Mark Rosenzweig reappointed as Director of Economic Growth Center

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Dean of Faculty of Arts and Sciences, Tamar Gendler, announced on Wednesday that Mark Rosenzweig has been re-appointed director of the Economic Growth Center. His term is for three years, effective July 1, 2016.

The Frank Altschul Professor of International Economics started his career at Yale in 1973 as an assistant professor after receiving his Ph.D. from Columbia University. Rosenzweig went on to become an associate professor in 1978 before leaving the university in 1979. He held professorships at the University of Pennsylvania, University of Minnesota, University of Chicago, and Harvard before returning to Yale in 2005. He became the director of the Economic Growth Center in 2006.

Rosensweig was recently featured in the Yale News where he was asked about his work and the Economic Growth Center. The article by Michael Cummings follows.

Studying growth in low-income nations: Q&A with economist Mark Rosenzweig

The Economic Growth Center, a research division of Yale’s Department of Economics, is one of the oldest institutions in the United States dedicated to studying economic growth in the developing world. It was founded in 1961 to promote understanding of the issues and forces affecting development in low-income countries.

Research performed through the center covers a wide array of topics. Projects range from a study of how rainfall forecasts affect agricultural wages, to a randomized experiment assessing the effect of microloans, to an analysis of environmental regulation in a particular country.
Mark Rosenzweig, the Frank Altschul Professor of Economics, has directed the center since 2006 and was recently reappointed to the role. He spoke with YaleNews about the center and his work. An edited and condensed version of the conversation follows.

What are the center’s priorities?

The center has two missions: One is the study of economic development and growth. The second is to train graduate students to perform this work. We create an intellectual environment in which these things can occur. The center is composed of independent researchers, and their work is our primary output. They have research projects taking place in many countries around the world using a variety of statistical methods and many types of data. As director, my job is to make sure the researchers get the resources they need to do this work.

What fundamental questions do you seek to answer?

A fundamental question in studying development is: “How come India isn’t like California?” Its people are just as smart. It’s a democracy. So what are the barriers? You start to break it down: How come they don’t manufacture anything? Your smartphone wasn’t made in India. We hear that one of the reasons they’re made in China is because the wages are low there. Well, they’re lower in India, so why aren’t they made there? Is it governance? Is health or education too low? Why are health and education low? Is it access? Is it because people underestimate their value? It’s easy to come up with the questions. You start down a path of asking questions, just like the kid who asked, “Why is the sky blue?”

Countries often change public policies. We can study the effects of those policy shifts. For example, Indonesia had a school building program in the 1970s — the biggest in world history over a five-year period. We can evaluate it. It turned out that the amount of schooling among the population increased 0.3 years. So maybe access to education isn’t the full picture of what’s happening.

The center has a program on economic history, so we’re also committed to looking at things over the long term. A lot of the western world has developed over time, so we should be able to learn something from that by studying the countries that have developed and those that didn’t.

The growth center devotes a portion of its resources to collecting data in developing countries. Can you talk about that work?

We run two long-term panel surveys — one in Ghana and one in the Tamil Nadu state in India. The center has an endowment, and we take advantage of those resources to initiate these long-term surveys so we can document and quantify growth and development in these places over time. It provides a public good.

The Ghana survey has completed two rounds. We’re talking about 8,000 households — urban and rural. It has no specific focus but is intended to get as much information as possible from each household that seems relevant.

We hope that within the span of time that a grad student is here, there is a survey being done in the field. They can get field experience and use the data. The data is proprietary for two years, and then we release it broadly. Anyone in the world can download the datasets from the first two rounds.

How do you collect the data?

We visit the households. Some of these questionnaires can take four to five hours to complete. One of the advantages of studying developing countries is that it’s cheap to collect data and the response rates are much higher than in the United States. I’ve helped lead a survey in the U.S. of 8,500 households — it cost $23 million. In India, where the
questionnaire is probably eight times longer, the total cost is about $750,000.

A lot of the work involves data collection or using data from other countries. That’s what’s exciting. You can get good new data from these countries to try to find out what’s going on. It continues over years so then you can ask dynamic questions, like: How have things changed over time?

For our Ghana and India surveys, we collect an enormous amount of data. If those being surveyed are farmers, you get inputs and outputs. You get the loans they’re taking and their savings. You give them aptitude tests. You get their height and weight. You’re going to learn about irrigation. You’ll learn about migration or temporary migration. Think of anything you’d want to know, we want it in that survey. That’s why it takes four or five hours.

**Five hours is a substantial commitment of time, what’s the response rate?**

Our response would be somewhere around 90%. People enjoy telling you about their stuff. I’ve surveyed a lot of farmers in India and they want to show you everything. They enjoy it.

People there value their time differently than we do. In most villages there are no cinemas or shopping centers there. There’s no television. They enjoy talking to people. That’s different than here. We all have better things to do than sitting down and answering silly questions over the phone, let alone allowing somebody into your house. Sitting down and talking to people is an interesting activity for these folks.

My favorite example is the guy who was doing well, and he showed me his proudest possession in his newly remodeled house. It was a Phillips TV still in its box because his village had no electricity — it was a failure of the government.

And they’re not bashful about talking about their money. In the U.S., people would rather talk to you about their sex lives than their finances. The data we get is surprisingly accurate.

**How did Yale become a leader in this field of research?**

There were two other institutions doing development work when the Economic Growth Center started: The Food Research Institute at Stanford and the Harvard Institute for Development. Both are no longer here. They died because the faculty moved to consulting, which paid better. The Growth Center never fell into that trap.

The field of studying development had died more than 25 years ago. With the exception of Yale, there were no researchers in the field. Why? The rest of the economics profession had moved to using data. Census data became available. People started collecting survey data in the United States. Computers led to developments in econometrics: How to use the data to learn something from it.

But there were no data from low-income countries. The economists studying development had never had any data. With no facts, they didn’t need to develop econometrics skills. They basically developed grand theories of development, which we could sit here all day and discuss.

The Growth Center was one of the few surviving institutions. In the 1970s, the center hired T. Paul Schultz and Robert Evenson — what distinguished them from everyone else in development was that they were using micro data. Schultz was studying health and population using actual household data. Evenson was doing agricultural economics, which was particularly relevant because it’s the dominant occupation in most poor countries. There had always been agricultural data. You could use econometrics to analyze it. I was trained as a labor economist, and then I saw that I could study development using econometrics. That’s because of what was happening here at Yale.