



PES
UNIVERSITY

DEPARTMENT OF MANAGEMENT STUDIES

Presents

EXPLORING NOBEL PRIZED THOUGHTS

Musings on the 2019 Economics Nobel Prize



PES University is one of the most preferred educational institutions in the state.

- ★ PES University is ranked 6th among Private Universities in India
- ★ PES University is ranked #1 in Karnataka by Dataquest Magazine
- ★ The Management Studies department is rated 2nd in Karnataka, 6th in South India and 27th in India (Times of India ranking, 2019)

The Symposium

To delve on the topic of this year's Nobel Prize, a symposium has been organized at PES University. The 2019 Nobel Prize itself has specially been gratifying. One of the winners was born in India. Abhijit Banerjee and Esther Duflo of MIT and Michael Kremer of Harvard won the coveted prize for their distinctive contribution in the use of experimental methods to learn about the effectiveness of small-scale policy interventions aimed at helping improve the lives of some of the world's poorest citizens. The *Economist* commends them on the countless hours they have spent observing and learning from the daily struggles of the world's poor. The Nobel prize appropriately recognizes both the winners' use of a powerful research technique and their application of that technique to some of the world's most pressing policy problems.

The experimental method applied by the three winners is called a randomized controlled trial, or RCT. Since the mid-1990s, Banerjee, Duflo, and Kremer have designed several RCTs aimed at discovering practical, cost-effective policies that can improve the health, boost the schooling, or increase the productivity of poor villagers in developing countries. The experiments are designed to shed light on the behavioral choices of some of the world's poorest citizens in order to learn how policies can be designed to improve educational, health, and other outcomes. The Royal Swedish Academy of Sciences glowingly described the RCTs as having come to "*entirely dominate development economics and improve the lives of the worst-off people around the world.*"

An example of RCT is the low-cost experimental intervention in Indian villages that boosted the child immunization rate from 6 percent to 38 percent. Similar RCT experiments involved testing the impact of placing additional teachers in a classroom or monitoring teachers' attendance with cameras; the effect of access to bank or microfinance loans; and even the effect of specific appeals made by candidates in an election campaign on voting behavior.

As the *Economist* observed, Randomized trials are a part of an important development in recent decades, away from high theory and towards an empirical grounding. With these awards the Nobel committee endorsed this shift. The experimental design and results is also easy for most nonscientists to understand and believe. As a result, policymakers may have been more inclined to act on the findings from the RCT. Indeed, some aid agencies and government bodies have strongly preferred funding interventions that are validated by an RCT. As Brookings noted, "*.... this may in fact be the most important advantage of randomized trials from the point of view of policymaking.*"

RCT is not without critics. An op-ed in *Wall Street Journal* commented that a common complaint with RCT is that by relying on this research method they are compelled to focus on small-bore problems, such as teacher absence from the classroom or the correct pricing of mosquito nets. It would be better, some say, to address broader policy questions that affect a bigger slice of the population in developing countries. Admittedly, the mystery of global poverty remains. The *Economist* is confident that if enough economists emulate the innovative spirit and scholarly care of this year's laureates, it will not remain forever.

We invite you to a symposium on this year's Nobel Prize theme of RCT. We have a panel of celebrated economists speaking on the theme:

- ★ **Dr. Ramkumar, Professor, Tata Institute of Social Sciences (TISS)**
- ★ **Dr. Ritwik Banerjee, UC Berkeley (Fulbright-Nehru Visiting Scholar), Assoc. Professor, IIM-B**
- ★ **Dr. Sowmya Dhanaraj, Associate Professor, Madras School of Economics**
- ★ **Ms. Tithee Mukhopadhyay, Assoc. Director, J-PAL (Abdul Latif Jameel Poverty Action Lab, founded by Abhijit Banerjee and Esther Duflo)**
- ★ **Mr. Sridhar, Associate Editor, Frontline magazine**

Venue: MRD Hall, PES University, Ring Road campus, Bangalore

Date and time: November 20th | 10AM - 1 PM | Registration starts: 9:30 AM

Symposium Directors:

Dr. Biplab Sarkar: 9035446729, biplabsarkar@pes.edu

Dr. Siva Shanmugam: 8050704027, sivashanmugam@pes.edu

For Registrations contact: Divya D, Centre for Professional Studies, Dept. of Management Studies.

E-mail: professionalstudies@pes.edu. Phones (Mon-Sat 9-5 pm): **+91 9066061359/ (80) 26720007**