

Decision Processes Colloquia

Monday, December 3, 2012

Where: JMHH 340

When: 12:00 noon to 1:20 PM

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Thinking Through Scarcity

ABSTRACT: How should we think about behavior in the context of poverty? There are typically two approaches to answering this question. The first view focuses on personality traits of the poor. The second focuses on broad environmental circumstances facing the poor (e.g., health, housing, education). In this talk, I consider a more general view, namely that having less creates its own mindset, changing how people look at problems and make decisions. I suggest that resource scarcity changes how people allocate attention, shifting which features of the environment are top-of-mind and which problems people focus on. More striking, this is true not only for monetary scarcity, but other forms of scarcity as well. I discuss how this view can shed light on behavioral puzzles from the context of poverty, such as why the poor might over-borrow or under-save.