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The Experimental Approach to Development Economics

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Abstract:

Randomized experiments have become a popular tool in development economics research, and have been the subject of a number of criticisms. This paper reviews the recent literature, and discusses the strengths and limitations of this approach in theory and in practice. We argue that the main virtue of randomized experiments is that, due to the close collaboration between researchers and implementers, they allow the estimation of parameters that it would not otherwise be possible to evaluate. We discuss the concerns that have been raised regarding experiments, and generally conclude that while they are real, they are often not specific to experiments. We conclude by discussing the relationship between theory and experiments.

The last few years have seen a veritable explosion of randomized experiments in development economics and with it, perhaps inevitably, a rising tide of criticism. Almost all of the criticism is well-meant, recognizing the benefits of such experiments while suggesting that we not forget that there are a lot of important questions that randomized experiments cannot answer. Much of it is also not new. Indeed, most of the standard objections (and some not so standard ones) may be found in a single seminal piece by James Heckman, written over a decade ago (Heckman, 1992).

Much of this criticism has been useful, even when we do not entirely agree with it, both in helping us think through the strengths and limitations of what has been done, and in clarifying where the field needs to go next. However, we will argue that much of this criticism misses (or at least insufficiently emphasizes) the main reasons why there has been so much excitement surrounding experimental research in development economics. We will then return to the various criticisms, in part to clarify and qualify them, and in part to argue that, because of an imperfect recognition of what is exciting about the experimental agenda, there is a tendency to set up false oppositions between experimental work and other forms of research.

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The Experimental Approach to Economics

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