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What constrains investment in new agricultural technologies?

IPA has a fairly sizable research agenda looking at why investment by small farmers is so low given potentially high returns. Is it credit constraints? The risk of drought and crop failure? We are exploring questions like these in various countries such as Ghana, Mali, Kenya, Indonesia, and India. Our close partners J-PAL have launched the Agricultural Technology Adoption Initiative to facilitate research into these questions.

A new CSAE working paper calls into question this entire agenda, challenging whether the returns to new technologies are actually all that high. Or rather, whether they are high for everybody. They document the possibility of a mathematical quirk, in which high average (mean) returns could be consistent with very high returns for a few people at the top, but low or even negative returns for the majority.

This is a major challenge, as most RCTs only measure the mean impact of an intervention. The CSAE paper develops a much cruder non-randomized measure of impact, but one which can be applied to individuals.

Worth reading in full. What do you think?

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