ECONONOMICS DEPARTMENT COMPREHENSIVE PAPERS - DISTINCTION 2015

Can Students Be Motivated to Work Harder?
Examining the Impact of Compensation Schemes on Test Performance
By Nolan Baker

I conducted an experiment in which rewards for answering questions on a math skills test were framed as either a loss or gain. Previous research in behavioral economics has shown the importance of loss aversion in decision-making and productivity. My experiment builds off of previous work done on the impact of loss aversion and productivity and links it with research done on financial incentives in a school context. The experiment I conducted tested if framing rewards as a loss can induce students to study harder, increase student test scores and increase student motivation. I find evidence that loss aversion is an effective way to increase participant study time and increase participant perception of a test's importance. These findings imply that framing incentives as a loss can be a more effective and less costly way for schools to provide incentives for performance.

Constraints on Healthy Eating Habits Among Low-Income Families
An Analysis of Time-Cost Effects
By Sam Garbrecht

Obesity has risen substantially over the last few decades and one explanation is the convenience of unhealthy foods. The rise in obesity has affected low-income families disproportionately and this study focused the hypothesis that culinary education programs aimed at lowering the time it takes to prepare healthy meals can be effective alternatives to traditional subsidy programs for promoting healthy eating. The study used a group of 63 recruits from the Northfield food shelf to provide empirical evidence that lowering the time-cost of preparing fresh fruits and vegetables would increase healthy eating habits more than only providing a subsidy would. While several limitations made it difficult to find evidence that those who received some culinary tips purchased more produce as a result, the study did find that time constraints and a lack of cooking skills were major inhibitors for participants.

Integrating Merger Theory and Economic Uncertainty:
A Time Series Analysis from 1998 - 2014
By Duncan Sallstrom

This paper analyzes the effects of economic uncertainty and macroeconomic conditions on aggregate merger activity in a time series model. Uncertainty previously had not been considered as an explanatory factor in aggregate merger trends. The model shows that equity market uncertainty, economic policy uncertainty, and uncertainty over real economic growth did not significantly affect quarterly aggregate merger activity in the United States from 1998 – 2014. However, the results for equity market uncertainty and economic policy uncertainty were suggestive of significance, opening up the possibility for future research on uncertainty. Total market capitalization had a significant and positive relationship to merger activity. The interest rate, inflation, corporate debt, the capital utilization rate, and GNP were not shown to influence aggregate merger activity.

Are Good Neighbors Good Insurance?
The Role of Social Capital in Informal Mutual Insurance
By Rachel Schuh

This paper studies the effects of social capital on households' ability to insure against economic and health shocks in rural Vietnam. Households in rural areas of developing countries face risky environments, and formal insurance markets are often incomplete due to limits to enforceability and information asymmetries. Social capital can help households participate in informal mutual insurance schemes by correcting enforcement issues and moral hazard problems. Using formal group memberships as a proxy for social capital, I find that social capital does not help households insure food consumption, but food consumption is relatively well-insured regardless. I also find that households with more social capital are more likely to receive private transfers when they experience a common shock such as a natural disaster or crop disease. This suggests that formal groups create bridging social capital, which allows households to participate in mutual insurance schemes that span beyond their local network.

Gazing Beyond The Fields:
The Effect of Income Diversification on Consumption Growth in Indonesia
By Emily Turner

This paper examines the effect of diversifying income between farm and nonfarm sources on consumption growth in rural households in Indonesia. Evidence from an ordinary least squares regression suggests that diversified income protected consumption growth during an economic crisis , but that receiving only a small amount of income (<15%) from the lesser income source was detrimental to consumption growth. These results support development policy to increase the role of the rural nonfarm economy as a method of consumption smoothing. However, the results do not suggest the rural nonfarm economy is a particularly strong tool for increasing consumption among those with the fewest assets. Thus the rural nonfarm economy may not be the most effective target for policies aimed at poverty reduction.

The Helicopter Effect: Parental Participation's Impact on Academic Achievement in India
By Caitlin Throne

In this paper, I explore the effect of increased parental social capital on primary student achievement in India. Increased parental social capital is measured through parental PTA participation and the number of discussions the parent has had with the teacher about student academic performance in the past. I use data from the India Human Development Survey and a bivariate ordered prohibit regression to operationalize social capital theory from Robert Putnam (2000). Ultimately, I find that PTA participation effects student achievement in a statistically significant manner, that PTA participation has more statistically significant effects for lower scheduled castes and tribes, and that social capital involvement is more important in government schools than in private schools.