Discussion on

Incentives and Schooling

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Context:

General uncertainty about the most effective strategies for improving education

• Active academic debates

• Major importance of robust, transparent evidence

⟶ Random experiments

''Financial incentive to provide effort at studying''

Surely seems a strange policy to some of the audience

Given the individual costs associated with studying, expect students to provide maximum effort ?

Not for sure !

Cost is largely sunk cost

Effort is now and certain
Reward (pass the exam) is in the future and risky

There should be some optimal level of effort

Incentives should increase this optimum

Then why evaluate ?

- Still a matter of elasticities

- Alternative interventions (remediation)

How this couple of papers illustrate

the strenghts and issues

of random evaluation ?

1. Menu of treatments

Help (remediation) vs. Incentives

- Different justifications:
Lack of skills/Inequality of opportunity
Inefficiency of individual decisions

- Different costs

Cf. labor market policies:
Incentives vs. Job-search assistance

With no experimental design: no chance to compare several interventions on the same grounds

Still, not always present in standard experiments (sample size, budget, field constraints, etc.)

2. Transparent and accurate

In spite of small samples

250 individuals treated (College, US)
20 schools treated (High, Israel)

- Importance of very reliable data

- Importance of standard-error computation (design effects)

1. Heterogeneous effects

Importance of such heterogeneity illustrated by:

- Boys/Girls differences
- Lagged score distribution differences

Any theory for this ?

More generally:

unobserved treatment heterogeneity

Who to treat preferably ?

Generalization ?

2. Understand more of the process

Interaction of incentives with:
- Student wage work
- Parental transfer

Measure each of those + studying effort ?

Part of the Boys/Girls story ?

⟶ Debate on inserting random based identification into more structural modelling

3. Peer effects

Important if work attitudes are strongly shaped by social interactions, values, etc.

Then comparing treated and untreated does not necessarily identify the parameter of interest

here, the untreated may be affected by the treatment

Requires a specific design (cf. several Miguel-Kremer papers, including on incentives to learn)

Literature heading (even more) towards complex designs and multiple randomization levels

Practical obstacles ?