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Economist Discovers New Way to End Poverty

Susan Logoreci | Jun 16, 2010 | Comments 0



Does giving aid to poor countries work? How do you measure success and failure on a large scale? A group of economists are working on chipping away at the answers by breaking it down into smaller questions.

Leading the way is 38-year-old French-born Esther Duflo, MacArthur fellow and winner of the John Bates Clark Medal (it's the baby Nobel). When she was writing her economics dissertation at MIT she became frustrated that all her papers began with the phrase, "The ideal experiment to measure the effect would be..." This led her to discover a way to fuse scientific methods with social economics as a way to look for the answers to larger questions.

What she and her team do is pretty simple. Like a medical trial, they divide two large, randomly chosen groups, usually comprised of several villages. They then administer "treatment" to one group and not the other. For instance, malaria kills almost one million people a year, but bed nets can cut that number in half. Duflo wanted to know the best way to get people to use the nets. Were they more likely to use them if they had to pay a little money? How about a lot of money? What if the nets were free? After running this experiment with several large groups it was discovered that free nets worked the best. People who were given free nets were also more likely to purchase additional nets later on. Duflo quips, "People don't get used to handouts, they get used to the nets".

She and her group have also done several other studies regarding how to keep children in school. In one area where there were problems getting teachers to show up to teach, they discovered that if a daily photograph was taken with all the kids in the class and their teacher, the teacher was much more likely to show up to teach the kids.

There are still many questions that need answering. For instance, do the social economics experiments that worked in India work in Brazil? In the 20th century it took many scientists several decades of trial and error to make the huge leaps they made in medicine. Ending poverty will take the same focus and energy of study. Duflo has a creative perspective about it.

"What the data is going to be able to do, if there's enough of it, is uncover the mess and the noise of the world, and find some lines of music that actually have harmony. It's in there, somewhere," says Duflo.

Most of the information I got for this article was from this [New Yorker article](#). Unfortunately, you have to have an online subscription to unlock it. But you can see Duflo's 2010 TED talk [here](#).

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