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Information and Subsidies: Complements or Substitutes?

Does providing information about a product influence the impact of price subsidies on purchases? This question is particularly relevant for health products in developing countries where both informational campaigns and price subsidies are common policy instruments. We conduct a field experiment in Zambia and find that providing information about a new version of a product significantly increases the impact of price subsidies on take-up. Taken alone, the information manipulation has no significant impact on demand while the price subsidy substantially increases demand. However, the evaluation of either intervention in isolation fails to capture the significant complementarity between the two.

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