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# *Nobel Economics Prize Goes to Pioneers in Reducing Poverty*

Three professors, Abhijit Banerjee and Esther Duflo, both of M.I.T., and Michael Kremer of Harvard, were honored.

**By Jeanna Smialek**

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Abhijit Banerjee and Esther Duflo of M.I.T. and Michael Kremer of Harvard have devoted more than 20 years of economic research to developing new ways to study — and help — the world's poor.

On Monday, their experimental approach to alleviating poverty won them the 2019 Nobel Memorial Prize in Economic Sciences. Dr. Duflo, 46, is the youngest economics laureate ever and the second woman to receive the prize in its half-century history.

In studying problems like education deficiencies and child health, the economists search for evidence about which interventions can resolve them, and seek practical ways to bring good treatments to scale.

"In just two decades, their new experiment-based approach has transformed development economics, which is now a flourishing field," the Royal Swedish Academy of Sciences said in announcing the prize.

More than five million Indian children have benefited from effective remedial tutoring thanks to one of their studies, the release noted, while other work of theirs has inspired public investment in preventive health care.

Nobels are often awarded for theoretical achievements, but this year's laureates distinguished themselves with real-world trials. Other economists said the choice showed that the field as a whole was approaching problems differently, a change that Dr. Banerjee, Dr. Duflo and Dr. Kremer had helped to bring about.

Twenty years ago, “there was a lot of emphasis on economic theory, and more macroeconomic questions of development,” said Benjamin Olken, an economist at the Massachusetts Institute of Technology. The Nobel winners broke those big questions into testable chunks and studied them like scientists running clinical trials.

“The approach has been tremendously influential in reshaping the field of development economics,” Dr. Olken said.

The winners have sought to popularize their methods. Dr. Duflo and Dr. Banerjee, who are married, in 2003 helped to found a global network of poverty researchers called the Abdul Latif Jameel Poverty Action Lab, or J-PAL. The coalition helps to identify effective interventions — like deworming campaigns — and then joins with governments and nongovernmental organizations to carry them out.

The Nobel committee highlighted research involving Dr. Kremer that was based on an experiment with groups of Kenyan schoolchildren in the mid-1990s. It found that access to extra textbooks did not improve most student outcomes — suggesting that a simple lack of resources was not the main impediment to learning.

“He was there from the very beginning, and took enormous risks,” Dr. Duflo, in an interview, said of Dr. Kremer’s early use of experimental methods. “He is a visionary.”

She, Dr. Banerjee and their co-authors built on his work and his methods. In a subsequent experiment, they identified a true barrier to student achievement: teaching methods that were insufficiently shaped to student need. Tutors for low-performing pupils in India improved achievement measurably, and lastingly.

In the early days, “people thought this is kind of a loony agenda,” Dr. Banerjee said. “People often told us: That’s not how you learn about anything, because it’s too small, too local.”

But as the years wore on and the results came in, randomized control trials gained acceptance as a key tool in development research.

“They provided a way to objectively check if a project has the benefits it says it is going to have,” said William Easterly, an economist at New York University who has criticized poverty interventions that aim to fix immediate problems without solving the systemic political issues at their core.

While he warned that control trials were not a panacea, he said he gave the three laureates “a lot of credit for creating a more rigorous evaluation methodology.”

Dr. Duflo and Dr. Kremer have often produced joint studies, including guides on how to use and perform the economic field trials. Dr. Duflo and Dr. Banerjee also collaborate regularly, publishing studies just this year on "Using Gossips to Spread Information" — in which well-connected villagers were selected to spread information and increase vaccination rates — and using police resources to counter drunken driving in India.

The pair have a book, "Good Economics for Hard Times," coming out in November, following their 2011 book, "Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty."

Peers were quick to applaud the selection.

"Congratulations to Banerjee Duflo and Kremer on the Nobel and to the committee for making a prize that seemed inevitable happen sooner rather than later," Richard Thaler, a University of Chicago economist who won the award in 2017, said on Twitter.

Dr. Thaler's award, for his contributions in behavioral economics, was based on real-world observations, and experimental approaches have also been used in labor economics for years, said Lawrence Katz, a Harvard economist. But the new Nobel laureates helped to bring scientific rigor and real-world impact to development economics.

"This is probably the first 21st-century prize in economics," Dr. Katz said. "This is not stuff worked on 20, 30 years ago — this is stuff that, none of it started until the 2000s."

Dr. Duflo said she hoped that the Nobel would give development economics added visibility, potentially drawing more women into a field where they are often underrepresented — sometimes driven away by economics' aggressive posture, sometimes by its finance-focused reputation.

She was a history major in college, but she was intrigued by the stories of global disparity that her mother, a pediatrician, brought back from her work in Madagascar, El Salvador and Rwanda.

"I came to economics the day I realized there was something called development economics," Dr. Duflo said. "I didn't want to do macro, and I didn't want to do finance."

Speaking by phone Monday afternoon, Dr. Duflo had not yet managed to get on the phone with her mother to tell her about the prize: Even now, she is busy in Guatemala.

And what comes after a Nobel? Dr. Duflo and Dr. Banerjee said their next step would be to use the spotlight to spread the word about careful experimentation and its real-world application for solving big problems.

That is in keeping with their reputation. Beyond their own research, the winners have been instrumental in both teaching graduate students and creating a network of researchers who are deploying controlled trials to help solve pressing problems, their colleagues said.

“The three of them have just been transformative in leading by example,” said Amy Finkelstein, a leading health economist at M.I.T.