



RULES FOR ADVISORY FOR MASTER/ BACHELOR THESIS

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This document tries to put some guidelines to BA and MA students who are interested to write their thesis with either Michal Bauer or Julie Chytilová as an advisor. Having this process clear will give you better opportunity to get the advice when you need it, it could also give you more structure to the whole process and ultimately write a better thesis. Of course, it requires strong interest on the part of the students to take his/her thesis seriously and an ambition to answer an important question in a scientific way.

In terms of methodology we are interested in applied microeconomic topics (“use data to study individual behavior”): so we strongly welcome students that are willing to work with individual-level data and learn basic (or more advanced) econometric techniques to answer some economic question. In terms of field of economics, topics that have something to do with development microeconomics, experimental/behavioral economics, or labor economics are preferred. Below there is a list of some of those topics and a sketch of the procedure you should follow.

Applied development microeconomics

Data sources

There are now lots of micro-level data available from developing countries. They are typically publicly available -- this is a nice difference to many other fields, since funders of data collection often condition their support on making them freely available. However, we feel they are often insufficiently exploited. Maybe you will be surprised how detailed the data are and how many interesting questions one can explore by using them. To browse, you can have a look for example here:

- Matlab Health and Socio-economic Survey (MHSS):
<http://rand.org/labor/FLS/MHSS/index.html>
- List of development micro data sets on webpages of Duncan Thomas (Duke University)
http://ipl.econ.duke.edu/dthomas/dev_data/index.html
- Poverty Action Lab (MIT):
<http://www.povertyactionlab.org/JPALdata/>
- Status of Women and Fertility study (University of Pennsylvania)
<http://swaf.pop.upenn.edu/intropage.html>
- International Food and Policy Research Institute (Washington, D.C.)
<http://www.ifpri.org/data/dataset.asp>

Process of writing/our co-operation

This is an example how a process of writing on this topic could look like.

Stage 1

- Read literature on the field of interest
- Find a specific question that sounds interesting to you and that is empirically testable
- Write the question/topic in one paragraph
- Come to me to discuss it

Stage 2

- Read in bigger detail about the topic, in particular what other researchers did and found; and make some notes
- Think about the data variables that you would like to have to analyze the question of interest
- Think about where to get the data (with this I might help you or you can look to some of the links above)
- This is the stage when I expect to see you regularly talking with me (once per month)

Stage 3

- Learn the data well by reading the questionnaires and supplementary materials
- Learn the techniques that you would like to use
- Do preliminary analysis
- Come to me to talk about the results and their interpretation

Stage 4

- Write down the preliminary version of your thesis
- Send it to me 10 days before coming to me for consultation so that I can read it
- Get comments
- Finalize the thesis

Similar process would apply if you would work with any other non-experimental micro-level data (e.g., labor economics), but in that case I know less about appropriate data sets and it is usually more difficult (costly) to get access to them.

Suggested topics

- Gender differences in education: Comparison of several countries
- Siblings' rivalry: How the composition of siblings affects future life outcomes (education, health, marriage, etc)?
- Does parental education predict individual education more in least developed countries or in middle-income countries?
- Which individual characteristics predict having more wives (polygamy) in Africa? Are these characteristics the same in different countries?
- Infidelity, polygamy and AIDS.
- Education and heterogeneity in fertility preferences among spouses.
- In general topics related to health, education, fertility preferences and financial behavior in developing countries are welcome.

Then there are few topics that are related to inequality in the Czech Republic

- Evaluation of volunteer education program of gipsy children (co-operation with People in Need). How does it affect attendance to school and school results?

- Discrimination of minorities on the Czech labor market: estimating trade-off between higher qualification and being member of minority ethnic group using experimental methodology (See Bertrand and Mullainathan: Are Emily and Greg more employable than Lakisha and Jamal?).

Behavioral economics

Traditional economic theory uses many assumptions about individual preferences and behavior. Experimental economics is a tool to test if the people indeed behave as the theory -- which you learned during the microeconomics courses -- really works in practice and if not, how the behavior deviates from the standard theory and why. Behavioral economics integrates insights from psychology and offers several complementary (and sometimes contradictory) theories to standard economic models.

There are many either hypothetical or experimental tasks out there to use. For your thesis, you could adjust an existing experiment or simply do a replication/extension of an interesting experiment conducted let's say in the US and you could test if the results are stable in another environment (Czech Republic). Even more interestingly, you could build on existing experiments and extend them in some way (different subject pools).

Data sources

The data for your analysis would be those that you collect.

Process of writing/our co-operation

This is an example how a process of writing on this topic could look like.

Stage 1

- Read some behavioral economics or experimental economics textbook and find a type of decision-making that you are interested in (e.g., time preferences, risk preferences, social preferences, etc). I can lend you some introductory books on these topics, for example Wilkinson (2008): Introduction to behavioral economics (3 copies are in the library). In CERGE-EI library one could find other useful books as well.
- Try to define a research question: For example: Does an irrelevant option affect individual choice? Or, does information reduce discrimination?
- Come to me to discuss it

Stage 2

- Try to find an experiment (game) that tests this type of decision-making
- Write an experimental script/ prepare the questionnaire with the task of interest
- Think and arrange the access to a suitable subject pool
- This is the stage when I expect to see you regularly talking with me (once per month)

Stage 3

- Distribute the questionnaires with task of interest/ run the experiments
- Analyze results
- Think about the results and possible interpretations
- Come to me to talk about the results and their interpretation

Stage 4

- Write down the preliminary version of your thesis
- Send it to me 10 days before coming to me for consultation so that I can read it
- Get comments
- Finalize the thesis

Suggested topics

- Preference (time discounting, risk aversion or social preferences) transmission between children and parents.
- Preferences (time discounting, risk aversion or social preference) and minorities in the Czech Republic (or elsewhere within one region).

- Earnings profiles and money illusion (a la Shafir, Diamond and Tversky (1997) <http://weblamp.princeton.edu/~psych/psychology/research/shafir/pubs/Money%20Illusion.pdf>)
- Preferences for different profiles of earnings over time.
- Earnings profiles and inequality aversion. Try to compare preference for earnings profiles when compared to others (catching up others vs. losing further vs. losing towards the average vs. gaining further; keeping the actual income constant)
- Do people choose the jobs/earnings profiles that make them the most happy? (Tversky and Griffin 2000, Wilkinson 2008, p.56)
- Loss aversion and elasticity of demand for consumption products. Hypothesis: if people are loss averse they should be more responsive to price increases than to price reductions. Hence there should be discontinuity in demand function around the current status. Any idea how to test empirically? Under what circumstances (i.e., in which markets) this effect should be higher and under what circumstances it should be lower?
- Testing a prospect theory of Kahneman and Tversky vs. expected utility theory using hypothetical risk choices. Innovative tasks? Stability across subject pools? Stability across abstract tasks vs. stylized tasks (e.g., phrased as an investment opportunity)?
- Framing effect and the Asian disease problem (Tversky and Kahneman 1981, Chang, Zen and Duh 2002). An innovative application to other type of choices? Propensity to framing effect among different types of people.
- Czech pension reform through the lens of behavioral economics: What are the implications of key concepts of behavioral economics (limited self-control, loss aversion, status quo bias) for a design of plans that nudge towards higher savings? Assess the existing reform proposals and suggest improvements using these concepts. You can start by looking at Thaler and Bernartzi (2004) http://papers.ssrn.com/sol3/papers.cfm?abstract_id=489693
- Consumer credit in the Czech Republic through the lens of behavioral economics.

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