



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Good Economics for Hard Times

#LSEStamp

Professor Esther Duflo

Abdul Latif Jameel Professor of Poverty Alleviation. Development Economics in the Department of Economics at the Massachusetts Institute of Technology. Co-founder and co-director of the Abdul Latif Jameel Poverty Action Lab (J-PAL).

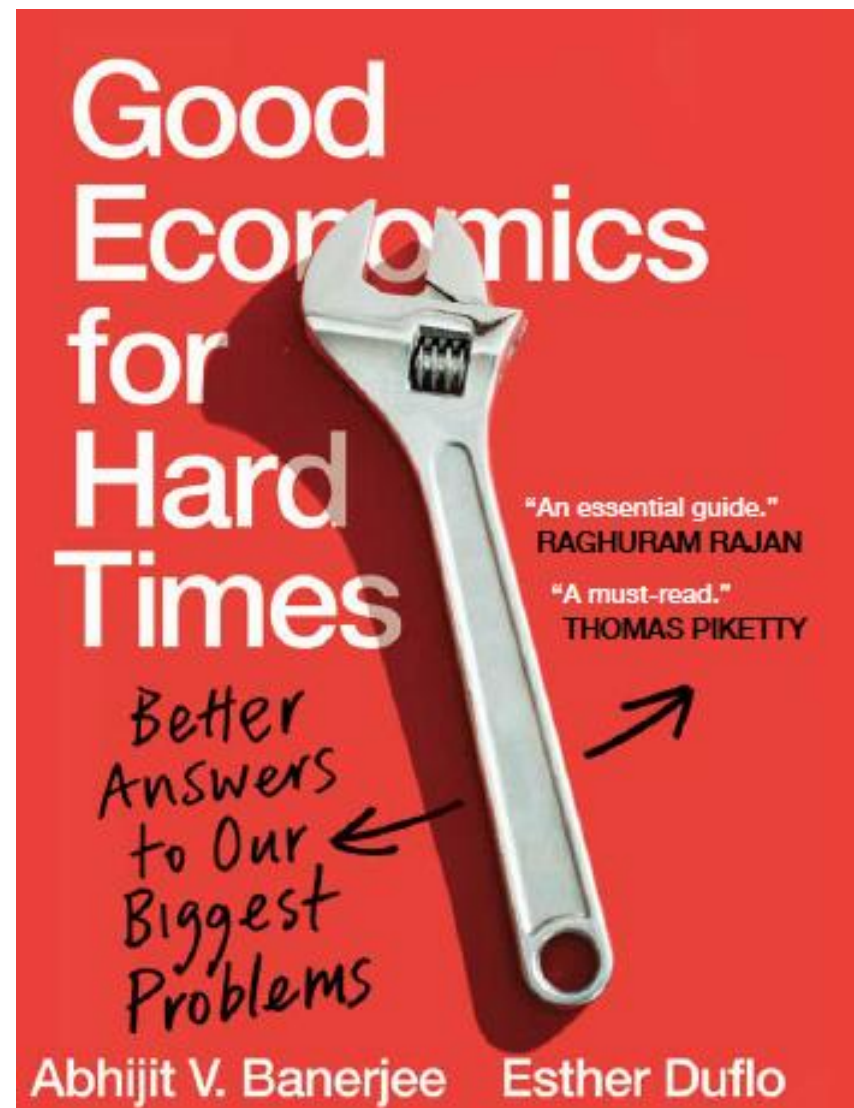
Professor Robin Burgess

Professor of Economics in the Department of Economics at LSE and Director of the International Growth Centre

Hosted by the London School of Economics and Political Science

Good Economic For Hard Times

Abhijit Banerjee and Esther Duflo



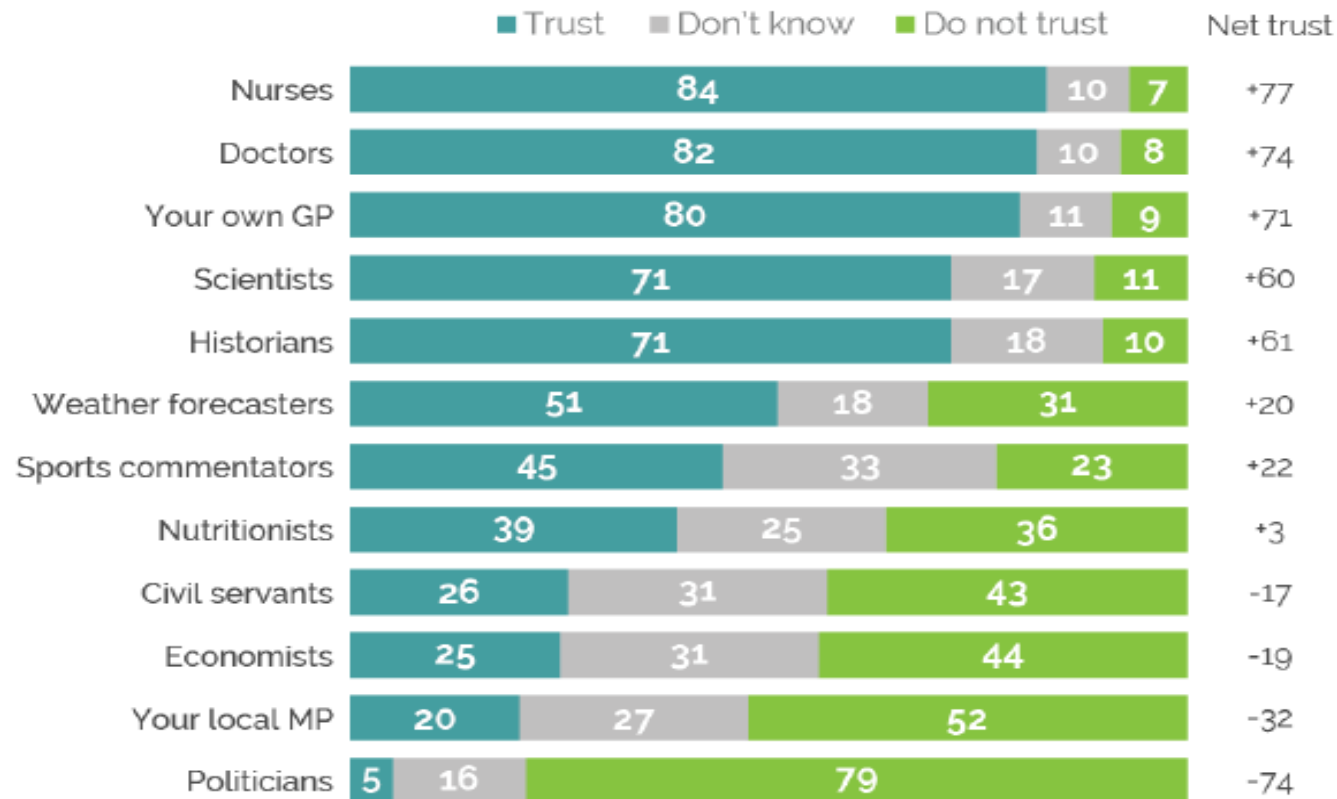
Most issues that are important today are core economic issues

- Brexit
- Trade
- Immigration
- Economic growth
- Inequality
- Social policy

But economists have lost most of their credibility

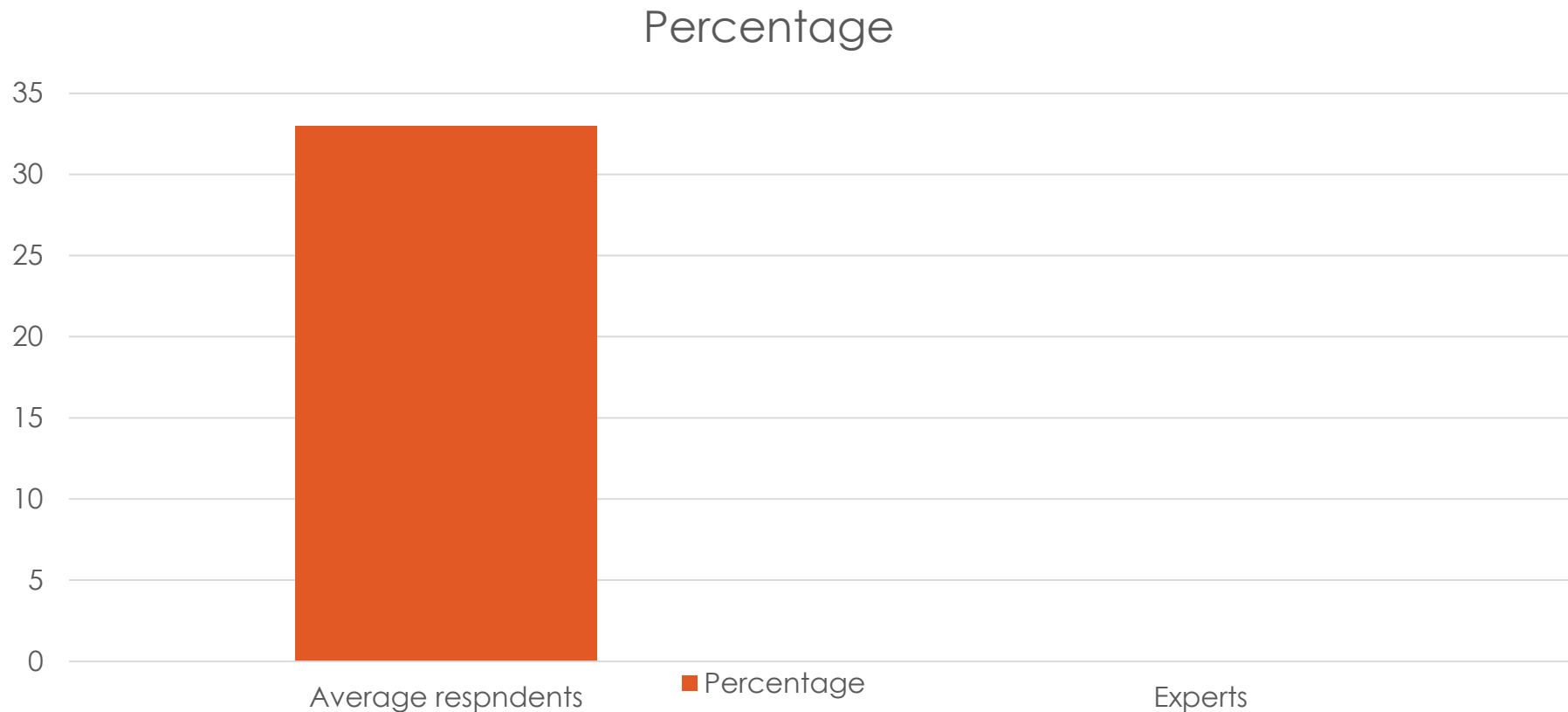
Public trust in experts

Of the following, whose opinions do you tend to trust when they talk about their fields of expertise? %



On most core issues people disagree with economists

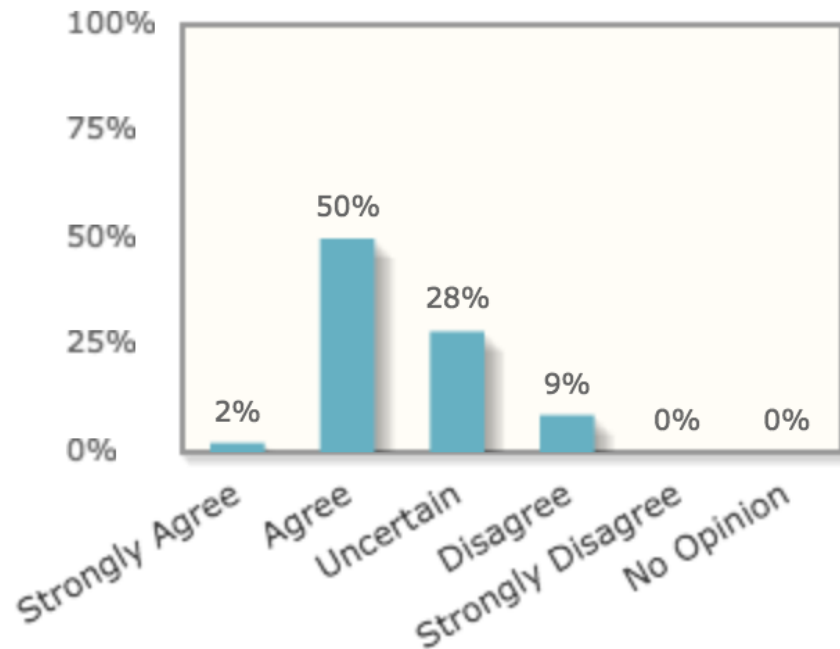
“Imposing new US tariffs on steel and aluminum will improve Americans well-being.”



Most economists like migration

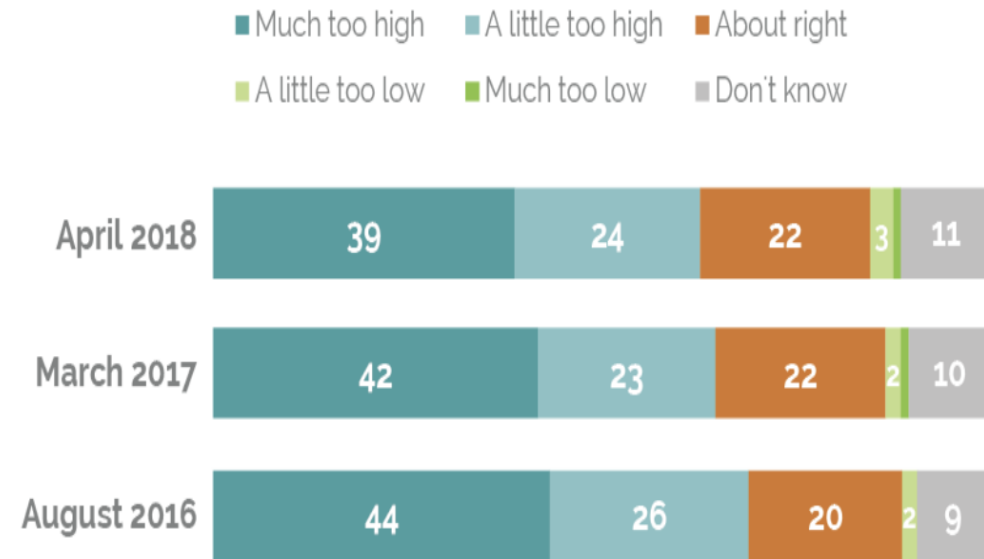
“The average American Citizen would be better off if a larger number of low-skilled foreign workers were legally allowed to enter the US each year”


Responses



Most Britons believe immigration levels have been too high

Generally speaking, do you think the level of immigration into Britain over the last ten years has been too high, too low or about right? %

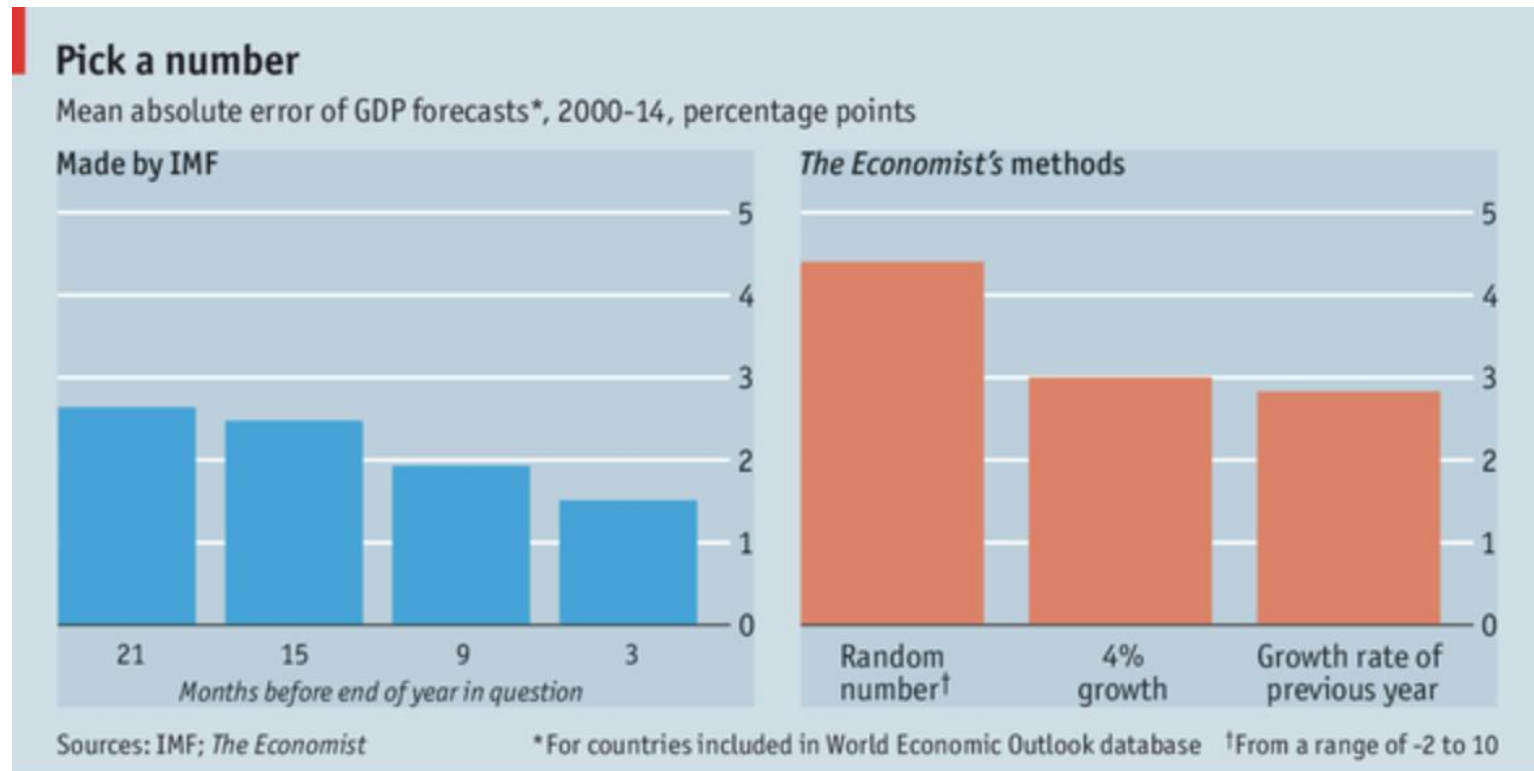




L'ARGENT DE
L'ÉCOLOGIE EST
DANS LES PARADIS
FISCAUX
PAS DANS LA POCHE
DES PROLOS!
CITOYEN EN COLÈRE
CITOYEN SOLIDAIRE

Why this mistrust?

Economists are not good forecasters



“The only function of economic forecasting is to make astrology look respectable”
--John Kenneth Galbraith



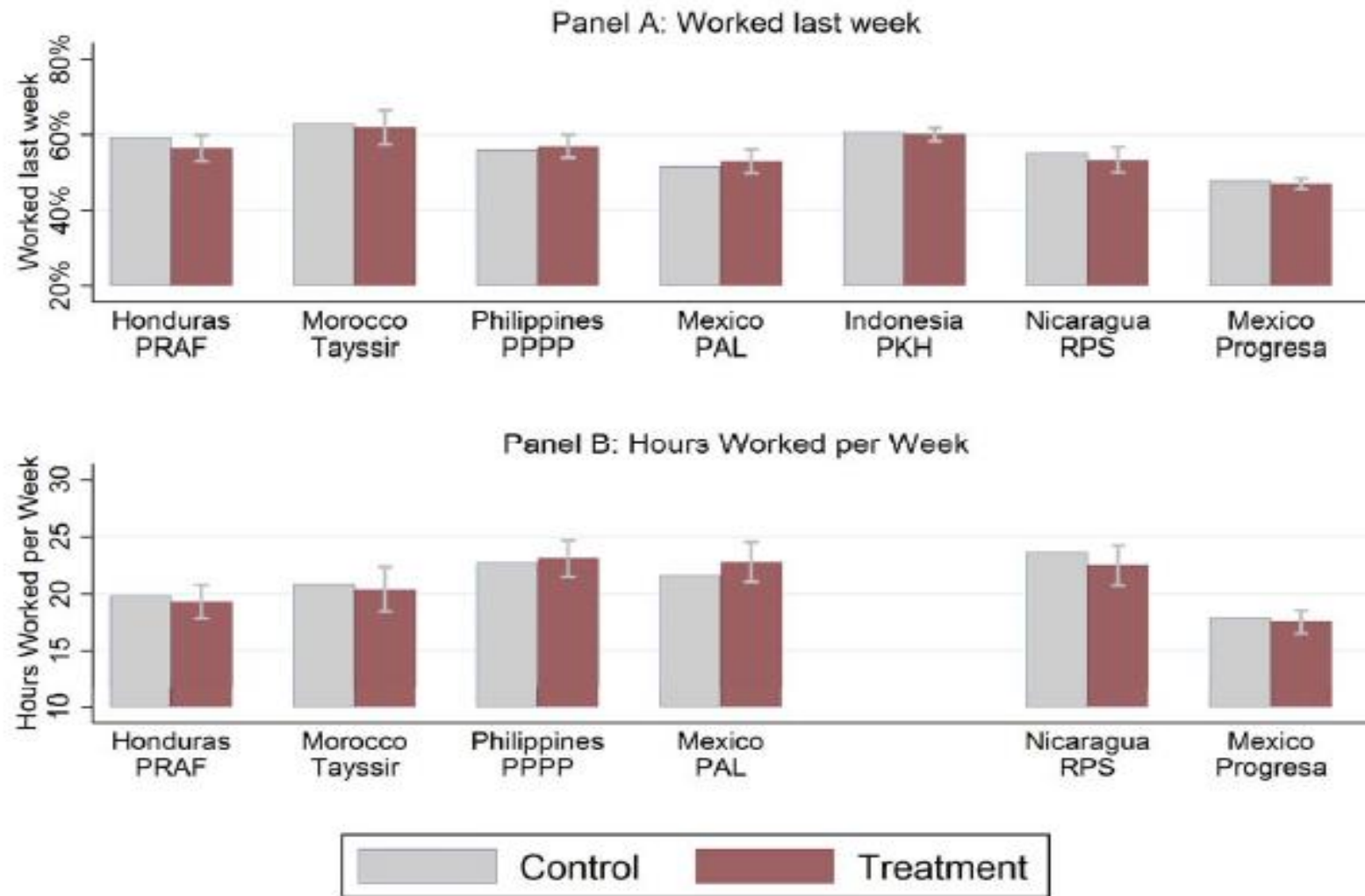
Four Lessons



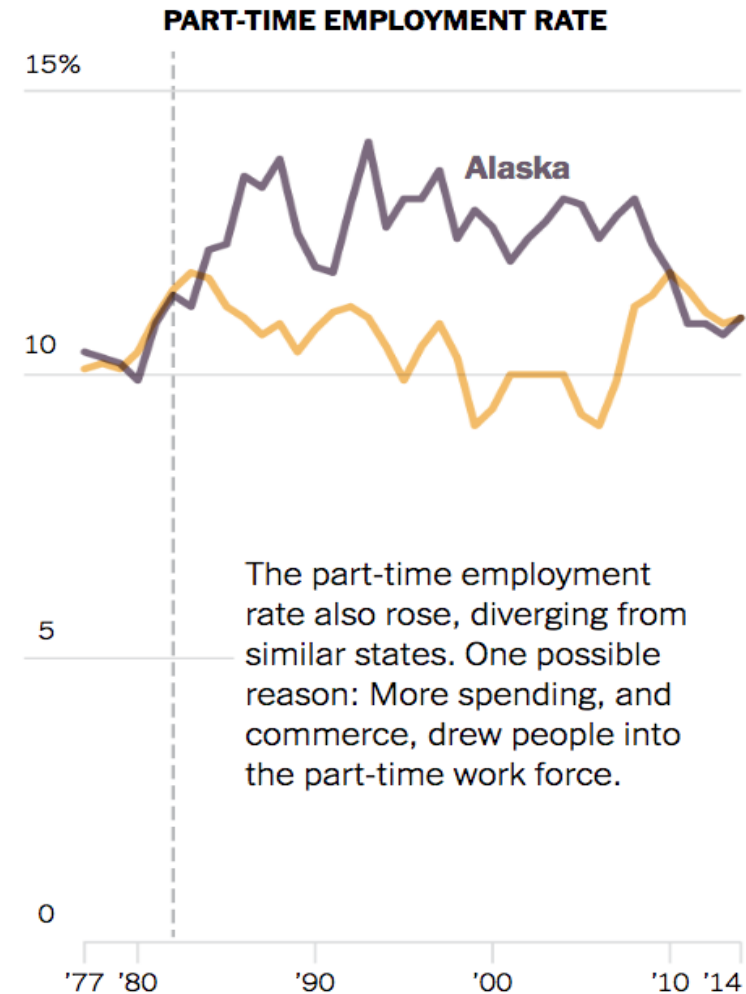
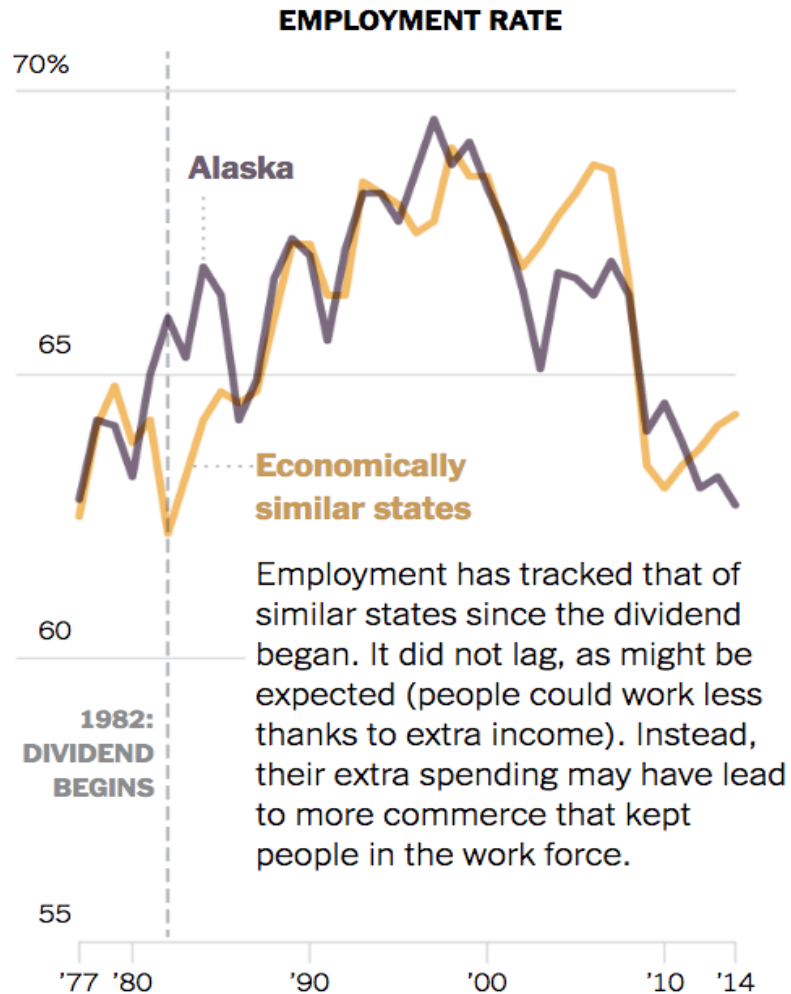
Lesson 1: incentives are overrated



The “Lazy” welfare recipient

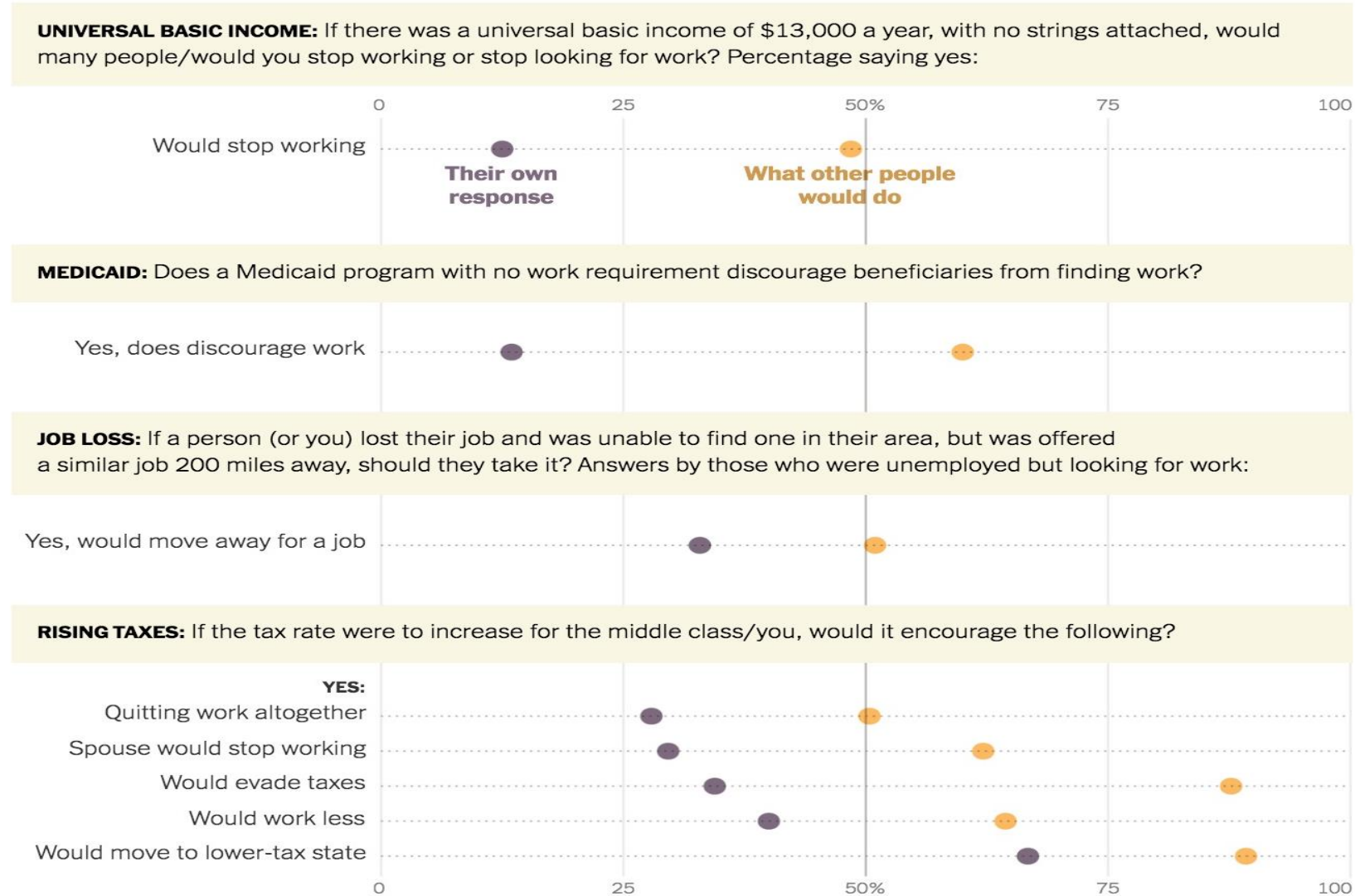


Alaska permanent fund did not led people to work less



I'm Not Budging (But Other People Will)

A survey asked one group how the population at large would react to several financial incentives. Another group was asked about their own reaction; these people were much less inclined to do any of the following, despite the same financial incentives.

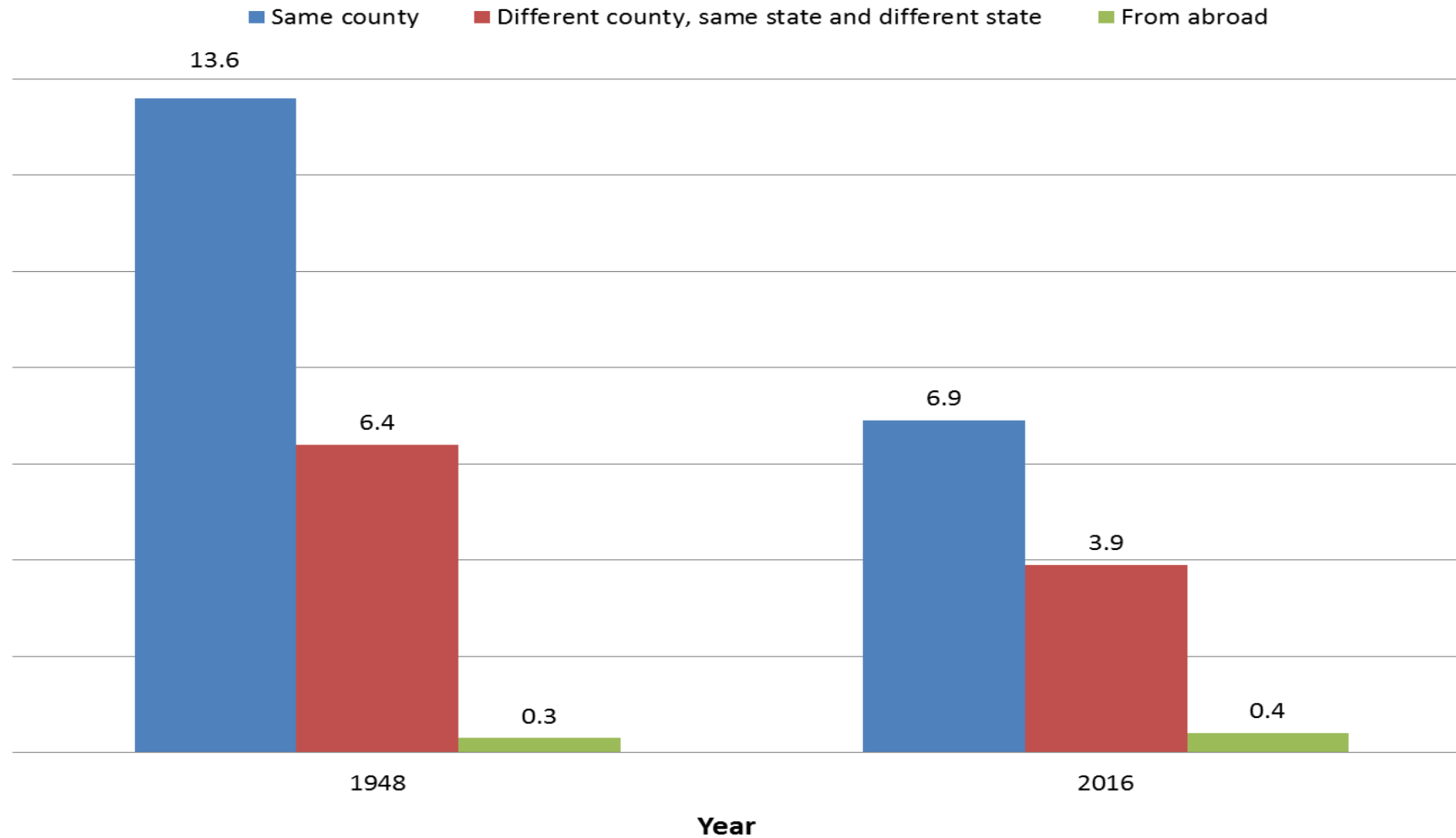


Lesson 2: The economy is sticky



RIP, Toqueville

Figure 2. Type of Move by Year: 1948 and 2016



Source: U.S. Census Bureau, Current Population Survey, 1948 and 2016.

no one leaves home unless
home is the mouth of a shark
you only run for the border
when you see the whole city running as well

your neighbors running faster than you
breath bloody in their throats
the boy you went to school with
who kissed you dizzy behind the old tin factory
is holding a gun bigger than his body
you only leave home
when home won't let you stay.

Warshan Shire

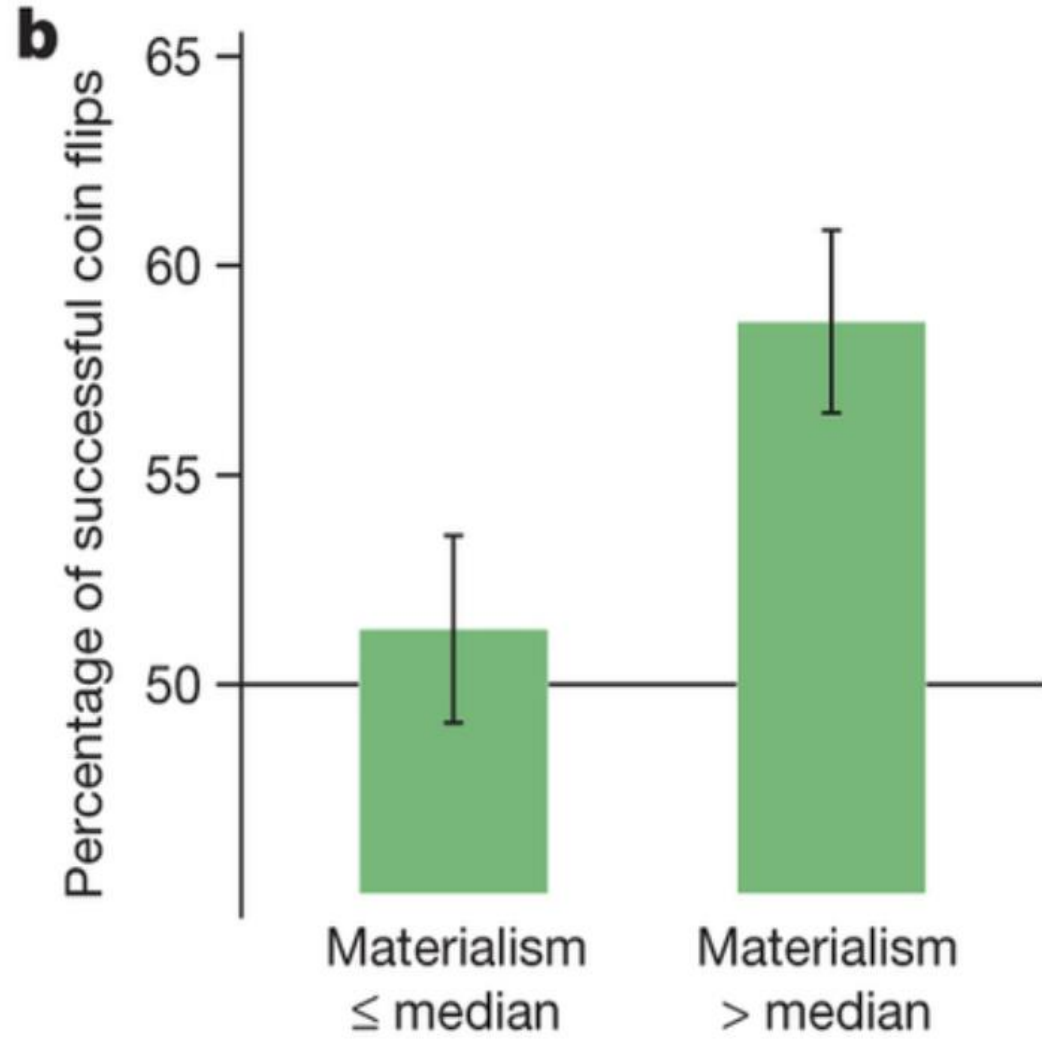
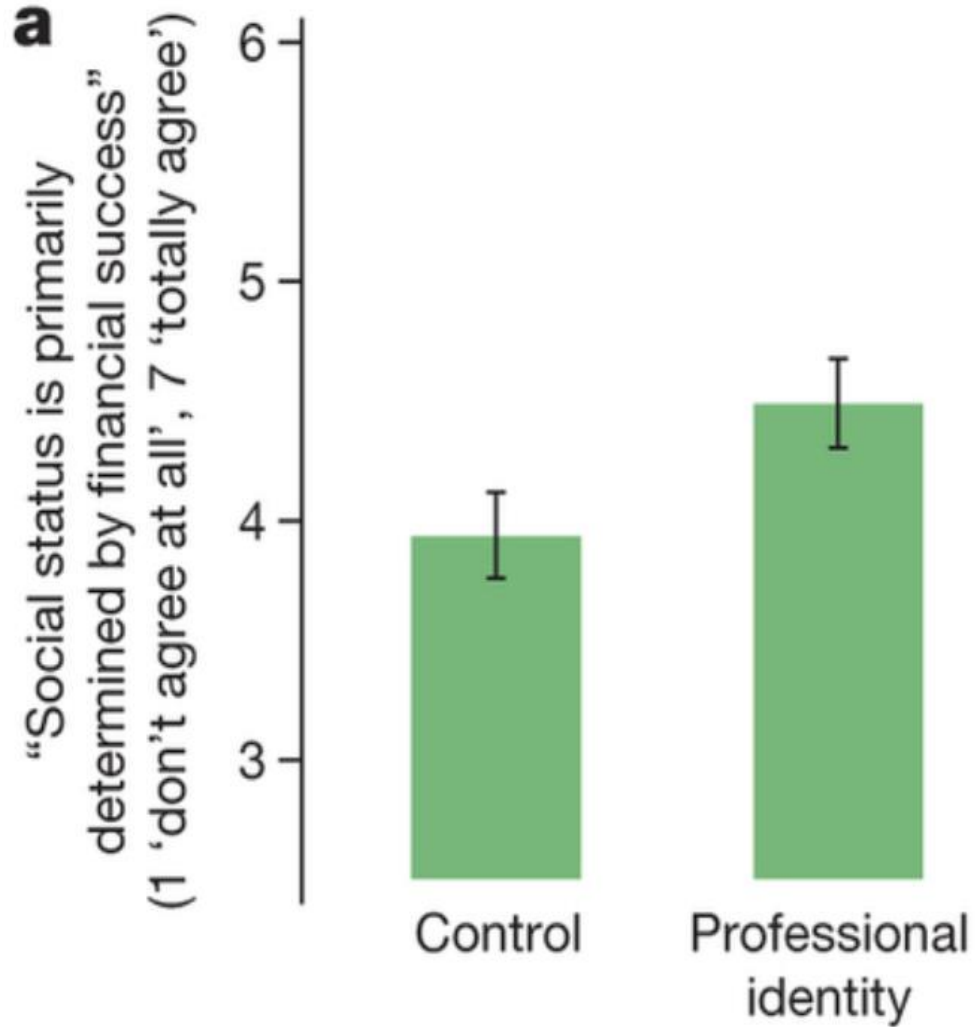




Lesson 3: De Gustibus....



Bankers woes...

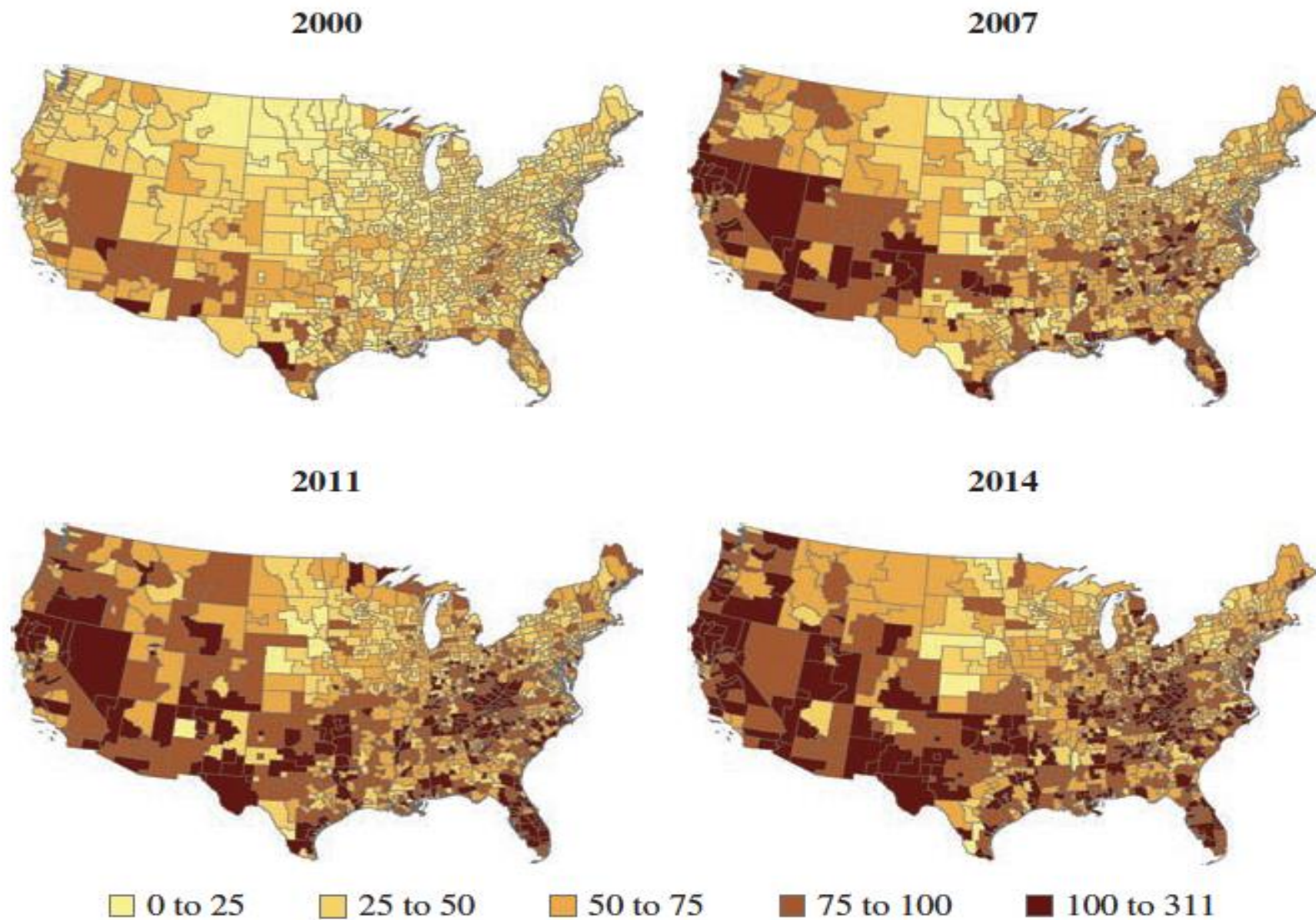




Lesson 4: Dignity matters



Figure 6. Deaths of Despair for White Non-Hispanics Age 45–54, by *County*, 2000–14^a



Rethinking economics and economic policy





Pains from trade

Don't get
scared of taxes



We can fight climate change



Victorian hangover



Put dignity back
at the center of
social protection



What is the most pressing problem economists should be addressing?





THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Good Economics for Hard Times

#LSEStamp

Professor Esther Duflo

Abdul Latif Jameel Professor of Poverty Alleviation. Development Economics in the Department of Economics at the Massachusetts Institute of Technology. Co-founder and co-director of the Abdul Latif Jameel Poverty Action Lab (J-PAL).

Professor Robin Burgess

Professor of Economics in the Department of Economics at LSE and Director of the International Growth Centre

Hosted by the London School of Economics and Political Science