

## Speaker's manuscript – Economic Sciences Prize 2019 Research that helps us fight global poverty

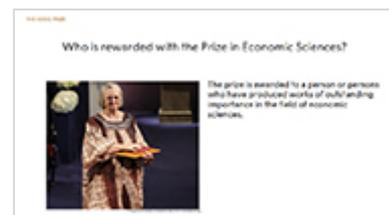
### Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel

- In 1901 the Nobel Prize was awarded for the first time. It is a prize in five categories, established by Swedish inventor and industrialist Alfred Nobel (1833-1896).
- The Nobel Prize categories are Physics, Chemistry, Physiology or Medicine, Literature and Peace. Alfred Nobel thus did not choose economic sciences as one of his prize categories.
- Instead Sveriges Riksbank, at its 300th anniversary in 1968, established an Economic Sciences Prize in memory of Nobel. It was awarded for the first time in 1969 and is called the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel.
- The prize is presented at the same ceremony as the Nobel Prize, on 10 December each year.



### Who is rewarded with the Economic Sciences Prize?

- The prize is awarded to a person or persons who have produced works of outstanding importance in the field of economic sciences. The Laureates have analysed various economic problems and found ways to solve or understand them.
- Examples of Economic Sciences Laureates are Daniel Kahneman (2002), who used research in both psychology and economic in order to understand human decision-making, and Elinor Ostrom (2009), who analysed economic governance by the commons: community-owned natural resources. Ostrom showed that it may be better for the people that use the commons to manage them jointly than to have them under public sector control or sell them to an individual.



## The 2019 Economic Sciences Prize

- The 2019 Prize in Economic Sciences is about combating poverty. The prize rewards research that helps us understand how we can effectively fight global poverty.
- The Laureates have devised new methods for finding out what forms of help work the best.



## The 2019 Laureates in Economic Sciences

- The 2019 Laureates – Abhijit Banerjee, Esther Duflo and Michael Kremer – have found new ways of conducting research on how to fight poverty.
- Kremer was first, with his experiments in the early 1990s. Today all three Laureates often work together.



## Global poverty

- Over the last two decades, people's living standards have improved almost everywhere in the world. Child mortality has halved since the mid-1990s, and the number of children attending school has increased by more than 20 per cent.
- Yet over 700 million people still survive on extremely low incomes. Every year, five million children die before their fifth birthday, and half the world's children leave school with basic literacy and numeracy skills.
- What is the best way for us to tackle the gigantic challenges that still exist, and to combat global poverty?



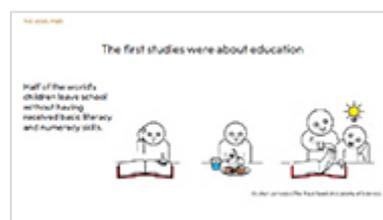
## A new way of doing research about poverty

- The 2019 Laureates have introduced a new approach to obtaining answers about how to fight poverty.
- In brief, it involves dividing this big issue into smaller, more manageable, questions – for instance, what are the most effective measures for improving students' educational outcomes or child health.
- They have shown that such smaller questions can often be answered with the help of carefully designed experiments that are conducted on-site: so-called field experiments.



## The first studies were about education

- The Laureates' first studies focused on how to deal with problems in the schools. They wanted to examine what measures raise the knowledge level of students. Would their educational results improve, for example, if they had more textbooks or free school meals?
- By conducting a number of field studies, they discovered that one of the problems in many schools in low- and medium-income countries is that the instruction is not adapted to the students' situation. More individualised instruction and tutoring for the weakest students turned out to be the best way to boost student results. One result of this is that India has invested in major student support programmes that today include more than 100,000 schools.



## Health and medical care

- One key question is whether to charge for medicine and health care, and if so, how much? Michael Kremer and his colleagues travelled to western Kenya in the early 1990s to try to find different ways of improving schools results.
- When they arrived, they realised that many of the poorest students were often sick because of worms in their digestive system. Very cheap deworming medicine was available, but many families still didn't purchase it.
- The researchers studied how much the medicine should cost in order to persuade parents to buy it. They came to the conclusion that it had to be free. Even if the medicine cost only a few US cents, many parents didn't buy it.
- Many similar field experiments later arrived at the same conclusion – poor people are very price-sensitive when it comes to preventive health care.



## Their research has influenced public policy

- The Laureates' research has dramatically improved our ability to fight global poverty. More than five million children in India have received remedial tutoring in schools, and many countries have introduced heavy subsidies for preventive health care.
- The findings from the Laureates' field experiments have thus influenced policy makers in a number of low- and middle-income countries.
- Their research has shown what methods are the most effective for solving some of the problems associated with poverty, and what measures political leaders should thus invest in.



## Quote from an interview with Esther Duflo

- Esther Duflo and Abhijit Banerjee, who are a married couple, were reached early in the morning of October 14 with the news that they had received the Economic Sciences Prize. Esther Duflo was interviewed shortly after receiving the news.
- In the interview, she emphasised the importance of adapting school instruction to the students' situation. She took this selfie right after the interview.

