



## Small-Picture Approach to a Big Problem: Poverty

By DANIEL ALTMAN

Published: Tuesday, August 20, 2002

Though rich countries may be able to rescue middle-class economies like those of Uruguay and Brazil from crises simply by lending them billions of dollars, attacking the problems of the poorest countries is not so easy. Putting aside old, one-size-fits-all approaches to development, a new school of thought emphasizes more specific grass-roots solutions.

A cadre of young economists who study development, including some of the most sought-after professors in the nation, are dissatisfied with supposed panaceas like balanced budgets, new infrastructure and financial stability. These economists are using basic insights about people's motivations and the flow of information to guide policy in emerging economies, one piece and one country at a time.

Esther Duflo, an associate professor at the Massachusetts Institute of Technology, epitomizes the new development economics with her broad use of theoretical and statistical tools and her willingness to conduct research in the field.

Ms. Duflo, whose work has placed her among the year's top picks for lifetime tenured positions, says she ultimately wants to find out why the world's poorest people almost always stay poor. That quest has led her to ask how governments and outside organizations can best help the citizens of poor countries, and why information and technology that can promote economic advancement spread less quickly in some settings than in others.

Old-line development economists often assumed that all people would follow textbook theories and that lessons learned in rich countries would stay true anywhere. Yet according to Ms. Duflo, "the level of discrepancy between what people do and what we as economists think they should do can be pretty substantial."

Ms. Duflo has studied the growth of the software industry in India, school construction in Indonesia, pensions in South Africa and household accounting in Ivory Coast. Her current research, conducted jointly with Michael R. Kremer of Harvard, has found, for example, that the use of fertilizer for growing maize in Kenya takes hold quickly among farmers who see demonstrations but that those farmers rarely share their new knowledge with others.

In the past, economists might have missed important discoveries like this by concentrating solely on the big picture. The International Monetary Fund, the World Bank and other teams of economic advisers often took the same message wherever they went, preaching the necessity of programs meant to clamp down on fiscal waste, stop inflation and improve foreign trade and investment.

Over the last half-century, these policies helped Chile, India, Israel and Mexico to stabilize their currencies and lay the groundwork for growth. Yet in Africa, the former Soviet bloc, many parts of Southeast Asia and Latin America, there is little to show for all the well-intentioned advice. Put simply, the same policies have not worked in every setting.

SIGN IN TO RECOMMEND

TWITTER

SIGN IN TO E-MAIL

SINGLE-PAGE

REPRINTS

SHARE

ARTICLE TOOLS  
SPONSORED BY

### @Times - Inside NYTimes.com by E-Mail



Sign up for regular updates on what's new on NYTimes.com.

Sign Up

[See Sample](#) | [Privacy Policy](#)

## See if rolling over your old 401(k) is right for you.

Find Out Now



Turn here™

Investing involves risk. You should consider your objectives, time horizon, and risk tolerance carefully.  
Fidelity Brokerage Services, Member NYSE, SIPC 480962.2

### MOST POPULAR - BUSINESS

E-MAILED BLOGGED

1. From Science, Plenty of Cows but Little Profit
2. Cuts Meet a Culture of Spending at Cond? Nast
3. Shortcuts: If Not Passion for the Job, at Least Warm Feelings
4. Dealbook Column: Big Merger Deals Signal Restored Confidence
5. World Bank Head Sees Dollar's Role Diminishing
6. Out From India's Alleys, Gold Loans Gain Respect
7. Novelties: Solar Power, Without All Those Panels
8. Climate Bill Splits Exelon and U.S. Chamber
9. Disney Tries to Pull the Storybook Ritual Onto the Web
10. Fair Game: The Mortgage Machine Backfires

[Go to Complete List »](#)

### Should sugary drinks be taxed?

Also on NYTimes.com

[More thoughts on hero cops & awards shows](#)[Can you hate the artist but love the art?](#)

nytimes.com

"To some extent the field has been driven by abandoning big-picture paradigms," Timothy J. Besley, director of the Suntory-Toyota International Centers for Economics and Related Disciplines at the London School of Economics, said in a recent e-mail message. "The problems are different country to country and even region to region within countries. These big-picture efforts are good for giving us inspiration, but probably not much good in making concrete progress within particular countries."

Though they do not entirely reject the macroeconomic policies of the old school, the new-style economists have begun to focus on smaller initiatives in public health, agriculture and education. Finding successes among these programs could yield lessons for broader policies.

"I see my job as trying to uncover little pieces of knowledge that can help us define policy for development," Ms. Duflo said.

Mr. Kremer, who is among the favorites to win the 2003 John Bates Clark Medal as the best American economist under 40, agreed. Now, he said, "it's less trying to find the magic key."

Even the World Bank has lately focused more attention on the most basic problems of poor countries, like public health.

1 | 2 | [NEXT PAGE >](#)

A version of this article appeared in print on Tuesday, August 20, 2002, on section C page 2 of the New York edition.

[More Articles in Business >](#)

**Get your small business big-time attention.** [Get Started >](#)  
 Self-Service Advertising on NYTimes.com

RELATED ADS

[What are Related Ads?](#)

- [» Africa Poverty](#)
- [» Poverty Foto](#)
- [» Poor Credit Loan](#)
- [» Poverty Picture](#)
- [» Poverty Women](#)

Ads by Google

[what's this?](#)

**[Win a \\$1,000 Bailout](#)**

Enter your video and tell us why. Where's My Bailout Video Contest!  
[www.brownbailout.com](#)

**[African Poverty](#)**

You can help. Make a difference at ChildFund International. Visit now.  
[www.ChildFund.org](#)

**[Heifer International](#)**

Donate a Heifer animal to help fight global hunger & poverty!  
[www.Heifer.org](#)

**INSIDE NYTIMES.COM**



U.S. »



[More Cows, More Milk, but More Headaches](#)

ART & DESIGN »



[Kahlo Trove: Fact or Fakery?](#)

OPINION »

**Op-Ed: How to Press Iran**  
 Instead of sanctions, the Obama team should seek a strategic realignment with Iran, as President Nixon did with China.

HEALTH »



[Probiotics: Looking Beneath the Yogurt Label](#)

OPINION »



[Room for Debate: Cabin Pressure to Be Connected](#)

MAGAZINE »



[Should You Give to Harvard?](#)