Book Review

Poor Economics: Rethinking Poverty and the Ways to End it

By Abhijit V. Banerjee & Esther Duflo

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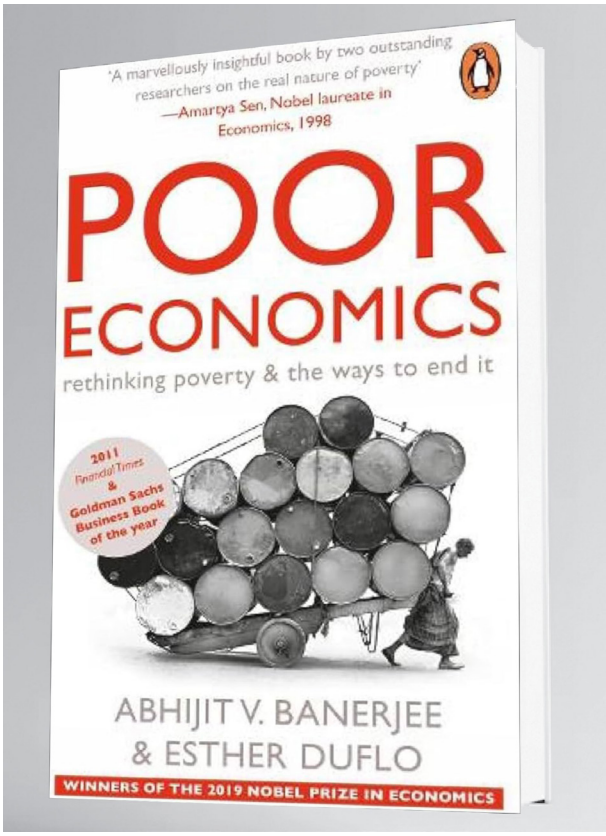
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Abhijit Banerjee and Esther Duflo, both esteemed economists at the Massachusetts Institute of Technology (MIT), co-authored Poor Economics: Rethinking Poverty and the ways to end it, published in 2011. Their collaborative work earned them the Nobel Prize in Economic Sciences in 2019, recognizing their contributions towards deriving innovative approach to understanding and alleviating poverty through empirical research and Randomized Control Trials (RCTs).

About the Authors

Abhijit Vinayak Banerjee is the Ford Foundation International Professor of Economics at the Massachusetts Institute of Technology. In 2003 he co-founded the Abdul Latif Jameel Poverty Action Lab (J-PAL) with Esther Duflo and Sendhil Mullainathan, and he remains one of the Lab's Directors. Mr. Banerjee is a fellow of the National Academy of Sciences, the American Academy of Arts and Sciences and the Econometric Society. He is a winner of the Infosys Prize a co-recipient of the 2019 Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel for his ground breaking work in development economics research.

Abhijit is the author of many articles and six books, including Poor Economics, which won the Goldman Sachs Business Book of the Year, Good Economics for Hard Times, both co-authored with Esther Duflo, and Cooking to Save Your Life. He is the editor of three more books and has directed two documentary films. Mr. Banerjee has served on the U.N. Secretary-General's High-level Panel of Eminent Persons on the Post-2015 Development Agenda. He is a trustee of Save the Children USA, a trustee of the British Museum, and the Chair of the Global Education Evidence Advisory Panel and the Global Advisory Board for Covid-19 Response of the government of West Bengal.



Esther Duflo is the Abdul Latif Jameel Professor of Poverty Alleviation and Development Economics at the Massachusetts Institute of Technology (MIT). In 2019, she was jointly awarded the Nobel Memorial Prize in Economic Sciences alongside Abhijit Banerjee and Michael Kremer "for their experimental approach to alleviating global poverty". In addition to her academic appointment, Duflo is the co-founder and co-director of the Abdul Latif Jameel Poverty Action Lab (J-PAL), an MIT-based research centre promoting the use of randomized controlled trials in policy evaluation.

Appreciation and Critique

The book "Poor Economics rethinking poverty and the ways to end it" is acknowledged for its ground breaking approach to poverty, emphasizing the importance of understanding the nuanced decisions made by the poor rather than relying on broad, sweeping policy changes. The authors argue that effective poverty alleviation requires a focus on small, incremental changes based on a deep understanding of the lives of the poor. They challenge the notion that large-scale interventions are necessary, advocating instead for targeted, evidence-based solutions that can be implemented without significant political upheaval.

The book is notable for its explanation and reliance on Randomized Control Trials (RCTs) in development

economics through their award-winning Poverty Action Lab. They argue that by using RCTs and, more generally, by emphasizing careful focus and attention to the evidence, it is possible to draw accurate and effective assessments on what really brings a positive impact to poor and what doesn't. This methodological rigor is complemented by rich anecdotal evidence gathered from conversations with individuals living in poverty, making the book both informative and relatable.

However, some critiques highlight that while Banerjee and Duflo provide valuable insights, their focus on quantitative data may overlook the complex socio-political factors that influence poverty. Critics argue that the book could benefit from a more qualitative analysis to fully capture the realities faced by the poor, as well as a broader discussion on the systemic issues that impacts poverty across different contexts, including developed nations.

This book is a vital contribution to the detailed discussion on poverty, pushing readers to rethink conventional approaches and consider the complex realities of those living in poverty. While it excels in empirical analysis and practical recommendations, it also invites further exploration of the broader socio-economic frameworks that influence poverty alleviation efforts.

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