Comments on “The Influence of Randomized Controlled Trials on Development Economics Research and on Development Policy” by Banerjee, Duflo, and Kremer

David McKenzie, World Bank
Comments in three areas

1) The rise of RCTs in perspective

2) How are RCTs affecting development research?

3) How are RCTs influencing development policy?
The rise of RCTs in perspective

Development economics articles published in 2015. General interest = EJ, ReStat, AEJ Applied; Development Econ = JDE, EDCC, WBER
The rise of RCTs in perspective

454 development papers published in 2015 in these 14 journals: 44 are RCTs

Development economics articles published in 2015. General interest = EJ, ReStat, AEJ Applied; Development Econ = JDE, EDCC, WBER
The rise of RCTs in perspective

- Young researchers randomize or bust? “The best and brightest talent of a generation of economists” devoted to having a hammer and seeing the world as a nail?
  - 65 affiliates of BREAD, of which 53 got PhD in 2011 or earlier
  - Median person has published 9 papers, median percent of papers published that are RCTs is 13%
  - For those who have published at least one RCT, mean (median) percent of papers that are RCTs is 35 (30)%. 10-90 range is 11-60%.
  - Of the 608 papers published by these 65 researchers, 494 are not RCTs
How are RCTs affecting development research

• Raising the bar on identification for everyone
• Spurred creativity in research

• Providing infrastructure and inspiration for researchers to collect their own data
• Making it normal to actually talk to both policymakers and the recipients of development interventions
  • Vs download Penn World Tables or LSMS, sit at your computer, and test theories
How are RCTs affecting development policy

• WHAT we do versus HOW we do it?
  • Lots of successes have been in the HOW we deliver programs
    • Should we give cash with or without conditions?
    • Should health programs charge or not for preventative products?
    • How can we incentivize workers to perform better?
    • How should we target our programs?
  ⇒ Analogous to the most common use of RCTs in business: A-B testing
RCTs and what we do

• Making life better via incremental gains versus speeding up the process of transforming economy to vibrant innovative place where people live in cities and work in manufacturing and services.

• The age-old poverty alleviation vs growth question
• Need not be either/or
• RCTs increasingly being used to also try to understand how to spur innovation, generate bigger firms, get people to move to more productive places
RCTs vs the illusion of rapid learning through “experimentation”

• Why do we need an RCT? – let’s just try out some things, see how they are working, and quickly adjust through rapid feedback iterative process
  • May be suitable for some things but
    1) People and firms often unable to understand impact of a program on themselves, even if they have gone through it => how do we know it worked?
    2) Many outcomes really noisy – we struggle for statistical power with samples of 100s, so how can any individual or single firm know? Paper on marketing experiments with 1,000,000 plus customers.