Ph.D. Project: Aspirations, environmental shocks and economic mobility in Kenya

Background
A long-standing puzzle in development economics is that productive investments that may allow rural households to escape poverty traps often go unmade. This behavior has been attributed to external constraints like information asymmetry, poor infrastructure and access to education, missing markets and market imperfection in product and credit markets as well as inappropriate credit and saving measures. While we recognize the relevance of the above factors in explaining an individual’s failure to optimize from such high investments, external constraints may not satisfactorily explain this lack of future-oriented behavior. Internal constraints like hope and aspirations which have largely been unexploited in the extant literature may also have a role to play in explaining the future making behavior of individuals. Moreover, many policy interventions and programs in rural areas have not been successful and effective because of the lack of a perfect understanding of the hopes, desires, expectations, and aspirations of the rural people. While there exists a dearth of information on how aspirations are formed, there is a moving consensus in the literature that aspirations are socially determined. Theoretical literature further predicts an inverted U-shape between aspiration and future-oriented economic outcomes, that is aspirations should be large enough to incentivize but not so large as to cause frustration, resulting from highly perceived unattainable efforts.

Employing innovative and theory-led econometrics analyses, this thesis will use a comprehensive cross-sectional dataset of 530 households from the Marigat division of Kenya. We seek to evaluate how environmental shocks affect aspirations, investments and the accumulation of assets by considering the spread of invasive species on the aspirations of pastoralists in Kenya. We consider the spread of invasive species like Prosopis juliflora, Parthenium hysterophorus and the emerging insect invasive, fall armyworm (FAW). Since aspirations are a social construct, we also delve into understanding the role of collective action in the formation of aspirations. We will then relate aspirations to future-oriented outcomes like agricultural investments and household welfare. Finally, we test the aspiration failure framework (inverted U-relationship). Understanding how environmental shocks interact with aspirations formation can allow governments to target interventions to break this potential poverty trap.