The Policy Impact from Development Economics Research

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March 2024

Market for Policy Impact from Research

Supply of Research → **Policy Impact from Research** ← **Demand for Research**

How to improve?

- Better "supply" of data and evidence (Our World in Data, Voxdevlit, Hjort et al. 2021, Callen et al. 2020)
- Engagement with key policy actors (J-PAL, IGC, etc.)
- "Experts and practitioners over-estimate the extent of evidence-based adoption" (Della Vigna et al. 2023 on US); also Wang and Yang (2022) on China

How to improve?

- Better evidence (external validity, larger scale evidence)
- Implementation? (not what but how)

What limits demand?

- Governments or bureaucracy objectives
  - Ideology
  - Tastes/preferences/beliefs
  - Rent-seeking
- Political cycles (short-term)

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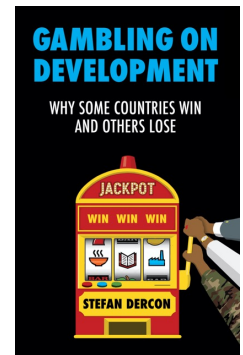- Implementation? (not what but how)

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1. Implementation and Scaling

- Standard model: efficacy testing, and then promote policy
  - With increasingly due regard to cost effectiveness or CBA, external validity, mechanisms, cost curves etc. tests at scale (Muralidharan and Niehaus, 2017).

- Innovation
  - Tests at scale (Muralidharan and Niehaus, 2017).
  - Learning by doing during scaling (A/B testing, Angrist and Meager, 2023)

- Research *for* implementation at scale?
  - Implementation constraints – eg bureaucratic structures/constraints/unions, etc (Bold et al. 2018)
  - "a recognition of the big picture: what information do I need to have scaling confidence?" (List, 2024)

- 'second best' research (given implementation constraints – recall Dupas, 2024)?

2. Political economy of research uptake

- Wide range of objectives of key decision makers
  - Acemoglu-Robinson "extractive" vs "inclusive" – likely very different objectives…
  - → We 'assume' at our peril they want growth/inclusive development
- Evidence 'filters': use evidence when it serves their objectives
  - "ideological filter" – Boris Johnson in UK
  - "rent-seekers" – Bergeron et al. 2023 in DRC; Tusome, OLPC and Kenyatta
  - "political opportunism" – cash transfers DFID
  - → Should we be 'mercenaries' to be impactful 'for their objectives"?
- Should we do 'second best' research to achieve inclusive development = taking into account the political economy constraints?

A framework?

	Capable state	Limited Capability of State (rent-seeking, bureaucractic politics, vested interests)
Objective of 'government' is development	**First best**	
Objective of 'government' is not development (rents, ideology, vested interests)		

A framework?

	Capable state	Limited Capability of State (rent-seeking, bureaucractic politics, vested interests)
Objective of 'government' is development	**First best**	**Second best (implementation)**
Objective of 'government' is not development (rents, ideology, vested interests)	**Second best (political constraint)**	**Second best (neither interested or capable)**

Should we take constraints as given and do best for development? (eg health, education,…)

Or treat them as endogenous? (Acemoglu-Robinson, JEP, 2012) – how to get deep policy/pol failures addressed.

Subversive Researchers?

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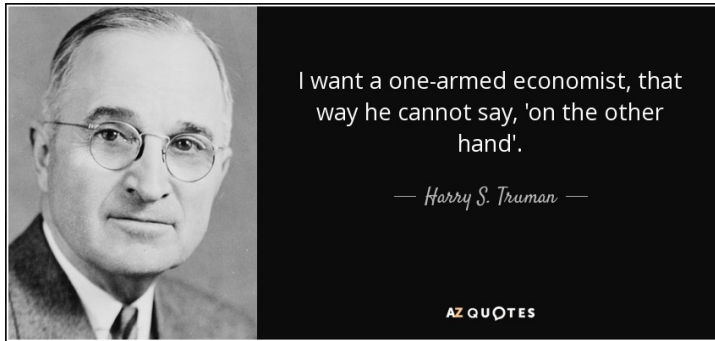
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3. The Art (and Science?) of Policy Influencing

I want a one-armed economist, that way he cannot say, 'on the other hand'.

— Harry S. Truman —

AZ QUOTES

Training Policymakers in Econometrics

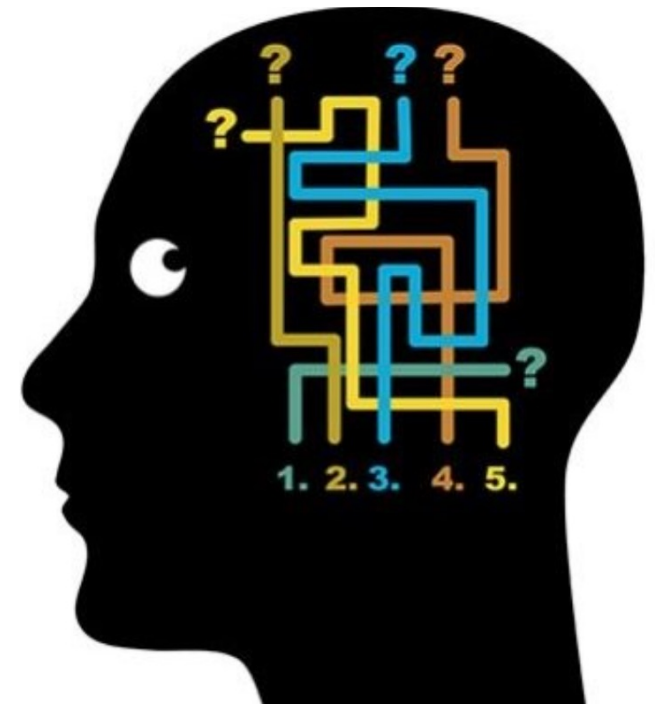*By* Sultan Mehmood, Shaheen Naseer, and Daniel L. Chen[1]

January 2024

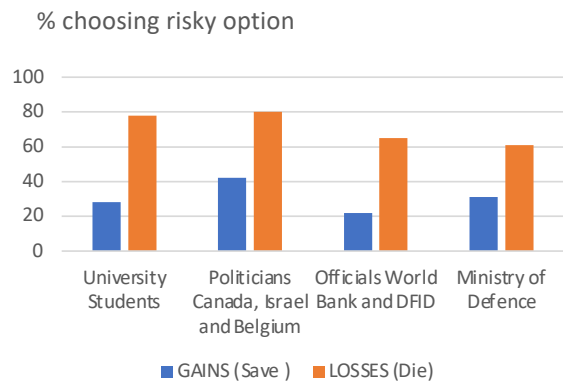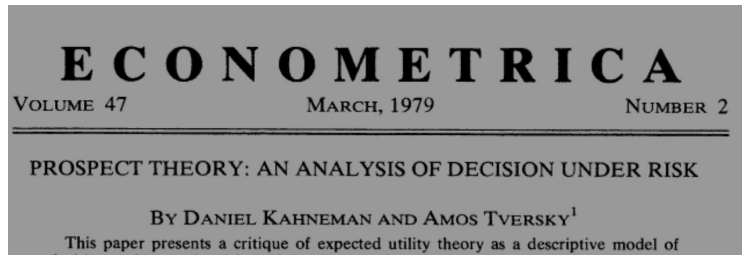Behavioural Science and Art of Influencing?

1. Overcoming Ignorance: Mental Models, Confirmation Bias and all That
2. Getting a Story: Framing Matters
3. Know your Time: Attention, Recency bias, Bandwidth

3.1 Mental models

- A mental model is "a model of how the world works, the causal relationships, and intuitive understanding of how actions affect the world"

- Confirmation bias is "people's tendency to process information by looking for, or interpreting, information that is consistent with their existing beliefs."

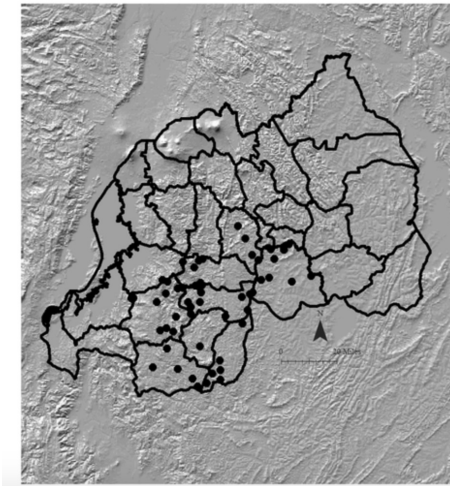- Lesson 1: Understand how politician thinks as it offers the entry point! But also invest in shaping/correcting it.

3.2 Framing Matters

ECONOMETRICA
VOLUME 47   MARCH, 1979   NUMBER 2

PROSPECT THEORY: AN ANALYSIS OF DECISION UNDER RISK

By Daniel Kahneman and Amos Tversky[1]

This paper presents a critique of expected utility theory as a descriptive model of

% choosing risky option

■ GAINS (Save)   ■ LOSSES (Die)

Lesson 2: we need to think about presentation, as it can be abused as well!

The stories that are told matter…

David Yanagizawa-Drott (2014)… for worse
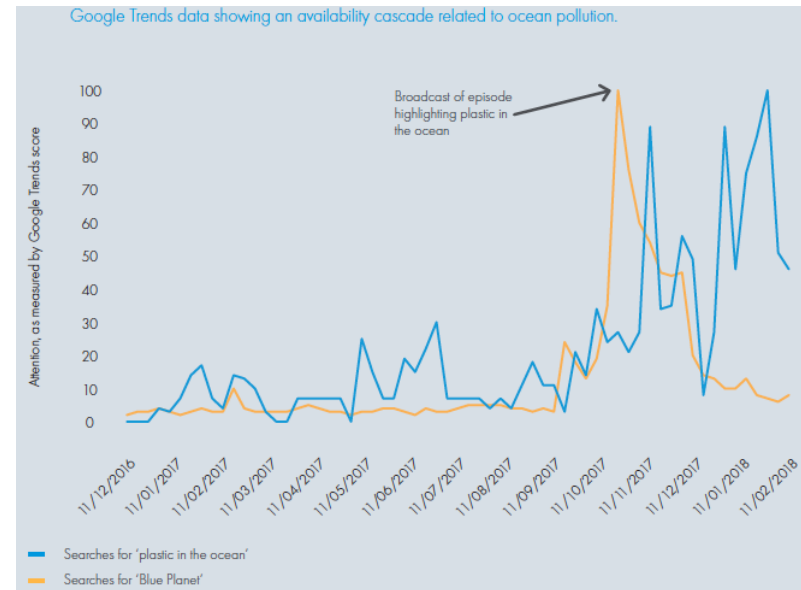Arthur Blouin and Sharun Mukand (2019) … for better

3.3 Bandwidth, attention

Google Trends data showing an availability cascade related to ocean pollution.

Broadcast of episode highlighting plastic in the ocean

- Searches for 'plastic in the ocean'
- Searches for 'Blue Planet'

Blue Planet 2 left viewers heartbroken after showing the extent to which plastic affects the ocean

'There would rarely be a dive where I wouldn't find some form of plastic'

Jack Shepherd • Monday 20 November 2017 12:01 GMT • Comments

Government Office for Science   Foresight

Foresight Future of the Sea

A Report from the Government Chief Scientific Adviser

Lesson 3: There are windows of opportunity – pick your time.

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