

Thursday, April 22, 2010 As of 4:16 PM EDT

More

News, Quotes, Companies, Videos

SEARCH

BLOGS

U.S. Edition

Today's Paper

Video

Blogs

Journal Community

Log In

Home

World

U.S.

Business

Markets

Tech

Personal Finance

Life & Style

Opinion

Careers

Real Estate

Small Business

WSJ BLOGS

Real Time Economics

Economic insight and analysis from The Wall Street Journal.

Reserve Bank of India's
'Nirvana' Rate




APRIL 22, 2010, 4:04 PM ET

Handicapping Economics' 'Baby Nobel,' the Clark Medal

Article

Comments (1)

REAL TIME ECONOMICS HOME PAGE >

Email Printer Friendly Permalink Share:  facebook  Text Size 

By Justin Lahart

Friday, the **American Economic Association** will present the [John Bates Clark medal](#), awarded to the nation's most promising economist under the age of 40.

The Clark is known as the "Baby Nobel," and with good reason. Of the 30 economists who have won it, 12 have gone on to win the Nobel, including **Paul Samuelson** and **Milton Friedman**. The award was given biennially until last year, when the AEA decided to give it annually.

Massachusetts Institute of Technology economist **Esther Duflo**, 37, is considered a frontrunner. The head of MIT's Jameel Poverty Action Lab with **Abhijit Banerjee**, she's been at the forefront of using randomized experiments to analyze development programs. In doing so, she and her colleagues are uncovering ways to make sure that money spent to help poor people in developing countries is used effectively.



American Economic Association
The John Bates Clark medal

One experiment she ran with economists **Pascaline Dupas** and **Michael Kremer** randomly selected 70 schools in Western Kenya to receive an extra teacher, roughly halving the pupil-teacher ratio. The result: [Reduced teacher effort and insignificant increases in test scores](#). In an experiment she conducted in India, randomly selected teachers were given cameras with date and time stamps and told to take a picture of themselves and their students each morning and afternoon. The result: [Teacher absences fell sharply and student test scores improved](#).

Harvard University's Sendhil Mullainathan is another leading candidate for the Clark. Mr. Mullainathan, who is 37 and founded the Poverty Action Lab with Ms. Duflo and Mr. Banerjee, has been marrying field experiments with behavioral economics to examine problems in the developing world.

In [one experiment](#), he and economists **Marianne Bertrand**, **Simeon Djankov** and **Rema Hanna** followed 822 people as they went through the process of getting a drivers' license in Delhi, India. They gave some of the people driving lessons, to see if good drivers would have an easier time getting a license, and gave some others cash bonuses for obtaining a license quickly, to see if those with a higher willingness to pay bribes would have an easier time. The remaining people acted as a control group. They gave everybody a surprise driving test afterward.

They found that, on average, people paid 2.5 times the official fee to get a drivers license in Delhi, India. Nearly 60% of the people who got a license didn't take the road test that the government is supposed to require, and the surprise driving test showed that 54% of them were unqualified to drive. And they found that the people who were given the cash bonuses had an easier time getting a license than the people who received lessons even though the surprise driving test showed they were much poorer drivers.

Stanford University economist **Jonathan Levin**, 37, is also on the short list.

Levin started taking an interest in the effects of subprime lending back before "subprime" was dirty word. With **William Adams** and **Liran Einav**, [he looked at the used-car market](#) and found that for subprime borrowers a \$100 increase in downpayment led to as large a decrease in demand as a \$3000 price increase did.

MIT's **Amy Finkelstein** is another contender, though at 36 years old, it may not yet be her year. Her work has focused on insurance and the health care sector.

Many economists also consider Harvard's **Roland Fryer** and **Raj Chetty** shoe-ins for the Clark — eventually. For now, they are almost certainly too young. Fryer, who studies causes of racial inequality, is 32. Chetty, an expert on the effects of tax and social insurance programs, is just 30.

[« Previous](#)
[Reserve Bank of India's 'Nirvana' Rate](#)

[REAL TIME ECONOMICS HOME PAGE](#)

Email Printer Friendly Comments (1) Permalink

Article Tools
Sponsored by 

Most Popular

[Read](#) [Commented](#) [All Blogs](#)

1. [Romer: 'It's Aggregate Demand, Stupid'](#)
2. [Treasury Introduces New \\$100 Bill](#)
3. [Don't Blame Extension of Jobless Benefits](#)
4. [Unemployment Extension Adds Up to 99 Weeks of Benefits](#)
5. [Unemployment by State: Where Are The Jobs?](#)

Popular Stories in All Topics

- 714 diggs [Tour of Billionaire's \\$300M, Bomb-Proof Yacht w/ Pod-Escape](#)
- 437 diggs [The New San Francisco Suburbs, a Plane Ride Away](#)
- 288 diggs [WSJ.com - Apple's Net Jumps 90% as iPhone Sales Surge](#)
- 280 diggs [Developers Need Twitter But How Much Does Twitter Need Them?](#)
- 236 diggs [New Solutions for New Environmental Problems](#)

Powered
by

About Real Time Economics

Follow us:

Real Time Economics offers exclusive news, analysis and commentary on the economy, Federal Reserve policy and economics. The Wall Street Journal's Phil Izzo and Sudeep Reddy are the lead writers, with contributions from other Journal reporters and editors. Send news items, comments and questions to realtimeeconomics@wsj.com.

[Read more Economics coverage.](#)

[BACK TO TOP](#)**WSJ.com Account:**

[My Account](#)
[Subscriber Billing Info](#)

Create an Account:

[Register for Free](#)
[Subscribe Now](#)

Help & Information Center:

[Help](#)
[Customer Service](#)
[Contact Us](#)
[New on WSJ.com](#)
[Tour the new Journal](#)

About:

[News Licensing](#)
[Advertising](#)
[Advertise Locally](#)
[Conferences](#)
[About Dow Jones](#)
[Privacy Policy - Updated](#)
[Subscriber Agreement & Terms of Use - Updated](#)
[Copyright Policy](#)
[Jobs at WSJ.com](#)

WSJ.com:

[Site Map](#)
[Home](#)
[World](#)
[U.S.](#)
[Business](#)
[Markets](#)
[Market Data](#)
[Tech](#)
[Personal Finance](#)
[Life & Style](#)
[Opinion](#)
[Autos](#)
[Careers](#)
[Real Estate](#)
[Small Business](#)
[Corrections](#)

Tools & Formats:

[Today's Paper](#)
[Video Center](#)
[Graphics](#)
[Columns](#)
[Blogs](#)
[Topics](#)
[Guides](#)
[Alerts](#)
[Newsletters](#)
[Mobile](#)
[Podcasts](#)
[RSS Feeds](#)
[Journal Community](#)
[WSJ on Twitter](#)
[WSJ on Facebook](#)
[My Journal](#)

Digital Network

[WSJ.com](#)
[Marketwatch.com](#)
[Barrons.com](#)
[SmartMoney.com](#)
[AllThingsD.com](#)
[FINS.com](#)
[FiLife.com](#)
[BigCharts.com](#)
[Virtual Stock Exchange](#)
[WSJ U.S. Edition](#)
[WSJ Asia Edition](#)
[WSJ Europe Edition](#)
[WSJ India Page](#)

Foreign Language Editions:

[WSJ Chinese](#)
[WSJ Japanese](#)
[WSJ Portuguese](#)
[WSJ Spanish](#)