Why aren’t Devo guys talking more to Macro guys?

Panel Session
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• Initial reaction:
  – Black box argument:
    • Models tend to be highly non-linear, with non-closed solutions, so intuition of what drives what aspect of the model may be hard to convey.

• Impact at the WB
  – New recruits in non-macro research units

  – DIME initiative
    • “Transformational” workshops
Why are (Macro) models useful?

• GE effects
  – Designs that vary intensity of treatment may get at some of that

• Inform design of experiments by providing sense of relative magnitudes
  – Example: Agricultural Input Voucher Scheme (NAIVS) in Tanzania
    • Aims to boost agricultural production by fostering adoption of improved seeds and fertilizer as a response to the increase food prices
    • Reliance on price subsidies, but what about risk, information, complementary investments?

• Counterfactual and cost-benefit analysis
What should (Macro) models feature?

• Some of the (seemingly random) results that we are collecting from the field are hard to reconcile with existing models
  – Example: Take up of new financial products

• Banking
  – Example: Reform of Rural Credit Coops in India
How can (Macro) models be used for policymaking?

• Marketing Problem?

• Missing step problem?
  – Example” Kaboski and Townsend (forthcoming)