

Karen Telleen-Lawton: Tackling Truth in Poverty Research

Esther Duflo is working toward real solutions to one of the world's biggest problems



Poor children sell handicrafts on the Sinai Peninsula in Egypt. (Karen Telleen-Lawton / Noozhawk photo)

By Karen Telleen-Lawton, Noozhawk Columnist | [Published on 05.28.2012 12:16 p.m.](#)



“In technology, we spend so much time experimenting, fine-tuning, getting the absolute cheapest way to do something — so why aren’t we doing that with social policy?” — [Esther Duflo](#), [John Bates Clark Medal](#) for best economist in America under 40

With Duflo’s help, we are beginning to make strides in understanding poverty. She is making a career of resolving the big-picture question of world poverty using an approach time-tested from the medical field: randomized controlled trials.

Duflo and other “randomistas” ensure a tightly designed and performed trial where there is always a control group without treatment. This increases the probability that when a result is obtained, it is due to the treatment and not some other factor.

In 2003, Duflo co-founded [JPAL, the Abdul Latif Jameel Poverty Action Lab, at MIT](#). She is convinced that poverty can be alleviated and is trying to determine how. In talks, she uses a slide of a leech, challenging, “We’re not any better than the medieval doctors and their leeches” at figuring out how to end poverty.

Some of the questions she has worked on include: Does microfinance work? Can you incentivize teachers to turn up to class? Are protective bed nets more successful at preventing malaria if given or sold?

The microfinance results were startling. Despite its popularity over recent decades, in a controlled study there was no rise in average consumption (a standard measure of economic well-being) and no evidence of improvement in levels of education, health or women’s decision-making.

Opponents charge that the method is flawed because randomized trials are tricky, there are practical problems and the results may not translate to other areas. But Duflo believes most professionals welcome accurate critical data about their field of interest.

“I think if you give people a better tool, they do better work,” Duflo insists. “One of my great assets of being in this business ... is I don’t have many opinions to start with. I have one opinion — one should evaluate things — which is strongly held. I’m never unhappy with the results. I haven’t yet seen a result I didn’t like.”

Maybe so, but a result earlier this year must have satisfied her greatly. Working with an Indian microfinance institution called [Bandhan](#), they located people too poor to handle the demands of repaying a loan. They were given a farm animal plus a small stipend to reduce the temptation to sell or eat the productive asset. They were also provided training sessions on animal husbandry and financial management.

The results were so dramatic — the families ate 15 percent more, skipped fewer meals, earned 20 percent more and saved considerably more money than the control group — that they couldn’t be rationally explained only by the grants.

Duflo and her co-authors believe they found the answer in another statistic: The rate of depression was reduced sharply in the treatment group. The researchers think perhaps poor people just need breathing room to think about more than the next meal. The treatment group found more work in existing areas such as agriculture but also began exploring work in new areas.

It might be called the “hope” effect — hope for these small groups of people, and hope for others for whom this method is tried. For the rest of us, there is hope for escaping the trench of leeches. We can stop pouring funds into “solutions” that don’t solve the problem and generously finance the ones that work.

— Karen Telleen-Lawton’s column is a mélange of observations spanning sustainability from the environment to finance, economics and justice issues. She is a fee-only financial advisor (www.DecisivePath.com) and a freelance writer (www.CanyonVoices.com).