Hope and Poverty in Development Economics: Emerging Insights & Frontiers

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Suffering & Hope in the Human Experience

• Ravages of WWII spark interest in positive psychology amidst intense suffering
• Billions have been lifted out of poverty since 1970s but abject poverty and deprivation persist in places
• In 2010s development economists engage hope and related concepts with similar motivation
  Role of hope among the destitute and despairing?

Our Objective: Provide a perspective on the emerging work on hope and poverty – and discuss research prospects and frontiers

“... are we not now duty bound to speak up as scientists...about this ancient but rediscovered truth, the validity of Hope in human development?”
(1959)

“Everything can be taken from a man but one thing: the last of the human freedoms—to choose one’s attitude in any given set of circumstances, to choose one’s own way.”

Viktor E. Frankl

The Crime of Punishment

Karl Menninger, M.D.
Sen-Snyder Conceptual Framework

How does hope shape material prosperity?

- Constraints, complementarities and feedback loops
- Sen’s **Capability Approach**: Inherent value of freedom
  - Resources $\rightarrow$ *Conversion factors* $\rightarrow$ Capabilities $\rightarrow$ Functionings
  - External constraints can become internalized with persistent effects
- Snyder’s **Hope Theory**: Convenient point of departure
  - Hope as a way of thinking
  - {Aspirations, pathways, agency} analogs in economic models
  - Complementarities among hope components are key

- Are capability sets and constraints binding or slack?
- Feedback loops, openness to new experiences and path dependence
Overview of Recent Research

• **Aspirations** (Fruttero et al. 2021)
  • *Subjective expectations and reference-dependent utility functions*
  • Education: Many studies document how aspirations emerge among parents/children and how they shape outcomes
  • Employment: A few studies test impact of aspirations on occupational choice and earnings, often differentiated by gender
  • Enterprise: A few studies assess aspirations among entrepreneurs and impact on enterprise performance

• **Agency**
  • *Implied by optimization models of behavior*
  • Recent work on self-efficacy and locus of control and a variety of outcomes: education, employment, agricultural technology adoption, entrepreneurship

• **Pathways**
  • *Implicit (inverse) feature of most economic models (constraint)*
  • Explicit empirical feature in mentoring (peer-effect) interventions
# Overview of Recent Research

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Emerging Patterns & Insights

Hope-related interventions tend to produce
• consistent and strong effects on short- and even medium-term outcomes in education
• far more modest, mixed and context-specific effects in employment and enterprise

Possible explanations
1. Target beneficiaries
   Impressionable children and malleable beliefs
2. Conventional input constraints
   Marginal productivity of hope-induced increase in time and effort
3. Feedback loops and discovery
   {rapid and direct} vs {slow and stochastic} feedback
Frontiers & Future Prospects

• **Complementarities among Hope Theory components?**
  Aspirations change quickly then fade
  Pathways and agency change slowly but stick
  But need evidence on component complementarities

• **Is induced hope different than innate hope?**
  Probably – with implications for research questions and methodologies

• **How WEIRD is Hope Theory?**
  Communal, emotional and spiritual dimensions of hope
  Vicarious hope can fill life with meaning and purpose
  WDR 2015: “Development professionals may assume the poor are...less hopeful...than they in fact are.”

• **Second-order volition (Frankfurt) and proleptic reasoning (Callard)?**
  Transformative aspirations vs routine goals
  Aspiring to acquire desires and values
  Weight of poverty may make escaping from it more transformational than routine