

Randomized Control Trial (RCT)

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The Economics Nobel laureates – Abhijit Banerjee, Esther Duflo and Michael Kremer – are considered to be instrumental in using randomized controlled trials to test the effectiveness of various policy interventions to alleviate poverty. They introduced this new approach to obtain reliable answers about the best ways to fight global poverty.

How did these Nobel laureates bring it to Use in economics?

- The use of randomized controlled trials as a research tool was largely limited to fields such as biomedical sciences where the effectiveness of various drugs was gauged using this technique.
- **Banerjee, Ms. Duflo and Mr. Kremer, however, applied RCT to the field of economics beginning in the 1990s.**
- **Kremer first used the technique to study the impact that free meals and books had on learning in Kenyan schools.**
- Banerjee and Ms. Duflo later conducted similar experiments in India and further popularized RCTs through their book *Poor Economics*, published in 2011.

What is Randomized Control Trial (RCT)?

- It is an experiment that is designed to isolate the influence that a certain intervention or variable has on an outcome or event. A social science researcher who wants to find the effect that employing more teachers in schools has on children's learning outcomes, for instance, can conduct a randomized controlled trial to find the answer.
- It is an **experimental form of impact evaluation in which the population receiving the programme or policy intervention is chosen at random from the eligible**

population, and a control group is also chosen at random from the same eligible population.

- **It tests the extent to which specific, planned impacts are being achieved.**
- The important feature of an RCT is the random assignment of units (e.g. people, schools, villages, etc.) to the intervention or control groups.
- One of its strengths is that **it provides a very powerful response to questions of causality, helping evaluators and programme implementers** to know that what is being achieved is as a result of the intervention and not anything else.