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Moonshine or the Kids?

In an Op-Ed column this weekend, Nicholas Kristof highlights the crucial role of expenditures on small luxuries in the economic lives of the poor. He cites work by IPA Research Affiliates Abhijit Banerjee and Esther Duflo on the spending habits of the poor. More recent work by those researchers (and co-authors Rachel Glennerster and Cynthia Kinnan) highlighted the fact that access to microcredit helped some cut back on so-called "temptation goods" like alcohol, gambling and tobacco, perhaps in order to accumulate the savings to start a business.

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