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What the World's Poor Can Teach Us on Jobs

The Christian Science Monitor profiles the work of our partner, J-PAL, as well as some IPA projects, as they point out that perhaps Americans and Europeans who are stressed at the prospects of job growth might have something to learn from the evaluations of what works for the poor around the world. An excerpt:

In both America and Europe, people are pessimistic about the ability of politicians to spur job growth. Traditional economic theories - either left or right - are failing as millions of people face years of being without work or underemployed. And as the stress of daily living rises, the jobless often make poor choices, such as not reeducating themselves.

Is there a solution to this gloom?/node/add/story

Perhaps one lies in a hot new approach being tried in the world's poorest countries, where people living under long-term poverty may have something to teach those in wealthy countries.

A group of behavioral economists at the Massachusetts Institute of Technology, Harvard, Yale, Princeton, and elsewhere are challenging traditional antipoverty policy by conducting experiments in slums and villages to show which competing ideas of development actually work, much like randomized testing in the pharmaceutical industry. They try to avoid generalizing their results, knowing that simplistic ideas are not always easy to replicate, even in the next village.

The history of antipoverty policy, state MIT economists Abhijit Banerjee and Esther Duflo, "is littered with the detritus of instant miracles that proved less than miraculous."

Yet if they have one overarching conclusion, it is this: The poor often stay poor because of the stress of daily survival; but given enough hope of a better future, they respond like everyone else.

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