

Principles of Economics II

Extra: Nobel prize 2019

Fall 2019

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The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 2019



III. Niklas Elmehed. © Nobel Media.

Abhijit Banerjee

Prize share: 1/3



III. Niklas Elmehed. © Nobel Media.

Esther Duflo

Prize share: 1/3



III. Niklas Elmehed. © Nobel Media.

Michael Kremer

Prize share: 1/3

The prize

- **The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 2019 was awarded jointly to Abhijit Banerjee, Esther Duflo and Michael Kremer "for their experimental approach to alleviating global poverty."**
- This year's Laureates have shown how the problem of global poverty can be tackled by breaking it down into a number of smaller – but more precise – questions at individual or group levels. They then answer each of these using a specially designed field experiment

What is a field experiment?

- **Randomized controlled trial (RCT) is often considered the gold standard for causal inference**
- **This is often done in medical trials**
 - The treatment group would get the drug and the control group would get a placebo
 - Randomization makes sure that the groups are similar on average before the treatment and any average difference between the groups after the treatment can be attributed to the drug

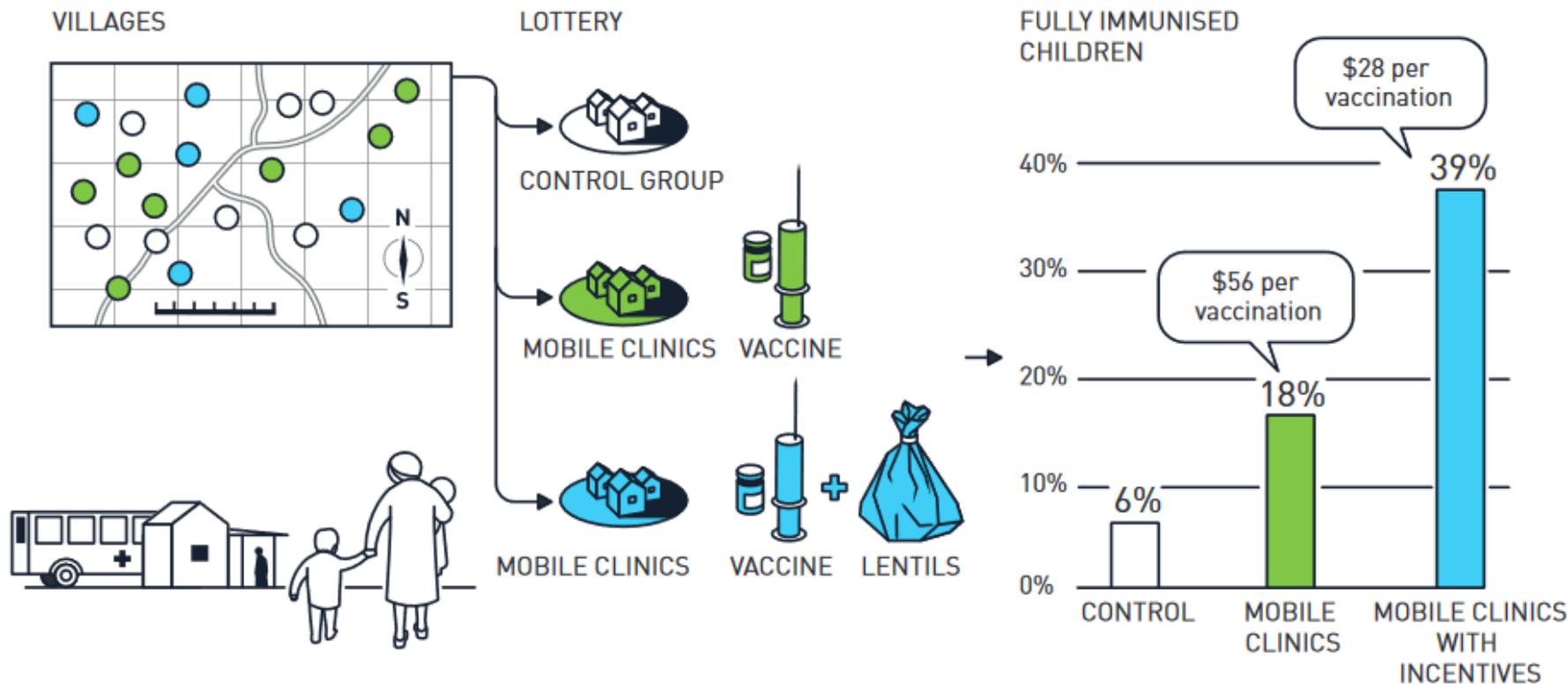
What is a field experiment?

- **The distinguishing characteristics of field experiments are that they are conducted in real-world settings and often without the knowledge of the participants**
- **In the experiments designed by this year's Laureates the participants made actual decisions in their everyday environments, both in the intervention group and in the control group**

Banerjee et al. (2010) – background

- **According to the National Family Health survey (NFHS-3), in India only 44% of children aged 1-2 years have received the basic package**
 - That drops to 22% in rural Rajasthan, the setting of the present study, and was less than 2% in our study area (a disadvantaged population in rural Udaipur) at baseline
- **Full immunisation course requires at least five visits to a public health facility**
 - Reliability of the service is important, but maybe also incentives

Banerjee et al. (2010)



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Banerjee, Abhijit, Esther Duflo, Rachel Glennerster and Dhruva Kothari. 2010. "Improving Immunization Coverage in Rural India: A Clustered Randomized Controlled Evaluation of Immunization Campaigns with and without Incentives." *British Medical Journal* 340: C2220.

More to come

- **We will come back to these issues in Principles of Empirical Analysis**
- **Find out more about the prize and the laureates from:**
 - <https://www.nobelprize.org/prizes/economic-sciences/2019/summary/>
- **Also, a very good blog post on this year's prize**
 - <https://afinetheorem.wordpress.com/2019/10/17/what-randomization-can-and-cannot-do-the-2019-nobel-prize/>

Blogs

- **Voxeu:** <https://voxeu.org/>
- **Marginal Revolution:** <https://marginalrevolution.com/>
- **Freakonomics:** <http://freakonomics.com/>
- **Grumpy Economist:** <https://johnhcochrane.blogspot.com/>
- **Noah Smith: blog:** <http://noahpinionblog.blogspot.com/> and **column:** <https://www.bloomberg.com/opinion/authors/AR3OYuAmvcU/noah-smith>
- **Undercover Economist:** <http://timharford.com/articles/undercovereconomist/>
- **Statistical Modeling, Causal Inference, and Social Science:** <https://statmodeling.stat.columbia.edu/>
- **A Fine Theorem:** <https://afinetheorem.wordpress.com/>
- **Note that you also have access to Financial Times and The Economist through the Aalto library**
- **In Finnish:**
 - **Akateeminen talousblogi:** <http://blog.hse-econ.fi/>
 - **Mustread** (Pursiainen & Wessmann): <https://www.mustread.fi/> (you have access through Aalto, need to register using Aalto email)

Podcasts

- **Planet money:** <https://www.npr.org/podcasts/510289/planet-money/>
- **Econtalk:** <https://www.econtalk.org/>
- **Freakonomics:** <http://freakonomics.com/>
- **Conversations with Tyler:** <https://conversationswithtyler.com/>
- **50 things that made the modern economy:**
<https://www.bbc.co.uk/programmes/p04b1g3c/episodes/downloads>
- **Probable Causation:** <https://www.probablecausation.com/>