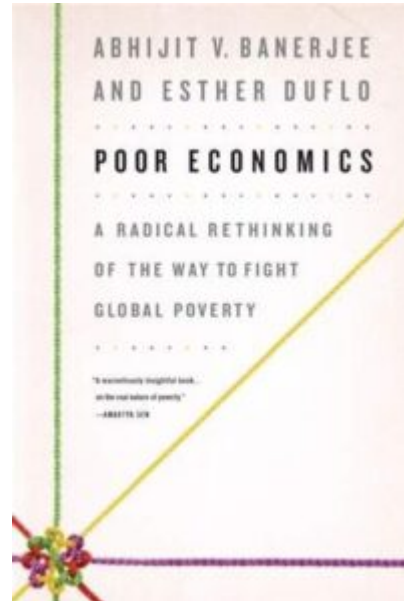


Review – ‘Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty’, by Abhijit V Banerjee and Esther Duflo



by John Eyers

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There are several reasons to like this book and, more broadly, the work of the many like-minded researchers which it summarises.

Many of us learnt about Esther Duflo some years ago when ‘The Economist’ listed her as one of the stars among young economists. She, Abhijit Banerjee and their colleagues at the Abdul Latif Jameel Poverty Action Lab (J?PAL) have gathered a substantial following among development economists and practitioners, committed to rigorous evaluation of the effectiveness of aid interventions. The array of J?PAL research findings can be accessed [here](#).

I recommend a [presentation](#) Esther Duflo gave in the ‘Ted Talks’ series in February 2010. It’s vividly clear from this, as from virtually any talk she gives, how committed she is both to reducing the loss and waste of lives through poverty and to the tool of rigorous evaluation.

But the book ‘Poor Economics’, of course, offers a more thorough understanding of the J?PAL approach and what is being learnt through it.

Is aid worthwhile?

Banerjee and Duflo see little value in macro answers to this question, but they have a micro one. Certainly aid can be effective, if it’s well based on local-level knowledge about the lives of the poor – what they need which they can’t or won’t do for themselves, and how certain “nudges” from interventions can help.

Designing effective interventions, whether by government agencies or NGOs, demands patient local research, and experimentation with a genuine desire to

respect whatever emerges from rigorous, comparative evaluations. The book draws readers into this process, through personal case studies and careful step-by-step analysis, in a range of aspects of poor people's lives.

So can aid, done this way, make a big difference? The book describes plenty of instances of success – although also of well-meaning failure, mixed results and remaining questions.

How to be persuasive

In my view, no book-length argument around these issues could be constructed and presented in a way more likely to make readers inclined to agree. The persuasiveness of 'Poor Economics' lies in its authors' intellectual approach –

- their determination to listen to poor people and understand the logic of how they cope, individually and as families or village communities, and
- their distaste for over-generalised or ideological opinions, and their confidence in what rigorous, factual analysis has demonstrated.

In short, this is a happy blend of open-minded curiosity and respect for factual evidence.

Book versus website

The book has a [website](#) which most are likely to find engaging and informative. It gives a clear sense of the authors' approach and their main ideas.

But the book contains much more, which is likely not to be familiar to all but expert readers, and will do much to satisfy those who are curious about which interventions can do most to save lives and open opportunities to poor people. Moreover, it is well organised throughout and nicely written.

For example, since commercial microcredit has recently been controversial in India, one would expect Banerjee and Duflo to devote most of a chapter to analysing both its value and its limitations. But they provide a remarkably thorough context for this, by analysing poor people's saving, insurance, access to finance, entrepreneurship and buying of jobs.

So 'Poor Economics' is well worth reading in full.

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Link:

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