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Using Incentives to Fight Poverty

The World Health Organization estimates that 6.2 million children under the age of 15 years died from preventable causes in 2018. Even more startling is that out of those 6.2 million children that died, 5.3 million were five years old or younger.ⁱ Many people know about this problem, and while they may want to help, they don't know how they can effectively do so. In Esther Duflo's TedTalk about the social experiments she is creating to fight povertyⁱⁱ, she points out that we can't look back and see if donations made in previous years helped improve people's economic status. Because of this, some people speculate that donating money won't actually help, citing that the GDP in Africa hasn't grown very much despite receiving financial assistance. However, we also don't know how much worse their economies may have become if those donations weren't made. Duflo proposed a solution to figure out the best way to help. She said, "...in the 20th century, randomized, controlled trials have revolutionized medicine by allowing us to distinguish between drugs that work and drugs that don't work. And you can do the same randomized, controlled trial for social policy. You can put social innovation to the same rigorous, scientific tests that we use for drugs."

The randomized control trials she discusses are generally used to test drugs before they go on the market. In these trials, participants are divided into two groups: one group will receive the drug; the second group will receive a sugar pill that they believe to be the drug. By comparing the results of these two different groups, researchers can see if the drug really works, and what side effects it may cause. If researchers were testing a drug that prevents coughing, the independent variable is the cough medicine,

and the dependent variable is the reduction of coughing. Researchers also include precautions to control other variables to help prevent a fallacy of false cause.

Immunization is an inexpensive way to save a child's life, yet many children die every year from diseases they could have been protected against through vaccinations. Duflo created a controlled trial to find the most effective ways to get children immunized. She points out that the parents of the children who were unimmunized would spend money to help their children should they get a disease, showing that they do care about the welfare of their children, but those same people wouldn't go and get the free vaccines that were being offered to them. Reasons varied, including having to walk long distances to get to the vaccination clinics, and continuing to postpone to a later date because the parents were busy. She found that if she offered an incentive of one kilogram of lentils per child vaccinated at monthly vaccination camps, the number of children vaccinated increased by 38%. When comparing the total cost per child with and without incentives, Duflo found that the overall cost for giving out the lentils and having more children vaccinated was lower than not giving out the lentils and not having as many children vaccinated. This is because the nurse administering the vaccinations had to be hired for the entire day, regardless of how many children showed up. For the parents, the incentive of the lentils made it worth the trip, so the opportunity cost for not going to the vaccination camp increased: they were giving up having their child immunized and also giving up the lentils.

I agree with Duflo's approach. By re-thinking the ways that we help impoverished communities, such as through Duflo's method of offering incentives for vaccinations, we can save more lives more efficiently. This can revolutionize the way we donate in the future. If we can help improve the conditions under which these children are living, they will be able to grow up and offer their services to their economies, thus improving overall economic conditions for their communities. But, more importantly, we will be saving lives.

Sources:

ⁱ “Children: Reducing Mortality.” World Health Organization, World Health Organization, www.who.int/news-room/fact-sheets/detail/children-reducing-mortality.

ⁱⁱ Duflo, Esther. “Transcript of ‘Social Experiments to Fight Poverty.’” TED, www.ted.com/talks/esther_duflo_social_experiments_to_fight_poverty/transcript?language=en.