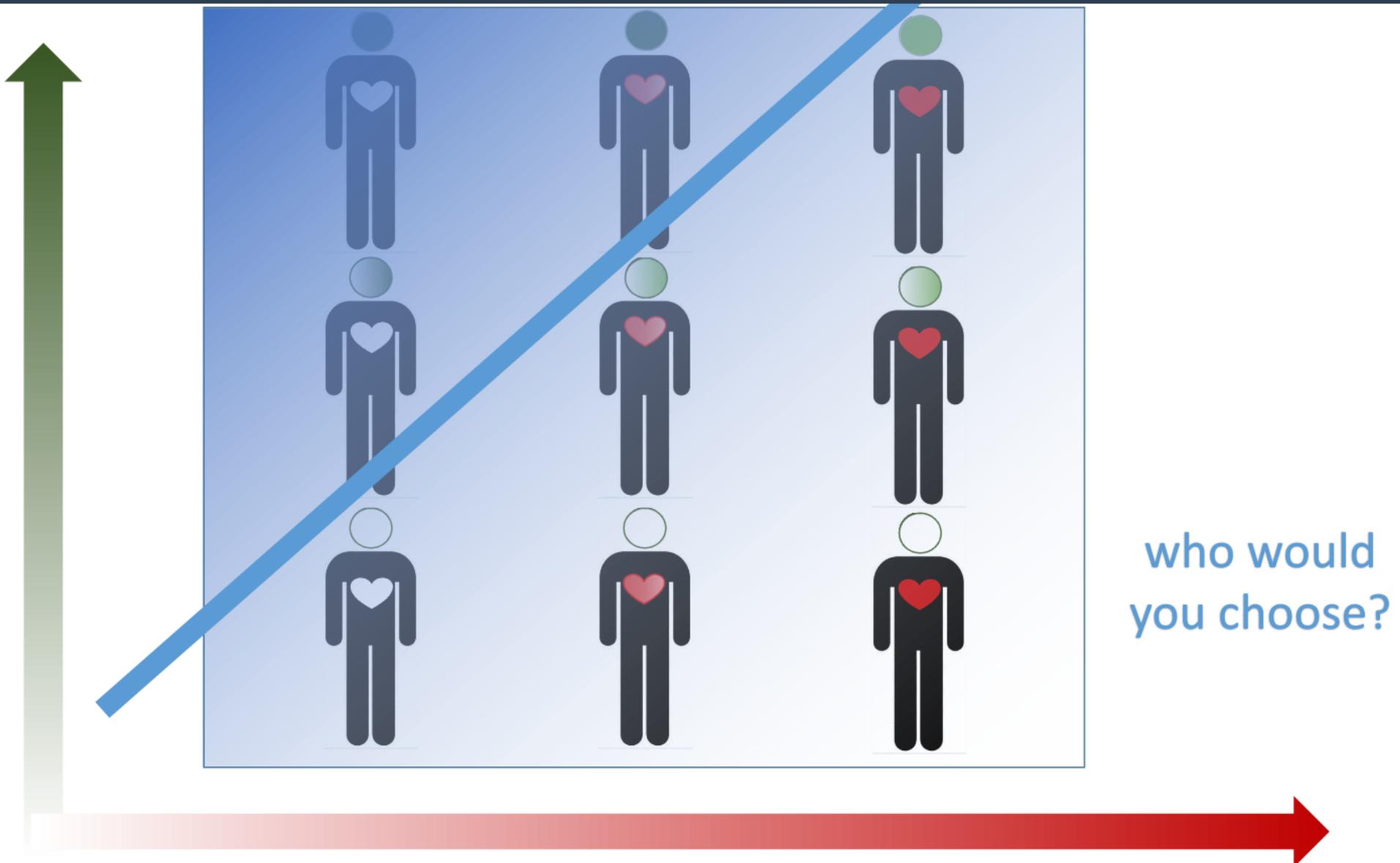
All possible
applicants

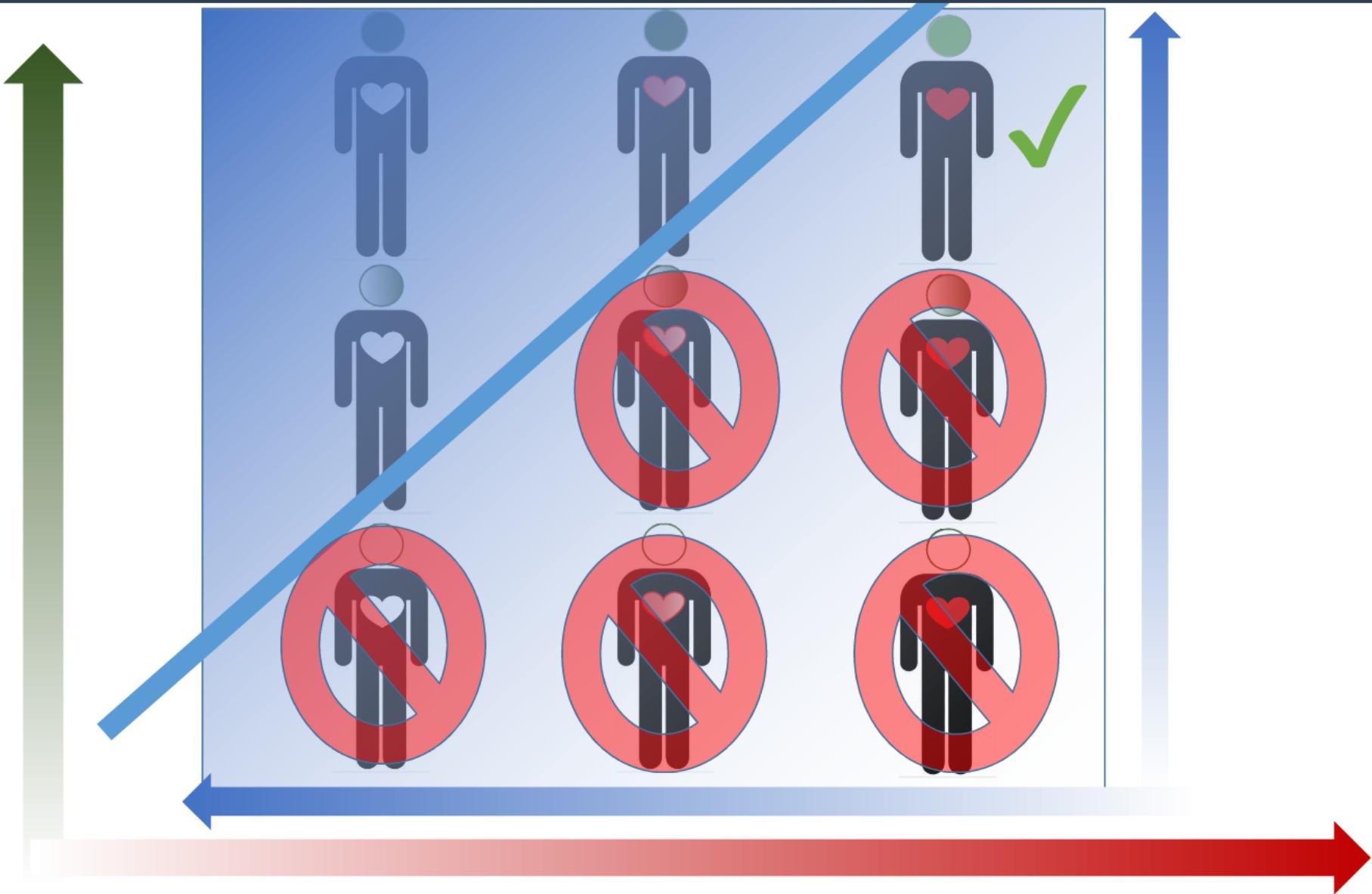


with low rewards
only low talent-high prosociality apply





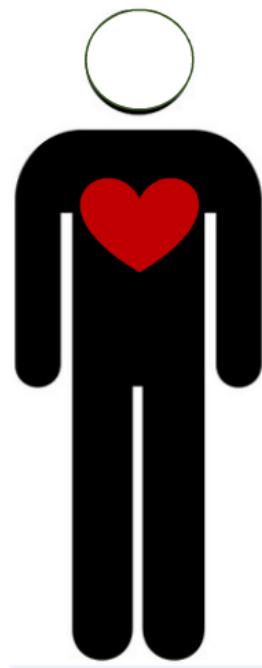




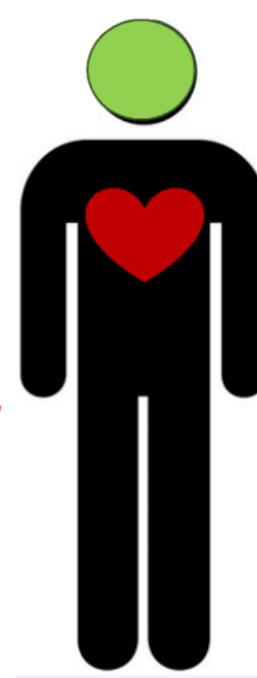
Do you want another go?

[https://www.polleverywhere.com/
multiple_choice_polls/nh8HKOPvgWEShAZ?
preview=true](https://www.polleverywhere.com/multiple_choice_polls/nh8HKOPvgWEShAZ?preview=true)

community more skills career



same prosociality



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