

# USING BEHAVIORAL SCIENCE TO UNDERSTAND AND COMBAT POVERTY

Jonathan Hayes, ideas42

Allison Daminger, ideas42

**March 31<sup>st</sup>, 2015**

# TODAY'S SPEAKERS



**Allison Daminger**  
Senior Associate



**Jon Hayes**  
Senior Associate

# TODAY'S AGENDA

- What is ideas42
- Behavioral science refresher
- Poverty as chronic scarcity
- A behavioral response
  - Cut the costs
  - Create slack
  - Reframe and empower

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**WHAT IS**

**ideas**  **?**

# FOUNDED BY VISIONARY ACADEMICS...



**Sendhil Mullainathan**  
Harvard University



**Antoinette Schoar**  
MIT Sloan

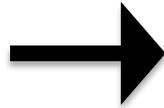


**Eldar Shafir**  
Princeton University

# ...WITH AN AMBITIOUS GOAL

## APPLY ACADEMIC THEORIES

A deep understanding of human behavior from research in behavioral economics and psychology.



**TO HELP  
MILLIONS OF  
PEOPLE**

## TO SOLVE HARD PROBLEMS IN:

Consumer Finance  
Economic Opportunity  
Health  
Education  
Energy Consumption

# THREE TYPES OF WORK...

## EDUCATE

**Executive  
Education**

**Make BSci  
concepts more  
widely  
accessible**

## ASSIST

**Improve existing  
products,  
policies, and  
programs**

**“Nudge”  
projects**

## INVENT

**Create *new*  
products,  
policies, and  
programs**

**Conduct new  
research**

# ...WITH A WIDE RANGE OF PARTNERS



Businesses

Governments

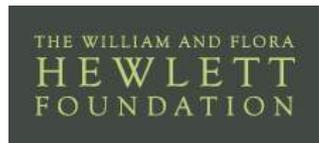


Foundations

Non-Profits



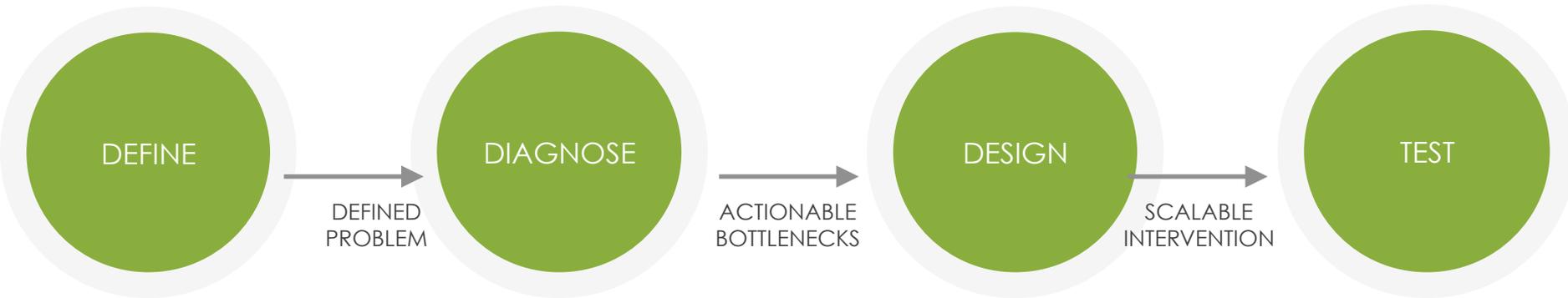
expanding economic opportunity



OMIDYAR NETWORK™



# OUR APPROACH IN ACTION



Disentangling presumptions to arrive at a behavioral problem

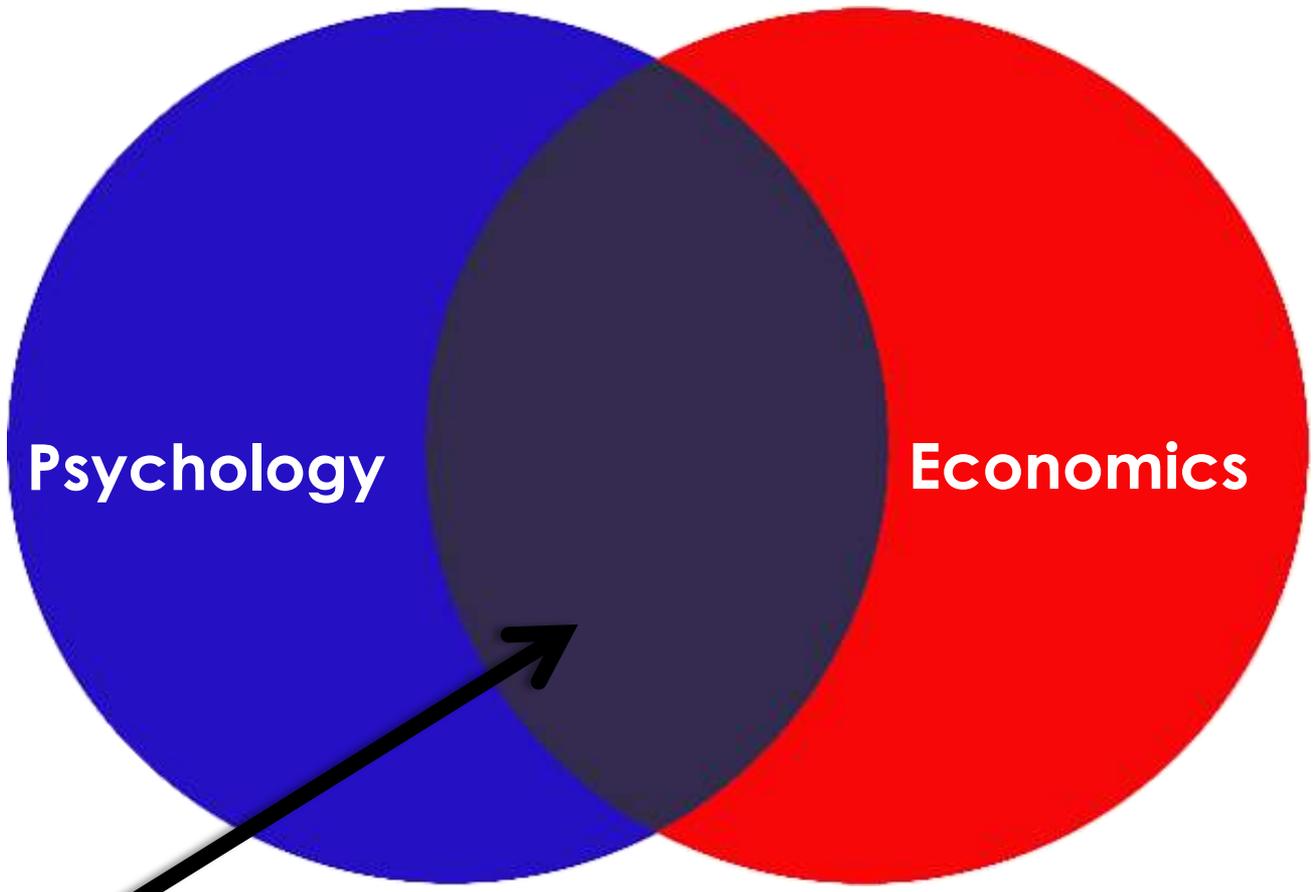
Studying the context and identifying key bottlenecks

Creating and refining a workable solution

Testing our solution and learning from the process

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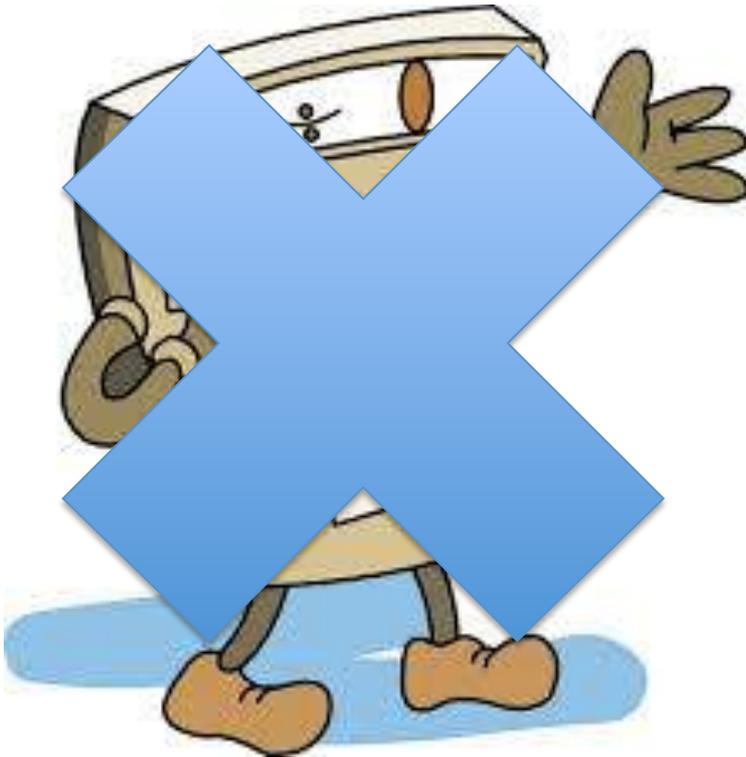


Psychology

Economics

Behavioral Science

# KEY INSIGHTS



1. Context matters
2. Information is rarely enough to change behavior
3. Behavior can be driven by both financial and non-monetary costs and benefits

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# QUIZ TIME!

A series of questions and puzzles will be displayed.

With the puzzles, answer each as quickly as you can and write down how long it takes you

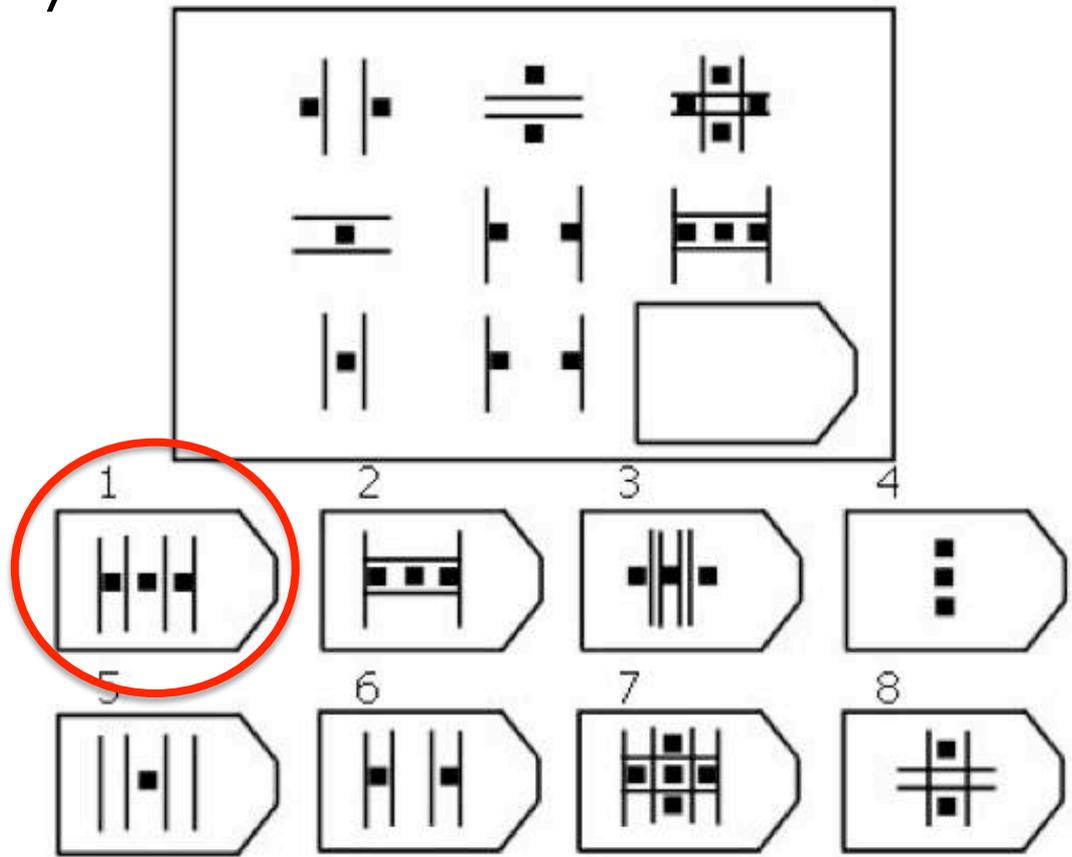
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▲	▲▲	

*Study the columns and rows to select the correct missing image*

1 ▲▲▲	2 ▲▲	3 ■■■	4 ▲▲▲▲▲
5 ▲	6 ▲▲▲▲	7 ■■■■	8 ■■■■■

# EXAMPLE

After solving the puzzle, look at the timer and write down your time.

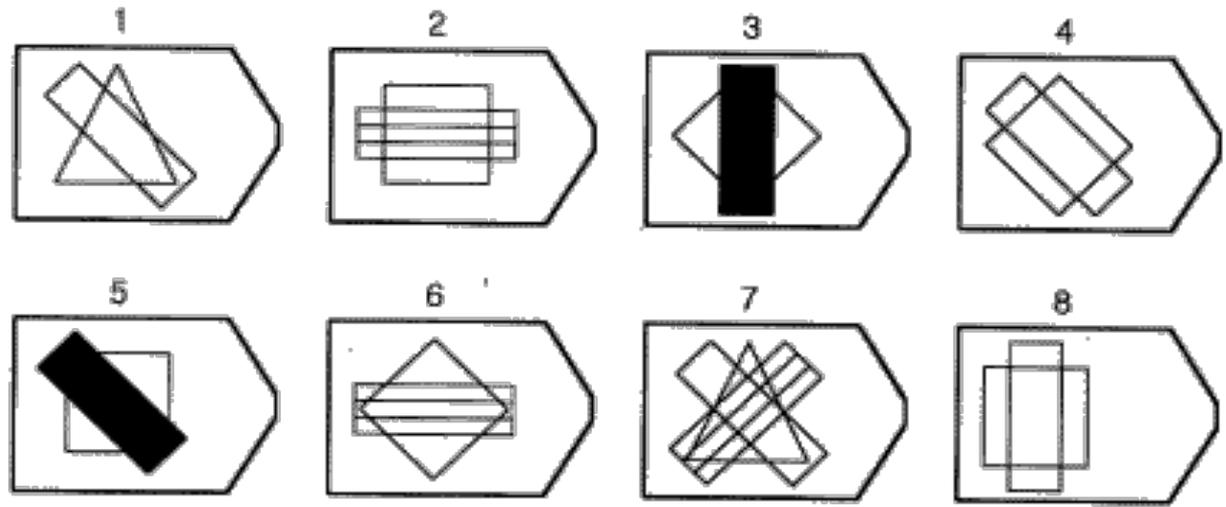
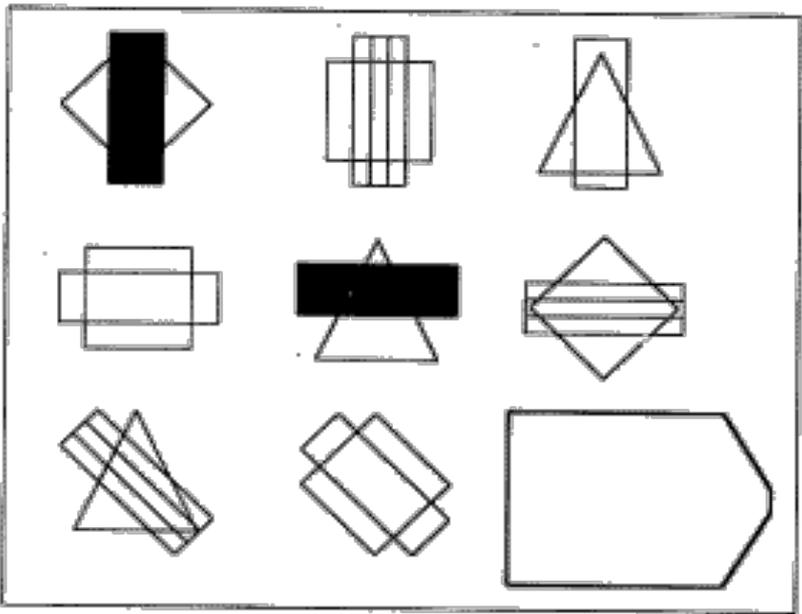


# QUIZ

**#1)** Write the answer to the following question:

*What color are your shoes?*

#2) Solve the following puzzle:



# QUIZ

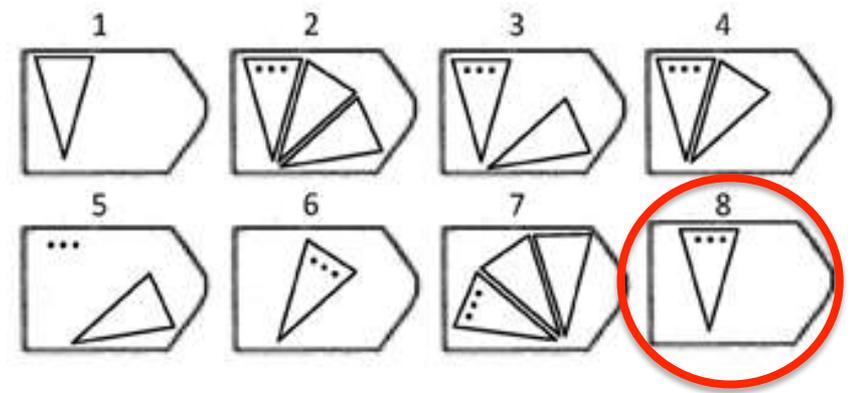
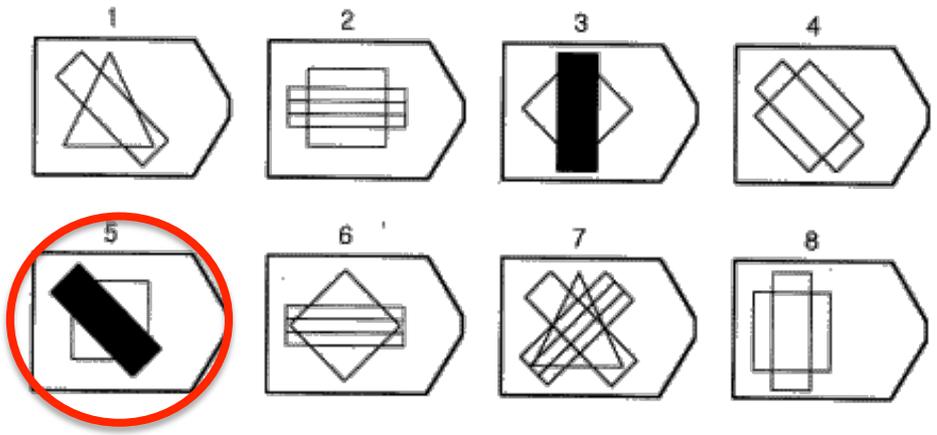
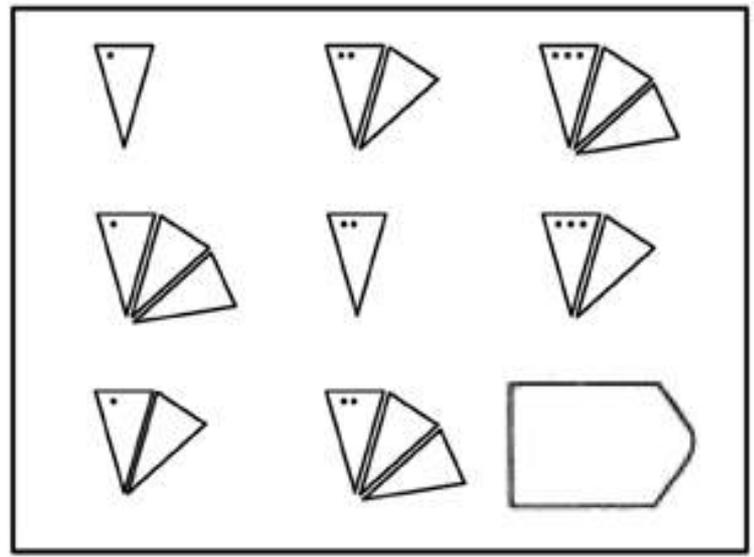
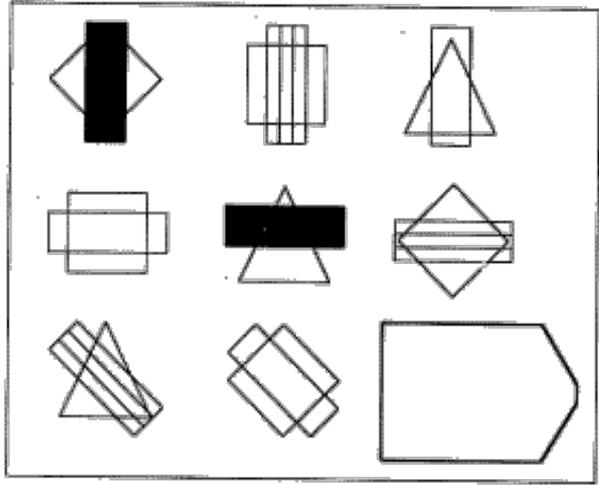
**#3)** Write the answer to the following question:

*What are the 3 most urgent tasks you must complete when you return to work following this conference?*

# #4) Solve the following puzzle:



# ANSWERS



# HOW DID YOU DO?

How many people solved the first puzzle faster?

How many people solved the second puzzle faster?



# WHAT WAS THAT ALL ABOUT?

- Scarcity of anything — time, money, food — takes up mental capacity and causes tunneling
- Can be advantageous at times
- But detrimental when chronically present in multiple aspects of life

# YOUR BRAIN ON SCARCITY



# EMPIRICAL EVIDENCE (FROM A NJ MALL...)



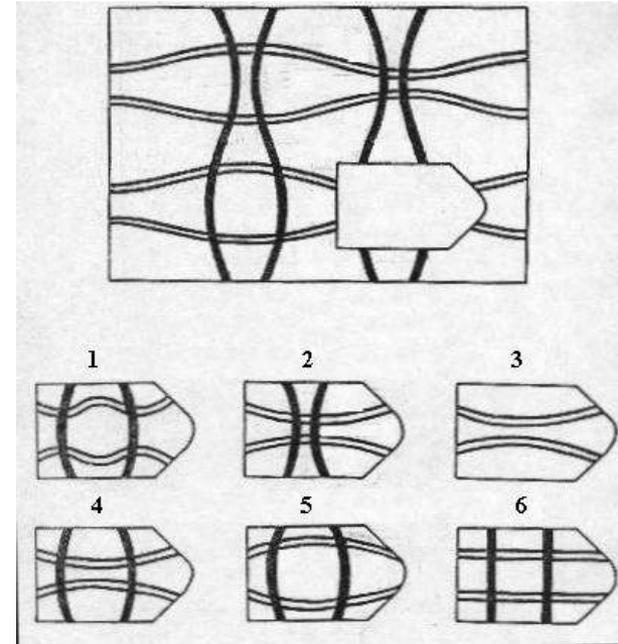
## COGNITIVE CONTROL TASK

Press the same side as the heart.  
 Press opposite side as the flower.

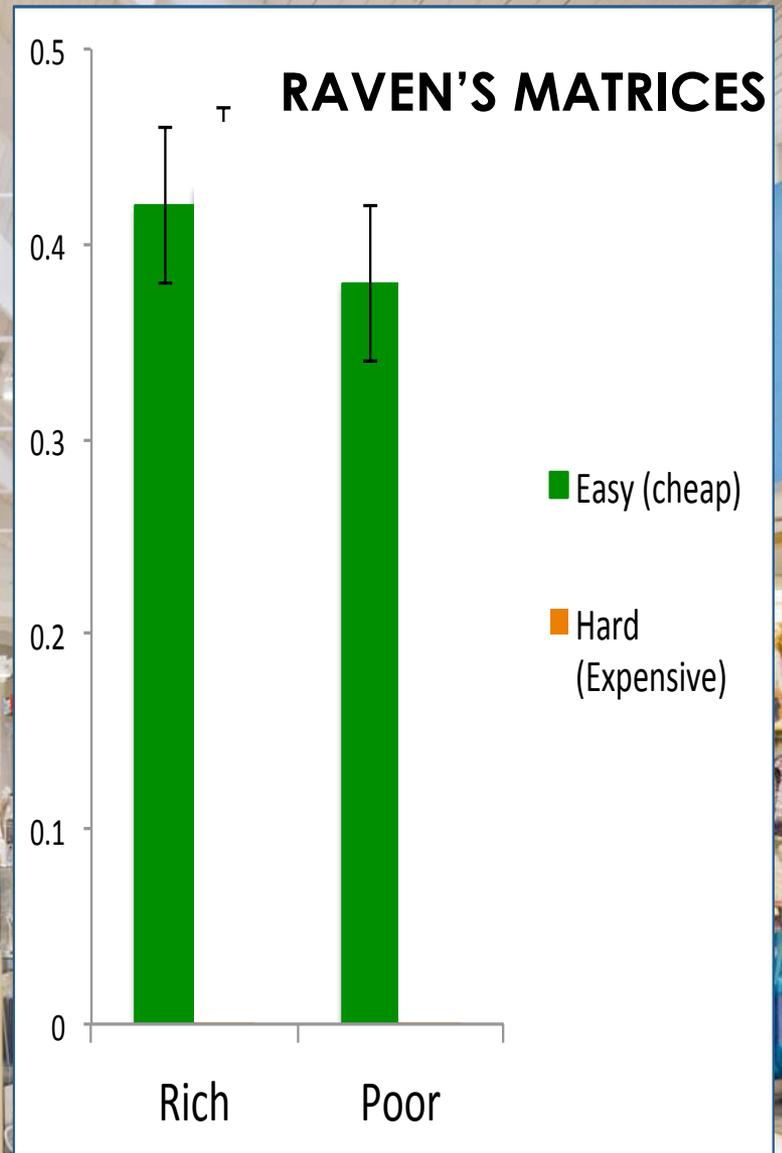
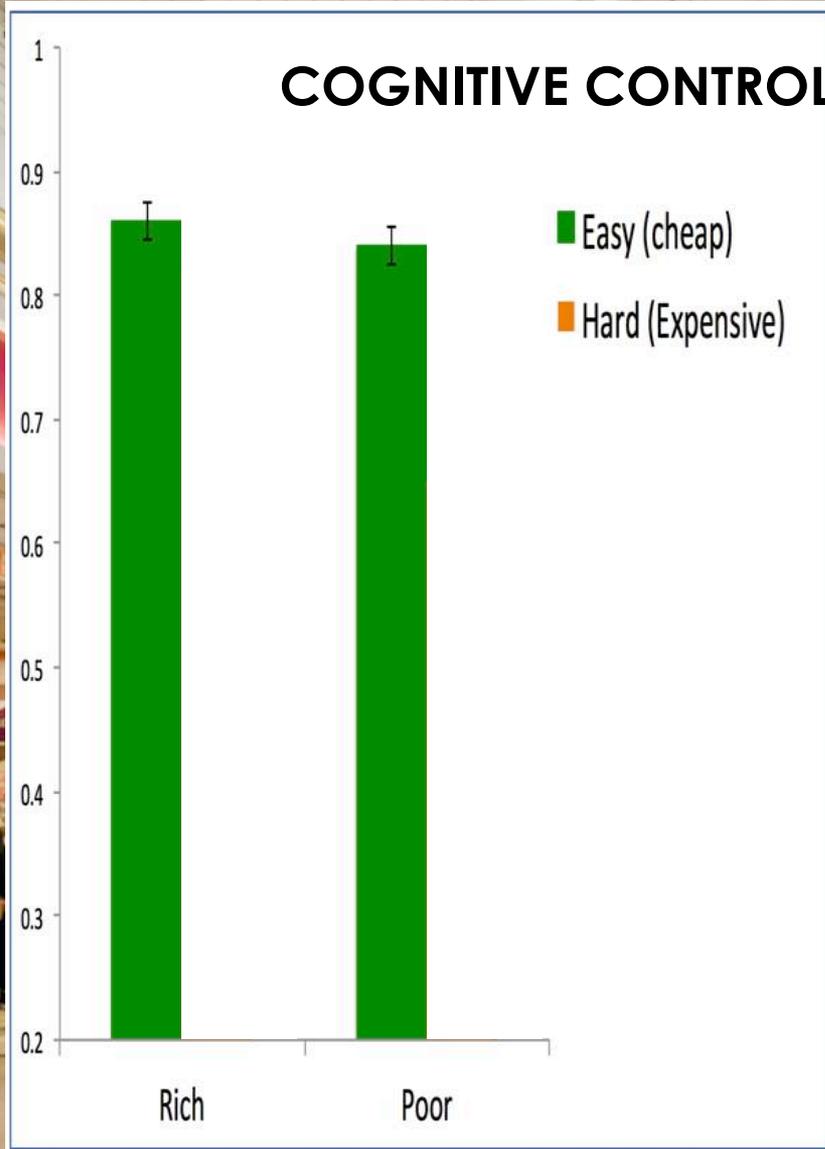


Measures cognitive control and executive function.

## RAVEN'S PROGRESSIVE MATRICES



Measures high-level observation skills, clear thinking ability, and intellectual capacity.



Mani, Mullainathan, Shafir, & Zhao, *Science*, 2013

**POVERTY**

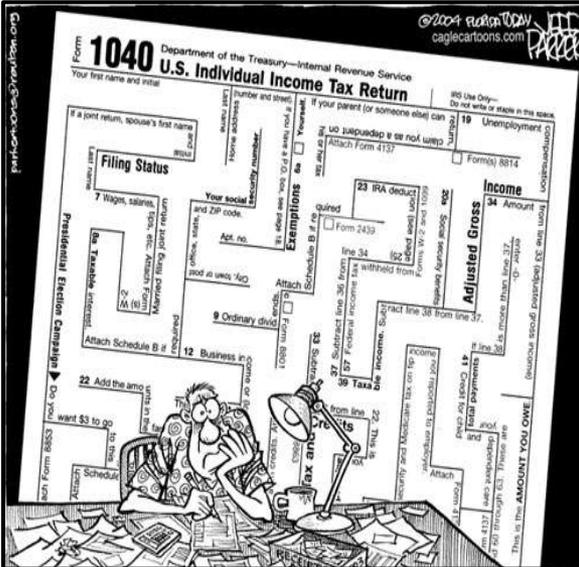
**=**

**CHRONIC SCARCITY**

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# THE HIGH COST OF POVERTY

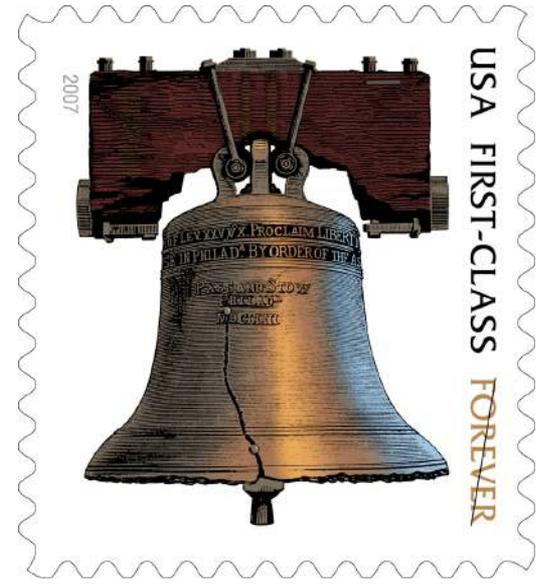


# COGNITIVE CONSEQUENCES

## *Present Bias*



## *Hassle Factors*



## *Decision Fatigue*



# LOWERING THE HURDLES



# KEY STRATEGY #1: REDUCE BARRIERS TO ENTRY



# KEY STRATEGY #2: CUT THE STRINGS



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# TWO SUITCASES



*SIZE 70*



# ALWAYS AT RISK



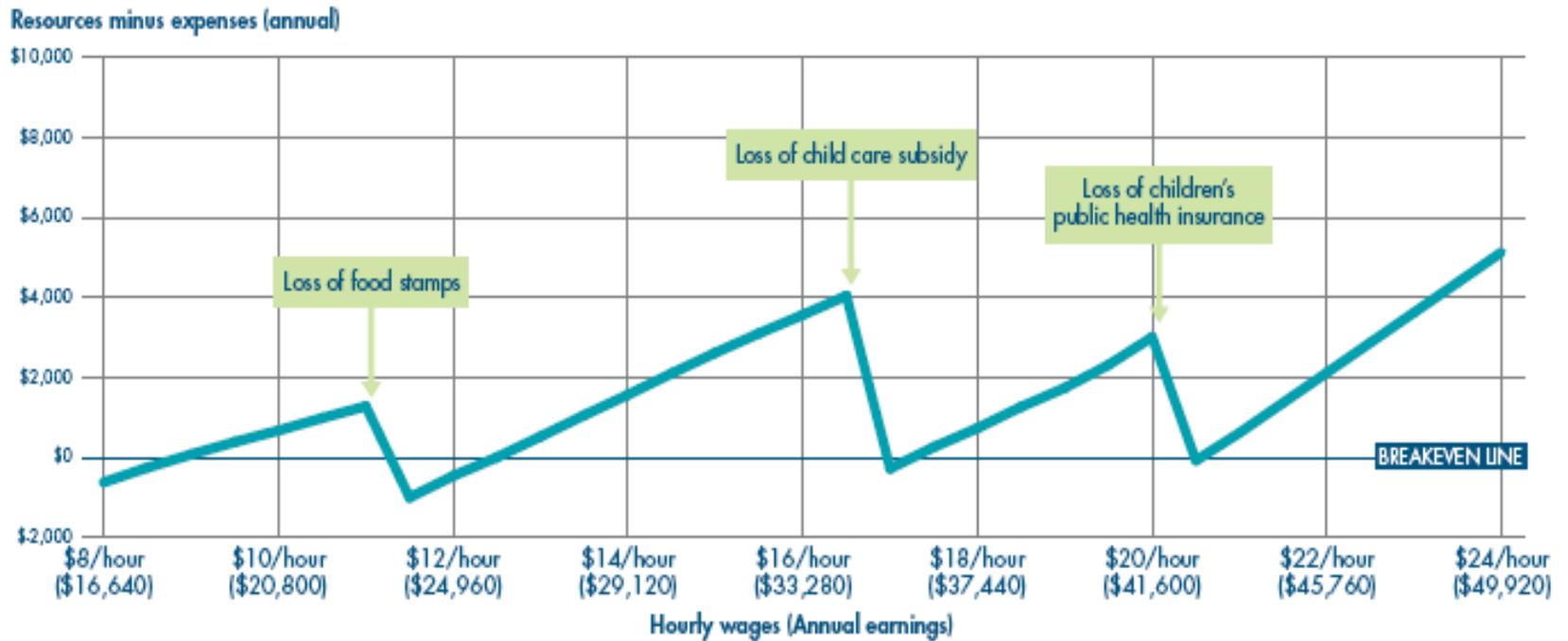
# BUILDING A CUSHION



# KEY STRATEGY #1: VALUE TIME AS MONEY



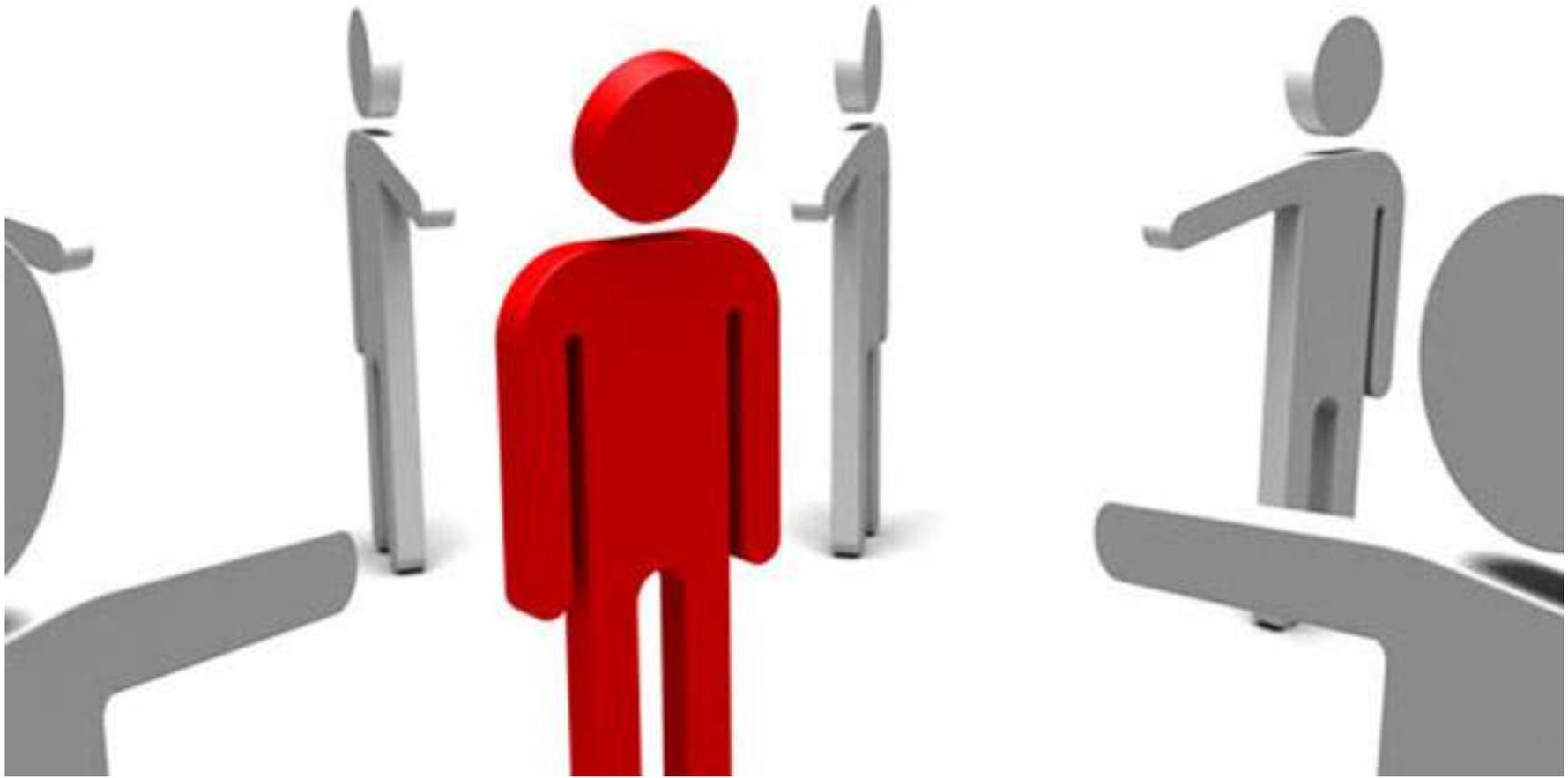
# KEY STRATEGY #2: REPLACE CLIFFS WITH SLOPES



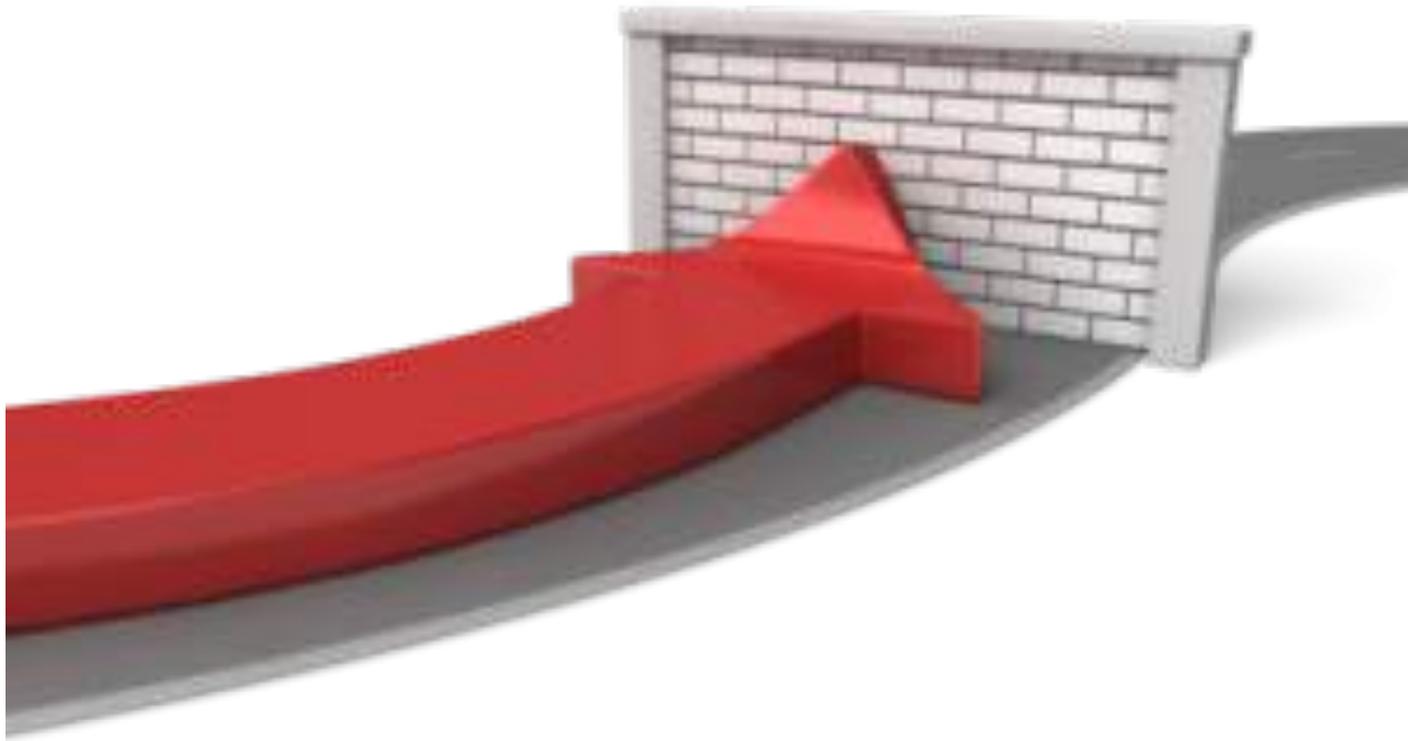
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# A MORAL TAX



# BELIEF BARRIERS



# EMPOWER



# KEY STRATEGY #1: USE INTENTIONAL LANGUAGE



# KEY STRATEGY #2: CREATE PLAUSIBLE PATHS



# WHERE ARE WE GOING FROM HERE?

**PUBLISH** findings in white paper



**PARTNER** with direct service providers



**PROTOTYPE** intervention models



**REFINE** models and test via RCT



**REPLICATE** successful interventions at scale

# LEARN MORE

## VISIT

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