

ANALYTICAL STUDY OF THE RESEARCH WORK OF NOBEL LAUREATE IN ECONOMICS ABHIJIT MUKHERJEE

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ABSTRACT

Abhijit banerjee and esther duello were awarded the nobel prize in economics michael kramer was awarded for his "experimental approach to development economics, a field of research on the causes of what seems to be a short circuit in global poverty and how to deal with it", the emphasis is on economic science as an academic discipline. The media has enthusiastically applauded this decision. Thank the bank of sweden for finally focusing on those, in line with their objectives, those most affected by capitalism. The un millennium development authority has also talked about abhijit banerjee's "revolution". Is the theoretical ideology to give priority to the empirical method over approximation? While it would be necessary to reconsider what is actually understood by the theory, without wishing to trivialize it through mathematical-analytical formalism, one cannot look more closely at recent nobel laureates than what his or her methodology is as a theoretical moving within the periphery is well defined: (methodological) individualism is used – as explained by esther dufflo herself – through empirical grounds, data and econometric analysis to robustly address the issue of poverty, rather than dealing with "ignorance, ideology and inertia" the tools are ineffective.

Keywords- development economics, experimental approach, global poverty, empirical method, mathematical-analytical, econometric analysis, micro econometrics,

1. INTRODUCTION

Abhijit banerjee, esther duello and michael kramer are three economists who are the main proponents of the experimental approach as an analysis method in the social sciences, which involves applying an approach to micro econometrics of the behavior of individuals participating in programs of social intervention. While they are objects of observation. The idea is basically to reproduce a classic laboratory experiment capable of isolating, as a "scientist-economist", the real causes of a phenomenon or, as in most cases, the effectiveness of certain aid policies. (or ineffectiveness) are an object of observation. This means authorizing micro-interventions to help individuals or families escape poverty, which is essentially what the three economists are fighting against global poverty.





Some thoughts on global poverty-

To whom does the bank of sweden give the nobel prize? Let us now consider global poverty. Using as a threshold poverty (peter edward's moral poverty line) 2.00 \$ or 166.rs per day, to guarantee at least a good nutritional level and normal life expectancy, poverty affects according to world bank data, accounts for 56% of the world's population. This data shows 4,115 million people in 1991, up from 3,183 million (70% of the world population). The total number of poor people increased, although less than the increase in world population, and where did poverty decrease? Mainly in southeast asia and, above all, in china, the poverty percentage – always using \$7.40/day as a threshold – went from 99% in 1981 to 43% in 2015: almost 1 billion people left this situation. Of poverty. Now, how can microscopic experiments, which use a very small number of people, explain important facts that drive the history of social progress? The answer is simple: absolutely not. In this sense, china's history shows how it is the market, not neoliberal policies, nor technological progress that determines the improvement of individuals' material conditions. What is decisive is to have an accurate idea of the direction of the policies. An economic policy based on a public, regulated and sovereign economy and a political, industrially oriented observation for the medium and long term is the object of observation.

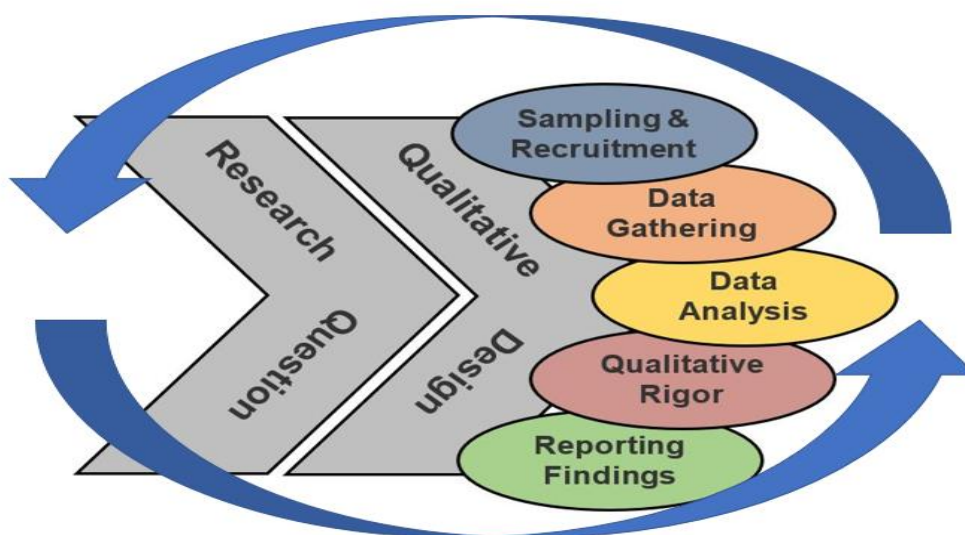


Thoughts on civilized living standards-

Furthermore, using a purely monetary index, as a measure of income, does not automatically imply consideration of a decent standard of living. The multidimensional approach proposed by amartya sen, another nobel laureate in economics, shows that using only one monetary measure underestimates a complex problem like poverty. These are reflections we cannot ignore when we think about methodology. The new nobel prize in economics: randomized controlled trials (rcts), which seem neutral in the face of theories and ideologies.

2. METHODOLOGICAL CRITICISM

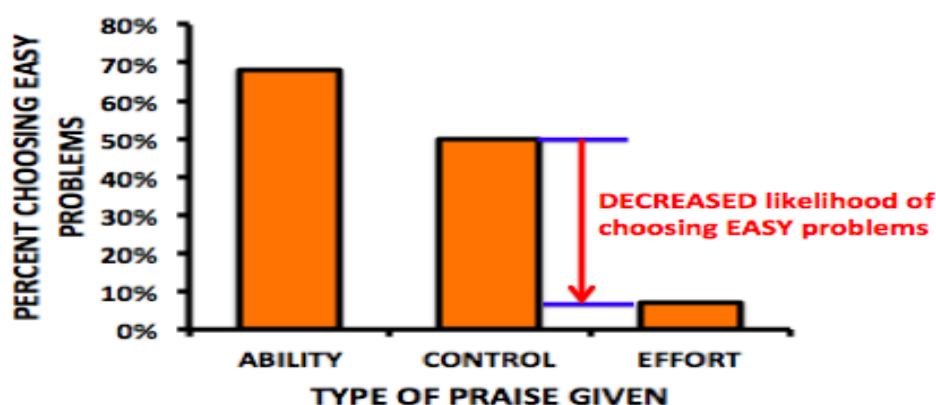
The technical problems of randomized trials have been characterized by economists such as James Heckman.⁴ Among the main ones, we should point to a problem of generalizability, or external validity in technical terms. A group experiment conducted in a given historical period, of individuals or families in a certain social and cultural context and in a given region or city, may not work or give completely different results in other contexts. And in that sense, socio-economic conditions are characterized by complex and heterogeneous phenomena.



It has to happen. Furthermore, it is also possible that positive externalities arise among the target population of the experiment, thus altering the actual impact of the program being run. Another problem comes from the so-called Hawthorne effect⁵ and both John Henry.⁶ In the first, individuals participating in the experiment know that they form part of an analysis and are evaluated, and know that they are in the treatment group. Are related to, and may, for example, favor behaviors that confirm research hypotheses, although these do not actually exist.

The Henry effect from the control group is equivalent to:

These individuals may imitate the behavior of the individuals targeted for treatment and compete with them in response to their exclusion. For his part, Australian economist Martin Ravallion⁷ adds another important element to the criticism of the experimental approach: ethics. If human beings have always been faced with the concepts of good and bad, then it is justified to think that in economics and, above all, in welfarism/utilitarianism, moral judgment on means is not relevant because what matters is the end. This means that there is no need to worry about the ethics of research methods if they are capable of generating new knowledge. Is it morally right to exclude equally poor people? Support project just for an experiment? No, when concrete and effective fight poverty is not based on the use of micro econometric approaches. For RCT, the individual is only a means, not an end.

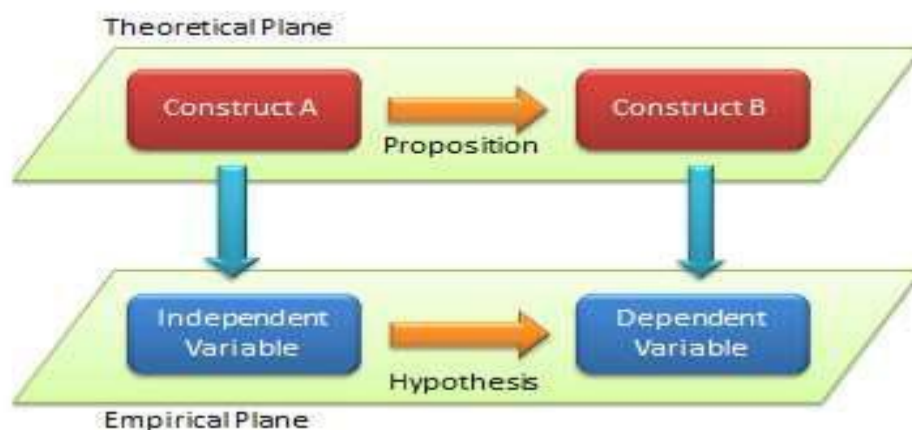


That means they are guinea pigs. Randomized believe that assigning individuals to a randomized treatment or control group is objectively fair because it is neutral and without judgment. In fact, this is what is assumed: all individuals in

the experiments are equal, with similar intensity of poverty and need for assistance, and similar personalities, conditions physical and psychological. This is a very rigid hypothesis which often does not match reality. However, the limitations discussed here are not the only nor the most important.

Theoretical criticism: the question of hegemony

In a broader sense, it should be recognized that "randomities" intervene directly. Considering it not a social science in the sense of economics, but a science, similar to physics or mathematics, affirms a direct and deterministic relationship between economic facts, methodology and individuals. This means that any result obtained in a scientific manner is valid only if it is the result of an experiment or any other method empirical that allows measuring causal relationships. Esther duffle says the aim is to develop a new methodology "on which to base the fight against poverty without any scientific basis."8 michael kramer also acknowledges that this is the work of "randomizes". That is, their work is to overcome "practical problems like poverty" through intellectual rigor.



According to which this political decision is a vision consistent with the dominant ideology and culture –

Far from being the result of relations of force and power between classes – social processes in constant dialectic and tension – are the result of scientific-technological approaches that advise politicians about the most effective courses of action. They have to be implemented. This hegemonic tendency is what has developed in recent decades in leading economic departments in the social sciences. In fact, what is demonstrating the need to publish in high-impact academic journals is increasingly the control of the empirical method, and it matters little what the research question is that you want to try to answer. To test the intellectual level, it is enough to show a strong tendency towards quantitative reasoning. As a result, research in economics often focuses on small matters rather than on the most complex phenomena affecting society and socioeconomic relations. Issues such as power, redistribution of income and wealth or the dynamics of the political and economic system are ignored as a result of the paralysis of the dominant idea, which is very well explained by the tendency to publish or perish ("publish or perish go"). This situation also creates a problem of self-selection on the part of academics.

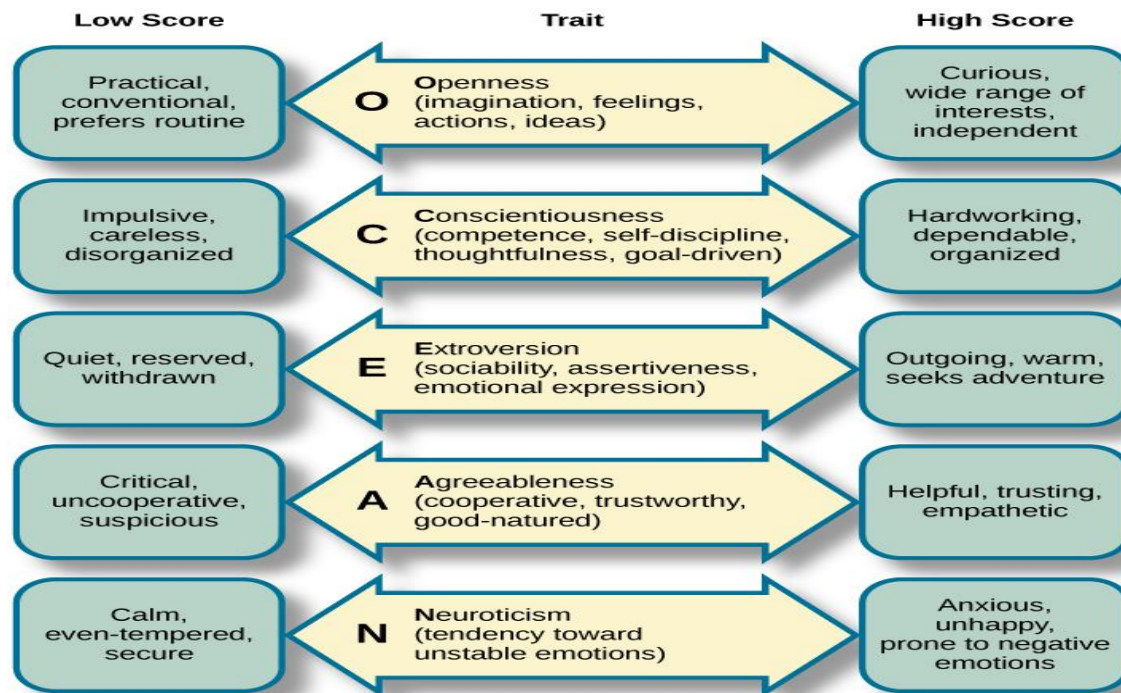
Essential methodology and principles in academic life-

The methodology and principles required to publish and continue in academic life. Antonio gramsci, in his most important work, the prison notebooks, explains the need for the image of intellectuals so that one social class can dominate others for cultural and ideological hegemony. In this sense, the purpose of "publish dies" is to attract more organic intellectuals to reinforce the hegemony of the class dominant.

Alternative and heretical theories -

Thus, when not ignored, alternative and heretical theories are accused of "scientific denialism". For example, in france the economist pierre choksi andré silberberg in his book economic negationist. In a manifesto against economists hijacked for their ideology (ed. Edisto, 2018), he explains that colleagues who criticize the dominant theory – neoliberal – must be eliminated through methodological rigor. , one of the most violent debates in this regard in recent decades revolves around the effects on employment of the application of the working day to 35 hours. The center of the debate was situated, against nothing more and nothing less than the right to theoretical and methodological economic pluralism on which jean tirone, another nobel laureate, had also acted with a letter sent to the then minister, french university and research in which he accused pluralism of being a "prologue to obscurity". The response from the opposite side was a pamphlet, misère du scientism anéconomie,9 where the group of economist's attars and the french association of political economy pointed out the theories of chuck and silberberg. Refutes. The french example

is useful to recognize that it is in the field of ideas and theories where new knowledge is generated and, above all, it is an area in which confrontation is necessary. Mainstream dogma against alternative theories and methods. Faced with - the apparent simplicity and neutrality of random experiments, free from theoretical grounds, hides an unattainable continuity. Does not accept dominant ideas. Chooses alternatives and throws itself against them, shaking the levers of its power. Is.



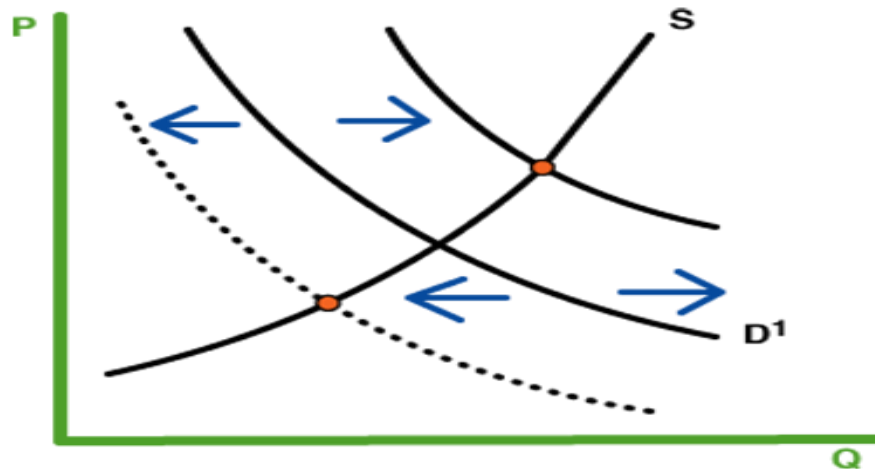
Theoretical continuity-

Random experiments are developed in a unique theoretical context, in which economics is only the behavioral response of individuals (workers, companies). Consumers, banks, etc.), who proceed rationally in conditions of resource scarcity and with behaviors that change depending on individual incentives. No social relations, no power relations, no historical context exist in any randomized experiment, and it is completely consistent (or marginal) with utilitarian economic theory.

The question in this case is not why poverty exists as a historical-social phenomenon, but how a single individual can get out of this material situation by his actions specific to himself and/or his family. The ideological and political consequences are clear. In fact, focusing on micro samples of the entire population without considering the socioeconomic landscape appears to be in line with the austrian economic school.

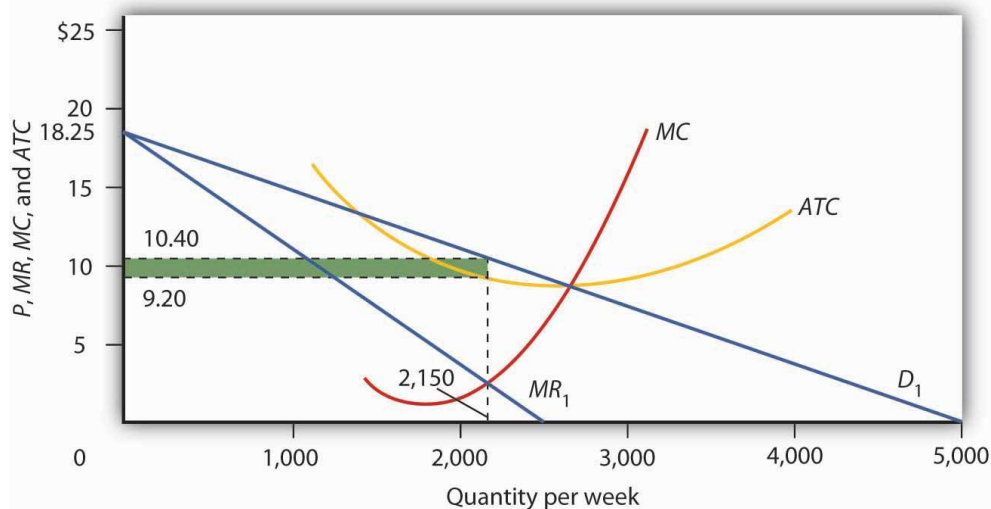
Robesonian idea of economics:

The study of individual behavior and the relationship between maximization (end) of utility and scarcity of available resources. This approach has been reinforced with modern incentive theory (mechanism design), for which the nobel prize was awarded in 2007 to eric masking, roger myerson, and leonid hurwitz, a theory that banerjee herself describes as "an area of economic research". Claims with the greatest success in recent years. Individuals are at the center of the economic world and since markets fail and the invisible hand does not work in reality, it is necessary to guide individuals' decisions through incentive mechanisms. To some, on the day of the nobel celebration, duffle and banerjee wrote in the new york times¹⁰ that markets are not always able to generate the necessary incentives and that public policies are necessary to resolve market failures. However, the two economists continue to say that fixing market failures is necessary given that the economy is a moral issue, not a political one. But this is not entirely true, because individuals do not only respond to monetary incentives, they also act to protect their personal status in society, as we typically see demonstrated, for example, by the middle class. In this case, the thesis states that it would be enough to adjust incentives without modifying the institutional and power structure. For example, they do not explain whether it is better to nationalize a company or convert it into a worker-controlled entity, they recommend "providing monetary incentives to companies to maintain the level of business" conservatives. Consistently with the theory.



Looks at the global market and competition with foreign countries, what, how and why it produces-

In that sense, its solution remains ineffective (and inadequate). And they could continue with other examples. Social relations, the way social classes are formed, the level of democratization of the economy and the type of economic policies implemented are not neutral in the study of poverty. In this sense, another nobel laureate (1998), amartya sen,¹¹ who has criticized the theory of utility and welfare, finally seems to consider some things in this element. Sen emphasizes that focusing only on the utility functions of individuals produces measures that penalize precisely those individuals one attempts to study to offer them effective programs, and this due to the fact that it focuses only on personal income, excluding other sources of diversification.



For this reason, sen proposes that any judgment of poverty and standard of living "should not be based on goods, characteristics or utility, but on something that might be called the capabilities of people."¹² to explain the meaning of his position, sen uses the example of a bicycle: "it clearly it is a physical product, but if we pay attention to its functionality it guarantees the movement of a person. So, the direction the bicycle is facing the person has the ability to move that they would not have without the bicycle."¹³ this is also true because not all individuals have access to the same set of capabilities. Access to a physical product that has the function of a means of transportation and, therefore, not everyone can access the ability to move around.

Amartya sen's multidimensional definition is different from the micro-econometric approach -

In this case, the terms historical, political and social that we mentioned earlier can be included in amartya sen's multidimensional definition different from the micro-econometric approach of recent nobel laureates. It also means that attempts are made to rationalize all individual decisions. Social and institutional elements fail when the poor subject fails. Are dynamic by nature and based on social relations, and where taken for granted by the market. Guaranteed individual freedom does not actually exist. For this reason, the "random" they agree with margaret thatcher when she stigmatized the poorest by saying that "there is no society, there are individuals, men, women and families. So, governments will not have to interfere in any way except with individuals and people themselves will

have to look after themselves."14 In fact, studying poverty in this sense means analyzing specific programs at the local and individual level. Means agreeing with the neoliberal principle of welfare: directing state aid and public policies exclusively towards the poorest so that state intervention and public expenditure is minimal.



Walter Korai and Joachim Palme have criticized this theory with the paradox of redistribution. The more the state attempts to reduce its actions with transfers, especially to the poorest, the more ineffective the outcome will be in terms of inequality. And fight against poverty. Barrens, Duffie, and Kramer's methodological approach appears to generate and nurture this paradox by helping to evaluate and create public policies that are always more micro-based and targeted to the poorest people.

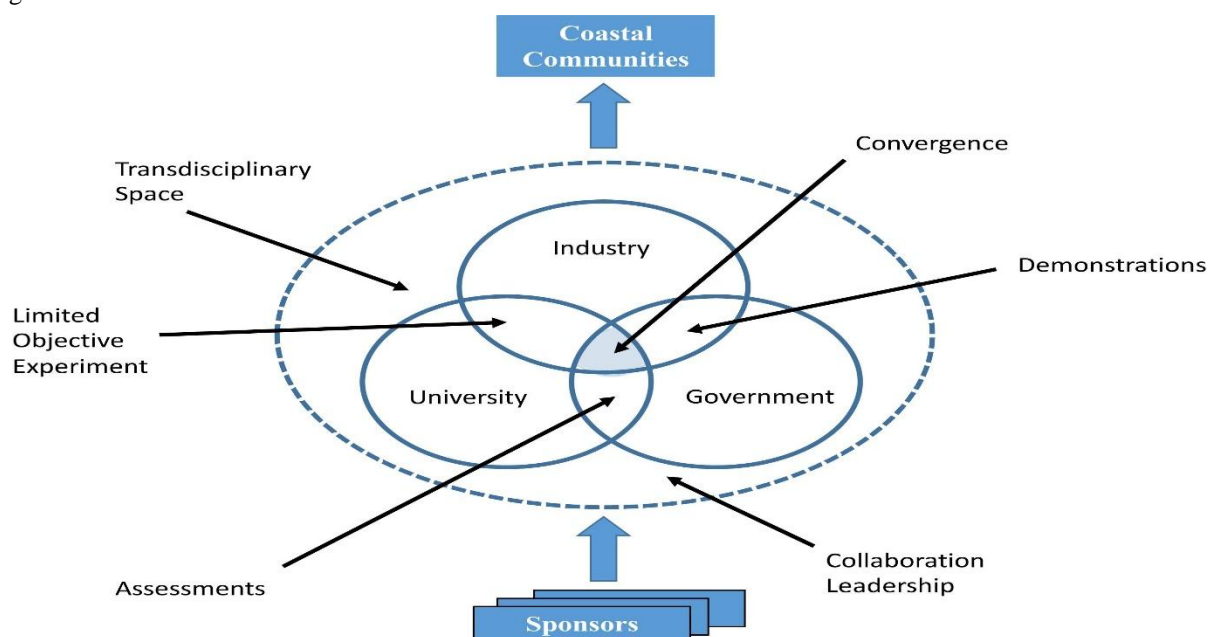
Poverty is a political option-

Jason Hickel confirms that poverty is a political choice and Alberto Cardamone, Gabriele Kohler and Thomas Pogge16 confirm this when they cite one of the reasons why the first of the millennium development goals – eradicating extreme poverty – failed and hunger – United Nations and there is a refusal by national governments to end economic policies that actually create poverty. Furthermore, Hickel states that the structure of the current global economy is inherently inequitable and does not allow for any effective possibility of poverty alleviation.



17 Why does Hickel think this? The idea that poverty is a political decision is based on what Marx called it "the law of centralization." Of capital", according to which the atomized individual capitals of developing countries are absorbed and centralized by big capital in the global market. In this sense, the reason the West is more productive is not a matter of complementarity because of the West producing more complex products. Technological and electronic products such as Apple, Huawei, etc. are also manufactured in Asia amid the capabilities of workers. As maintained by the O-ring theory introduced by Michael Kramer in 1933.18 This is a rather, the question is that's how capitalism works, and it's no surprise that this process of accumulation in the poorest regions is extremely slow and that the distance from the rich West does not decrease, but increases. We might naively ask ourselves the recent Nobel why the award winners

never considered the problem of studying the impact of productive shifting, fragmentation of the productive process, long value chains.



3. CONCLUSION

In this approach, which excludes criticism of the current economic system and which, in that, first of all, it legitimizes the theoretical foundations established by affirming an individualistic society and atomized, calls for a "radical rethinking of the fight against global poverty". Has been neglected. If nobel and all major thought did not understand the issue, it would be necessary for us to begin to think seriously about the issues of inequality and poverty within a diametrically opposite theoretical framework, ultimately returning to the economists' classics.

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