

1. Describe the commitment saving product evaluated in the paper "Tying Odysseus to the Mast: Evidence from a Commitment Savings Product in the Philippines", by Ashraf and Karlan. (The paper can be found in Google, and it is only necessary to read the section describing the commitment savings product). Which challenges typically faced by the poor can commitment savings products help solve? What drawbacks do they have?

2. Do you agree, disagree, or partially agree with the argument made in Poor Economics that exercising self-control with regards to savings decisions tends to be more difficult for the poor? If so, how can these self control problems be mitigated? If not, discuss why you disagree in more detail.

3. Despite being quite poor, China currently has a savings rate that is much higher than most other countries in the world. The following short article proposes one interesting reason why Chinese households tend to save so much: <http://www.voxeu.org/index.php?q=node/4568> . Do you find this evidence plausible? What other factors may explain why initially poor East Asian countries have saved at very high rates over the past sixty years?

MIT OpenCourseWare
<http://ocw.mit.edu>

14.73 The Challenge of World Poverty
Spring 2011

For information about citing these materials or our Terms of Use, visit: <http://ocw.mit.edu/terms>.