POOR ECONOMICS
Rethinking poverty & the ways to end it

Book by
Abhijit Banerjee and Esther Duflo
Random House India, 2011

Review by
Group 10
AUTHORS

Abhijit Banerjee

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- Co-Founder of the Abdul Latif Jameel Poverty Action Lab
- Currently the Ford Foundation International Professor of Economics at the Massachusetts Institute of Technology
Authors

Esther Duflo

- French economist
- Co-Founder and Director of Abdul Latif Jameel Poverty Action Lab
- Recipient of the 2010 John Bates Clark Medal for economists under the age of forty for significant contribution to economic thought and knowledge
THE SCOURGE OF POVERTY
SHATTERED HOPES
The Harsh Reality
Lost Childhood
Why Poor Economics?

- Analyse the failings of conventional wisdom regarding poverty
- Break myths and misconceptions
- Examine the economic lives and choices of the poor
- Identify poverty traps and enable the poor to get out of them
TARGET AUDIENCE

- Policy Makers and Administrators
- Developmental and welfare economists
- And, anyone who cares about world poverty!
WHAT THE BOOK TALKS ABOUT

- Economics of Poverty
- Understanding the economic lives of the poor
- Lives and choices of the poor regarding,
  - Hunger
  - Health
  - Education
  - Family size

- Functioning of Institutions like,
  - Insurance
  - Microfinance
  - Savings
  - Entrepreneurship
  - Politics and Policies
“This book is, in a sense, just an invitation to look more closely. If we resist the kind of lazy, formulaic thinking that reduces every problem to the same set of general principles; if we listen to poor people themselves and force ourselves to understand the logic of their choices; if we accept the possibility of error and subject every idea, including the most apparently commonsensical ones, to rigorous empirical testing, then we will be able not only to construct a toolbox of effective policies but also to better understand why the poor live the way they do. Armed with this patient understanding, we can identify the poverty traps where they really are and know which tools we need to give the poor to help them get out of them.”
Excerpts and examples from the book

- “This urge to reduce the poor to a set of clichés …as lazy or enterprising, noble or thievish, angry or passive, helpless or self-sufficient…No wonder policy stances also tend to be captured in simple formulae…”

- “…the poor are just like the rest of us in almost every way. We have the same desires and weaknesses”

- “Small changes can have big effects”

- The curious cases of Oucha Mbarbk and Pak Sudarno
**STRENGTHS**

- The Art of Economics
- The ‘small picture’ versus the ‘big picture’
- The broken myths
- Methodology Used
- People-centric Approach to poverty
- Caters to a wide range of readers
- Hands-on economics, not arm chair
WHAT THE BOOK MISSES

- Causes of poverty
- Small changes may need big will - INSTITUTIONS do matter!
- Structural aspect of poverty
- Other dimensions eg: Feminisation of poverty, tribal and environmental issues
- Poverty estimates
- Poor as a monolithic group
- No radical ‘rethinking’
Sources and Methodology

- Randomized control trials in J-PAL
- 18 country data set (Morocco, Indonesia and India etc.)
- Rich Anecdotal evidence
ORGANIZATION AND PRESENTATION

- Lucid presentation
- Simple yet effective language-less of jargons and more of substance
- Largely anecdotal
- Private lives vs. institutions
Our Verdict

- A highly readable and useful book
- Will serve administrators, policy makers, students and followers of economics, public administration and public policy
- More useful when read along with ‘Why nations fail’

Must read for one and all.
Thank You