

POOR ECONOMICS

Rethinking poverty & the ways to end it

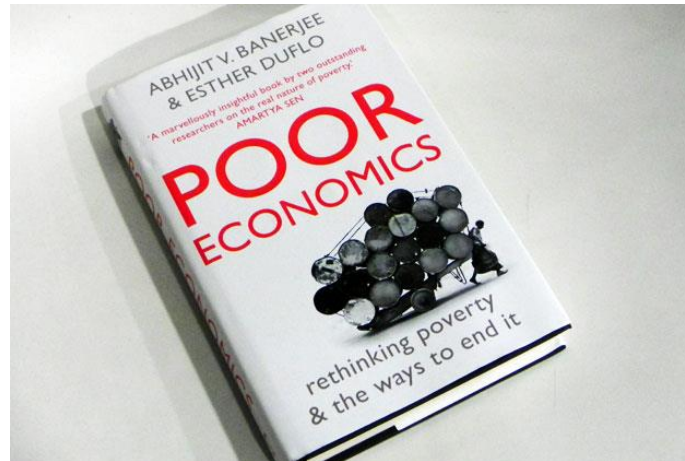
Book by

Abhijit Banerjee and Esther Duflo

Random House India, 2011

Review by

Group 10



AUTHORS

Abhijit Banerjee



- Indian economist
- 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



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POVERTY

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