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## Attested development

Review by James Crabtree  
 Published: April 29 2011 22:13 | Last updated: April 29 2011 22:13

**Poor Economics: A Radical Rethinking of The Way To Fight Global Poverty**, by Abhijit Banerjee and Esther Duflo, *Public Affairs*, RRP\$26.99, 336 pages

**More Than Good Intentions: How a New Economics is Helping to Solve Global Poverty**, by Dean Karlan and Jacob Appel, *Dutton Books*, RRP\$26.95, 320 pages

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How much daal does it take to eradicate polio? This might seem like an absurd question; better, surely, simply to increase access to the cheap, effective vaccines that exist for such preventable diseases. But when, in 2003, a charity in rural India put the received wisdom to the test by setting up free vaccination camps, the results were salutary. As Abhijit Banerjee and Esther Duflo explain in *Poor Economics*, "even with high-quality, privately provided free immunisation services available right at the parents' doorsteps, eight out of 10 children remained without immunisation".

So the academics persuaded the charity to experiment with different ways of enticing parents back to complete their children's treatment. By far the most effective turned out to be two pounds of free daal. This incentive (or bribe, if you like) increased uptake sevenfold; an outcome the authors say is "one of the most impressive we have ever evaluated".

Such experiments now offer the best chance of resolving a long-running debate over the most effective ways to tackle global poverty. Some, such as Columbia University's Jeffrey Sachs, argue that hunger and disease can be reduced by supplying practical things: better schools, free immunisations or anti-malarial bed nets. Others, led by the former World Bank economist William Easterly, think such programmes are often ineffective, undermining local markets and creating both dependency and corruption. On the latter view, for example, free bed nets will be seen as less valuable than those for which you have to pay; some anecdotes tell of their being used as fishing nets or wedding veils.

Which camp is right? Neither, says a **new generation of economists**, who argue that many of these old ideological aid disputes can be resolved once and for all through experimentation. Sometimes known as the "randomistas", the group seeks its answers through randomised control trials, the type of large-scale studies common in drug testing but until now rare in international development. Duflo, in particular, has become an academic superstar in the process, **winning the prestigious John Bates Clark Medal** and founding a "poverty laboratory" at the Massachusetts Institute of Technology, at which both she and Banerjee are based.

A reaction against desk-bound mathematical theorising in general, both books under review here present a compelling picture of young can-do economists who are prepared to jet off to urban slums and isolated villages to put their ideas into practice. The results are fascinating. Noting rampant teacher absenteeism in rural India, for instance, Duflo set up a scheme to provide classrooms with free cameras. Pay was then linked to how often a teacher could produce an end-of-day picture with their class; attendance rose dramatically. Another experiment in Kenya tackled the vexing issue of anti-mosquito bed nets – establishing that free distribution, as perhaps one might expect, is more effective than making people pay.




[Poor Economics](#)  
 Abhijit Banerjee, ...  
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Of the two books, Dean Karlan and Jacob Appel's *More Than Good Intentions* focuses more on behavioural economics, looking at the way in which "nudges" can increase charitable donations or improve the effectiveness of anti-poverty programmes. Banerjee and Dufo are the more controversial, especially for an experiment conducted between 2005 and 2008 in Hyderabad to test the effectiveness of microcredit. They found that lending small amounts to groups of poor people, while not revolutionary, had many benefits. But given the hype surrounding microcredit the results were interpreted as a failure, and the industry has since been hit by a storm of criticism.

The ingenuity of these experiments aside, it is the rich and humane portrayal of the lives of the very poor that most impresses. Both books show how those in poverty make sophisticated calculations in the grimmest of circumstances. Even seemingly irrational decisions begin to make sense. This is a world in which desire for fun sees a television purchased rather than more nutritious food; where befuddlement delays investment in a sensible product to insure against drought; or the pressure of time prevents parents returning with their children to a free immunisation camp.

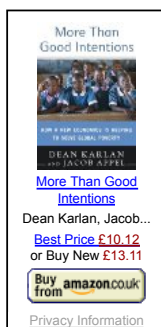
Whether such insights will begin to "solve global poverty", as Karlan's subtitle hopes, is less clear. By focusing resources on areas that are amenable to test by trials, there is a risk that purely experimental approaches will unduly narrow the field. This could be problematic if it distracts from the need for sensible macroeconomic or trade policies, for instance. Other crucial trends for the future of development, such as mass urbanisation, are also barely discussed.

While both books are critical of aid boosterism, read between the lines and both also seem to support the pro-aid views of Sachs. Their message is that, if designed with care, programmes to improve schooling or health can be effective. The ultimate oddity is that the work of these most vogueish of economists leaves the reader with a sneaking admiration for what is, in fact, a rather old-fashioned form of academic investigation. Big-name campaigning professors like Sachs were a welcome change from the dusty irrelevance of some old-style academia. Today, however, the limitations of this high-profile approach are clearer. Books such as these offer a better path forward. They are surely an experiment worth pursuing.

*James Crabtree is the FT's comment editor*

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