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Lunch with the FT: Esther Duflo

By John Gapper

The MIT professor and star economist explains why the empowerment of women will not solve poverty



It is an overcast day in Cambridge, Massachusetts, and the Charles River is grey and choppy. The students scurrying through Harvard Yard are shrouded against the weather. As I cross the street towards the Harvest restaurant, my umbrella is blown out by the wind.

Inside Harvest, where chef Mary Dumont cooks “contemporary New England cuisine with classic French inspiration”, sits a petite Frenchwoman who is about to become American. She is squinting intently at a BlackBerry but stands to greet me as I get to the

table. This is Esther Duflo, the Abdul Latif Jameel Professor of Poverty Alleviation and Development Economics at the Massachusetts Institute of Technology (MIT).

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Duflo is one of the world's star economists – tenured at MIT at 29, MacArthur Foundation “genius” fellow, winner of the 2010 John Bates Clark medal, the so-called “mini-Nobel”, and she's still only 39. *Poor Economics*, about how [people in developing countries react to incentives](#), which she wrote with the Calcutta-born MIT economist Abhijit Banerjee, was last year's [Financial Times-Goldman Sachs Business Book of the Year](#).

Duflo has spent much of her career on field trips in India and Africa trying to find what works for anti-poverty programmes – and drawing surprising conclusions. Rather than taking a broad view that aid is useful (or, as some free market critics have argued, useless) in helping the poor out of the “poverty trap”, Duflo and Banerjee are students of detail. Is it better to give people mosquito nets or make them pay? What is the best method of getting children into schools, and ensuring that they learn? Should you encourage immunisation by dispatching clinics to villages or reward parents with bags of rice? Or both? Or neither?

For those who long for simple solutions to poverty, their results are frustratingly intricate. Some ideas work better than others but nothing amounts to a magic bullet. “I'm comfortable with it,” Duflo tells me later. “If I had been working in this field for 50 years and had never found anything that worked, I'd be a bit dispirited. Even to this day, when we find something that doesn't work, it makes me sad ... but there are many ideas that have.”

The restaurant is comfortable, with white tablecloths, wood panels and banquettes. It feels like a reliable lunch spot rather than an exceptional venue. “It is relatively quiet and next to Harvard,” Duflo replies simply with her strong French accent when I ask why she chose it, as if no-frills utilitarianism determines her own life decisions. She is spending a sabbatical year down the road from MIT at Harvard and her office is nearby. We order. Suitably, Duflo opts for French onion soup, and eggs Benedict on a toasted English muffin, while I choose beetroot salad, followed by roasted organic chicken breast with Brussels sprouts.

Duflo is wearing trousers and a V-necked magenta sweater, with a thin gold chain around her neck. As she speaks, she sometimes thrusts her hands into the opposing sleeves, as if wearing muffs. She gazes unhesitatingly, not severely but seriously, short brown hair tucked behind her ears.

“I am not in a wine-drinking position,” she says with a smile, when the waiter asks if we want a drink. She is nine months pregnant with her first child and the due date is a couple of weeks away. We had to postpone our first appointment for lunch, and it had

looked as if we might not be able to fit it in before the birth. Yet she seems cool and unfazed by pregnancy (“I wouldn’t mind deflating,” she admits).

Duflo, raised in Paris, is one of three children whose mother, Violaine, instilled in them a sense of social justice. “Part of me always wanted to do something useful for the world. It came from my mother. She is a paediatrician and she was active in a small NGO for the child victims of war. She used to travel to countries that had been through war and she would come back and show us slides to make us aware.”

She studied history with economics at the Ecole Normale Supérieure in Paris, an elite institution that turns out French academics and politicians, and the turning point came in her fourth year, spent in Russia. She got a position as a “general slave” to the superstar economist Jeffrey Sachs, who was then advising the politician and economist Yegor Gaidar, the architect of Russia’s post-communist “shock therapy” reforms.

In Russia, Duflo says, “I immediately saw that, as an economist, I can have the best of both worlds. You can be there but keep your principles intact and say exactly what you think, and go back to your studies if you are ejected. What you are doing is meaningful and pertinent and maybe will change something.”

As she talks, Duflo dips methodically into her onion soup, which is dark brown and French-looking. How was it? I ask as the waiter clears the plates. “Good,” she replies briskly. My own salad is freshly prepared, with blue cheese and toasted hazelnuts, but not memorable. I recall the calculation in her book that for a cost of 21 cents per day the poor can ingest 2,400 calories with the right amount of protein on a diet of bananas and eggs.

Duflo came to MIT in 1995 to study for a PhD, and found it a revelation. “You arrive from France where you are used to being completely ignored. You come here and people are so ...” she lingers to savour the word, “non-hierarchical. Here it doesn’t matter that you are a student, that you just came from France yesterday. If you have something to say, if you have an idea, people listen.”

Does she ever think of going back? “At this point, it would be a little difficult. For a while, it would have been fine personally and difficult professionally and now it is the opposite ... It would be feasible, but my family is here. My child is going to be American.” What about her husband? Is he American? I ask. There is a pregnant pause. “It is Abhijit,” she exclaims. “He is not my husband but he is the father of the child. And he doesn’t speak French, so I don’t think he would like to go to France.”

This takes me by surprise. They have been colleagues since her arrival at MIT – he was one of her PhD supervisors before she became a professor. In 2003 they founded (and still co-head) the Abdul Latif Jameel Poverty Action Lab (J-Pal), the MIT centre where anti-poverty initiatives are studied. They have lived together for 18 months.

In tandem with the birth, she is taking US citizenship. “You can remain French and be American,” she notes. “It is the child who switched me over. I thought, ‘Well, I’m going

to have an American child, I should be American.’ ” She shrugs. “I don’t know. It’s not rational.”

Does she miss France? “The food is better,” she says quickly, then reflects. “Life is a little more balanced. People here are obsessed with doing everything perfectly. If you raise a child, it must be a perfect child. They must go to the perfect college and be the best at their job. It is a little bit tiring. In France, people are more laid-back. Here it is ... ” She waves her hands in parallel, like tracks. I think but don’t say that she is something of a high-speed train herself.

The waiter brings the next course, and we turn to her work, which starts by finding initiatives that could make a difference and can be tested. This involves field trips to talk to villagers in India or Africa who live on the equivalent of 99 cents a day. I ask whether she enjoys it and, for the first time, she is effusive.

“I love it. I love everything about it. It is the only way, when you work on development, to get an intuitive sense of how people really live their lives. We put stories in the book not for gimmicks but to recreate in the reader the sense of what it is like for us to hear them. You feel, ‘Aha! This is what it must be like.’ It is very enjoyable to hear people’s stories. Anybody, really.”

I remark that, although their work involves the poor, it reads dispassionately. “Maybe I would have a different perspective if I worked in refugee camps or wars,” she reflects. “My work is about ordinary poverty. People go about their business and they have dreams and make mistakes. They are not very, very different from us.”

As we talk, we both eat steadily. I am enjoying the crisp skin of my roast chicken and the farro risotto that comes with it. Duflo munches her way methodically through her eggs, seemingly content but not displaying any great pleasure.

We discuss the split between what she and Banerjee term “supply wallahs”, led by Sachs, who believe that only aid can eliminate the poverty trap, and “demand wallahs”, such as William Easterly, the former World Bank economist, and the author and economist Dambisa Moyo, who are critical of western paternalism and argue for self-help and market mechanisms.

“We get along with both of them,” Duflo insists, before proceeding in academic fashion to demolish both perspectives. “If I can predict what you are going to think of pretty much any problem, it is likely that you will be wrong on stuff. They are very predictable.” Yet she believes there is a useful role for paternalism in pushing the poor towards making some basic choices about health and education. She says she is writing a lecture on the topic and, as she talks, she becomes fluent and impassioned, giving me a glimpse of the star economist in top gear.

“Paternalism is everywhere in our lives. We have to immunise our children unless we are upset about it. In India, it is the opposite. It is possible to get your kids immunised but you really have to want to. In our lives, water comes clean out of the tap so we don’t

have to ask ourselves whether to boil it, or just put chlorine in it ... For the poor, the default is that they have to think very hard. They can get it wrong not because they are stupid but there is a chance they will. And even if they don't get it wrong, by the end of the day, they have exhausted all their mental energies, self-control and intellectual energy to solve problems that are not very interesting. There shouldn't be a debate that it is better not to have diarrhoea than to have diarrhoea."

On that note, the waiter asks if we want dessert. I have the espresso crème brûlée while Duflo skips dessert and orders a decaf cappuccino. We turn to her research on women. Despite cultural barriers, several studies have indicated that putting women in charge of decision-making, for example on village councils in India, makes it more likely that children will be well-fed and better educated.

So would poverty be eradicated if it were a woman's world? Typically, Duflo has a hard-headed view – it might help but it wouldn't be enough by itself. "It is codified that women in Africa are in charge of getting food on the table so you get better outcomes for children when resources are transferred to women. But you cannot rely on women's empowerment to make us all rich and healthy ...

"Giving more to women will to some extent come at the expense of men. People sometimes try to sweep that under the rug by saying you will create so much additional resources that everyone will be better off." She smiles wryly but firmly. "I don't think that's true."

Our meal is nearing its end. Duflo has talked steadily and intently for nearly two hours, showing no sign of impatience or discomfort despite her advanced pregnancy. It is still raining outside. We conclude by discussing whether her work is frustrating in its lack of simple conclusions. One experiment, for example, raised vaccination rates in Indian villages from single figures to nearly 40 per cent – but still a minority.

"On balance, it is encouraging," Duflo insists. "The fact that policies often fail for no good reason is annoying, but less depressing than the view that it is a big conspiracy against the poor. Name your favourite enemy – capitalism, corruption ... Our view is easier. You think hard about the problems and you can solve them. That is why I feel generally a happy person, not at all discouraged."

John Gapper is the FT's chief business commentator

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Harvest

44 Brattle Street, Cambridge, MA 02138

French onion soup **\$12.00**

Beetroot salad **\$12.00**

Eggs Benedict **\$16.00**

Chicken breast **\$18.00**

Crème brûlée **\$10.00**

Sparkling water x2 **\$9.90**
Decaf cappuccino **\$4.25**
Total (inc tax and service) \$91.65

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Five key lessons in the fight against poverty

Although we have no magic bullets to eradicate poverty, no one-shot cure-all, we do know a number of things about how to improve the lives of the poor. In particular, five key lessons emerge.



Change: Abhijit Banerjee and Esther Duflo at MIT

- First, the poor often lack critical pieces of information and believe things that are not true. They are unsure about the benefits of immunising children; they think there is little value in what is learned during the first few years of education; they don't know which is the easiest way to get infected with HIV. When their firmly held beliefs turn out to be incorrect, they end up making the wrong decision, sometimes with drastic consequences. Even when they know that they don't know, the resulting uncertainty can be damaging.
- Second, the poor bear responsibility for too many aspects of their lives. The richer you are, the more the "right" decisions are made for you. The poor have no piped water and, therefore, do not benefit from the chlorine that the city government puts into the water supply. If they want clean drinking water, they have to purify it themselves. They cannot afford ready-made fortified breakfast cereals and, therefore, have to make sure that they and their children get enough nutrients.
- Third, there are good reasons some markets are missing for the poor, or that the poor face unfavourable prices in them. The poor get a negative interest rate from their savings accounts (if they are lucky enough to have an account) and pay exorbitant rates on their loans (if they can get one) because handling even a small quantity of money entails a fixed cost.
- Fourth, poor countries are not doomed to failure because they are poor, or because they have had an unfortunate history. It is true that things often do not work in these countries: programmes intended to help the poor end up in the wrong hands, teachers teach desultorily or not at all, roads weakened by theft of materials collapse under the

weight of overburdened trucks, and so forth. But many of these failures have less to do with some grand conspiracy of the elites to maintain their hold on the economy and more to do with some avoidable flaw in the design of policies, and the ubiquitous three is: ignorance, ideology and inertia.

- Finally, expectations about what people are able or unable to do all too often end up turning into self-fulfilling prophecies. Children give up on school when their teachers (and sometimes their parents) signal to them that they are not smart enough to master the curriculum; fruit sellers don't make the effort to repay their debt because they expect that they will fall back into debt very quickly; nurses stop coming to work because nobody expects them to be there; politicians whom no one expects to perform have no incentive to try improving people's lives. Changing expectations is not easy, but it is not impossible.

This is an edited extract from 'Poor Economics: Barefoot Hedge Fund Managers, DIY Doctors and the Surprising Truth about Life on Less than \$1 a Day' (Penguin, £9.99) by Abhijit Banerjee and Esther Duflo, published in paperback in the UK on March 29