

# Economics of Poverty Analysis

Capstone Course

ECON 4961-01

Spring 2010

Time: M 2 – 4:15

Location: Tilton 307

## Instructor

Nora Lustig

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*Office Hours:* M 4:30-5:30 or by appointment. To request an appointment please send me an email to the above address.

## Course Description

This course presents an overview of poverty analysis and how it is applied by multilateral organizations. Topics include measuring poverty, analyzing its economic determinants, and assessing policies to reduce poverty. Using the World Bank's poverty assessments as a model, students will learn to prepare a basic poverty assessment for a developing country of their own choosing.

**Pre-requisites:** Intermediate Micro and Macroeconomics.

## Objective and Learning Outcomes

The purpose of this course is to learn how to prepare an analytical synthesis of the existing body of knowledge on topics covered in a poverty assessment. In particular, by the end of the semester students should have learned to prepare:

- i. an assessment of the poverty situation in a particular country, including a poverty profile
- ii. an analysis of the determinants of poverty in a particular country, including the impact on poverty of growth or its lack thereof
- iii. an assessment of the impact on poverty of public policy in a particular country.

## Program Outcomes

This course contributes to the program outcomes for the BA and BS degrees in Economics by allowing students to demonstrate competency in specialized areas in economics (poverty analysis). It contributes to the program outcomes for the MA degree in Economics by allowing MA students to integrate economic analysis and quantitative methods in application to specialized areas in economics (poverty analysis).

## Organization

The course will be conducted as a seminar. Students are expected to actively participate in class and interact with the instructor and each other. Careful and critical reading of the materials is a key component of this course.

## Readings

Reading materials can be downloaded or obtained from the library. Some readings and lectures will be posted on blackboard. There are quite a few references under each subject; students should exercise their judgment in choosing those to read in detail.

## Requisites and Grading

Students will be divided in small teams. Based on the World Bank's poverty assessment, each team will have to prepare a basic poverty assessment for a country of their choosing as their final assignment. The poverty assessment should be of around 10 pages (double space and font size 12; including references, tables and figures) and is **due on Friday, May 7**. The poverty assessment will

count as 50 percent of the grade and should be submitted in electronic version. If a team does not deliver the poverty assessment by the due date, the grade for this assignment will equal zero for all the members of the team.

In addition, teams will make four in-class presentations throughout the semester. The specific dates are highlighted in orange below. The presentations will be based on the inputs of the poverty assessments and will include: 1. Evolution of poverty, 2. A poverty profile, 3. An analysis of the determinants of poverty; and, 4. An assessment of the impact on poverty of public policies. All the presentations will be on the same country, selected by each team in consultation with the instructor. Each presentation will count for 10 percent of the grade. If a student misses a presentation, s/he must produce signed evidence of a medical or family emergency. Without such evidence, the grade for the in-class presentation will equal zero. In-class presentations should be about 20-30 minutes long (depending on the number of teams) and use power point; members of the team should rotate either in each presentation and/or among presentations. The power point file must be submitted to the professor at least one day before the presentation. Students may use web sources during their presentations, whenever appropriate.

Attendance, punctuality and participation in class are required and will count for 10 percent of the grade. Students are allowed to miss only one class without excuse. If more than one class is missed (fully or partially), students will be excused only for valid medical or family emergencies. Students must produce signed evidence by the proper authority verifying the reason why they missed or were late to a class. Without the signed evidence, the grade for attendance will be equal to zero. If a student misses five classes or more, s/he will receive an F for the course.

#### **Academic honesty**

All students must be familiar with and abide by Tulane's Code of Academic Conduct, which is available online at <http://college.tulane.edu/code.htm>.

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#### **Sessions 1 and 2: January 11 and 25 – Introduction to the course. Concepts, Measurement and Trends in Poverty**

World Bank, *World Development Report 2000/01: Attacking Poverty*. (Overview chapter)  
<http://siteresources.worldbank.org/INTPOVERTY/Resources/WDR/overview.pdf>

Kakwani, Nanak. 2006. *What is Poverty?* (UNDP IPC).  
<http://www.ipc-undp.org/pub/IPCOnePager26.pdf>

World Bank. *Basic Poverty Measurement and Diagnostic Course*, Chapters 1-6 and 10  
<http://go.worldbank.org/N93EKH6UP0>

Ravallion, Martin (1992), *Poverty Comparisons, A Guide to Concepts and Methods*, Living Standards Measurement Study, Working Paper 88, World Bank, Washington D.C.  
[http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2000/04/28/000178830\\_98101902174198/Rendered/PDF/multi\\_page.pdf](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2000/04/28/000178830_98101902174198/Rendered/PDF/multi_page.pdf)

Szekely, Miguel et al. 2004. "Do We Know How Much Poverty There Is?" *Oxford Development Studies* 32, no. 4: 523-558.

Chen, Shaohua and Martin Ravallion. 2008. "The Developing World Is Poorer Than We Thought, But No Less Successful in the Fight against Poverty." Policy Research Working Paper 4703. The World Bank.  
<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/0,,menuPK:577938~pagePK:64165265~piPK:64165423~theSitePK:469372,00.html>

Haughton, Jonathan and Shahidur R. Khandker *Handbook on Poverty and Inequality*, ch. 11.

[http://siteresources.worldbank.org/INTPA/Resources/429966-1259774805724/Poverty\\_Inequality\\_Handbook\\_Ch11.pdf](http://siteresources.worldbank.org/INTPA/Resources/429966-1259774805724/Poverty_Inequality_Handbook_Ch11.pdf)

Further readings: Haughton, Jonathan and Shahidur R. Khandker *Handbook on Poverty and Inequality*,

WORLD BANK WEBSITE:

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPA/0,contentMDK:22405907~menuPK:6626650~pagePK:148956~piPK:216618~theSitePK:430367,00.html>

### Session 3: February 1 – Assignment 1: The Evolution of Poverty

#### Session 4: February 8 – Poverty Profiles

Haughton, Jonathan and Shahidur R. Khandker *Handbook on Poverty and Inequality*, ch. 7.

[http://siteresources.worldbank.org/INTPA/Resources/429966-1259774805724/Poverty\\_Inequality\\_Handbook\\_Ch07.pdf](http://siteresources.worldbank.org/INTPA/Resources/429966-1259774805724/Poverty_Inequality_Handbook_Ch07.pdf)

### Session 5: February 22 – Assignment 2: Poverty Profile

#### Sessions 6 and 7: March 1 and 8 – Determinants of Poverty

Arias, Omar, Nora Lustig and Jamele Rigolini. 2002. “Poverty Reduction and Economic Growth: the Two-Way Causality,” *Inter-American Development Bank, Technical Papers Series*, February. <http://www.iadb.org/sds/doc/GrowthIneqDualCaus.pdf>

World Bank, *World Development Report 2000/01: Attacking Poverty*. Part II. <http://siteresources.worldbank.org/INTPOVERTY/Resources/WDR/>

Haughton, Jonathan and Shahidur R. Khandker *Handbook on Poverty and Inequality*, chapter 8.

[http://siteresources.worldbank.org/INTPA/Resources/429966-1259774805724/Poverty\\_Inequality\\_Handbook\\_Ch08.pdf](http://siteresources.worldbank.org/INTPA/Resources/429966-1259774805724/Poverty_Inequality_Handbook_Ch08.pdf)

### Session 8: March 15 – Assignment 3 – Determinants of Poverty

#### Sessions 9 and 10: March 22 and April 12- Anti-poverty Policies

Besley, T. y Burgess, R. (2003). Halving global poverty. *The Journal of Economic Perspectives* 17 (3), 3-22.

Winters, Alan L., Neil McCulloch and Andrew McKay. 2004. “Trade Liberalization and Poverty: The Evidence so Far,” *Journal of Economic Literature*, Vol. 42.

Bourguignon, Francois and L.A. Pereira da Silva, eds., *Evaluating the Poverty and Distributional Impact of Economic Policies (Techniques and Tools)*, Washington D.C.: World Bank. Introduction. <http://books.google.com/books?hl=en&lr=&id=y14ghSHTx88C&oi=fnd&pg=PR13&dq=%22Bourguignon%22+%22The+impact+of+economic+policies+on+poverty+and+income+...%22+%22&ots=kDBFgcHsGR&sig=38Nkim9fjrrRvDyXzYMcQY6ctw#v=onepage&q=&f=false>

Birdsall, Nancy, Augusto de la Torre and Rachel Menezes. 2008. *Fair Growth: Economic Policies for Latin America's Poor and Middle Income Majority*, Brookings Institution Press.

McKenzie, David and Dilip Mookherjee. 2003. "The Distributive Impact of Privatization in Latin America: Evidence from Four Countries." *Economia Journal of the Latin American and Caribbean Economic Association* 3, no. 2 (Spring): 161-233.

Fiszbein, Ariel and Norbert Schady *with* Francisco H.G. Ferreira, Margaret Grosh, Nial Kelleher, Pedro Olinto, and Emmanuel Skoufias. 2009. *Conditional Cash Transfers. Reducing Present and Future Poverty*, World Bank.

Grosh, Margaret, Carlo del Ninno, Emil Tesliuc, and Azedine Ouerghi. 2008. *The Design and Implementation of Effective Safety Nets*, World Bank.

Breceda, Karla, Jamele Rigolini and Jaime Saavedra. 2008. "Latin America and the Social Contract: Patterns of Social Spending and Taxation." Working Paper #4606 (April). The World Bank, Latin American & Caribbean Region, Poverty Department, Poverty Reduction and Economic Management Division.  
[http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2008/04/21/000158349\\_20080421090519/Rendered/PDF/WPS4604.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2008/04/21/000158349_20080421090519/Rendered/PDF/WPS4604.pdf)

Haughton, Jonathan and Shahidur R. Khandker *Handbook on Poverty and Inequality*, chapter 9.  
[http://siteresources.worldbank.org/INTPA/Resources/429966-1259774805724/Poverty\\_Inequality\\_Handbook\\_Ch09.pdf](http://siteresources.worldbank.org/INTPA/Resources/429966-1259774805724/Poverty_Inequality_Handbook_Ch09.pdf)

Haughton, Jonathan and Shahidur R. Khandker *Handbook on Poverty and Inequality*, chapter 15.  
[http://siteresources.worldbank.org/INTPA/Resources/429966-1259774805724/Poverty\\_Inequality\\_Handbook\\_Ch15.pdf](http://siteresources.worldbank.org/INTPA/Resources/429966-1259774805724/Poverty_Inequality_Handbook_Ch15.pdf)

### Sessions 11 and 12: April 19 and 26 – Final Assignment: Poverty Assessment

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*Students are encouraged to make additional suggestions to this list*

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPA/0,,contentMDK:20210352~menuPK:435735~pagePK:148956~piPK:216618~theSitePK:430367,00.html>

Poverty Assessments:

Benin [http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2004/06/15/000160016\\_20040615112732/Rendered/PDF/284470BEN.pdf](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2004/06/15/000160016_20040615112732/Rendered/PDF/284470BEN.pdf)

Guinea-Bissau  
<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPA/0,,contentMDK:21139294~menuPK:435735~pagePK:148956~piPK:216618~theSitePK:430367~isCURL:Y~isCURL:Y,00.html>

Kenya <http://www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523>

[679&menuPK=64187510&searchMenuPK=57313&theSitePK=523679&entityID=000333037\\_20090721003150&searchMenuPK=57313&theSitePK=523679](http://www.cepal.org/679&menuPK=64187510&searchMenuPK=57313&theSitePK=523679&entityID=000333037_20090721003150&searchMenuPK=57313&theSitePK=523679)

*Data sources:*

CEPALSTAT/ BADEINSO (Base de Datos de Estadísticas e Indicadores Sociales, Económicos y Medio Ambientales) <http://websie.eclac.cl/sisgen/ConsultaIntegrada.asp?idAplicacion=1>

CEPAL/ División de Desarrollo Social

<http://www.eclac.org/dds/>

CEDLAS (Centro de Estudios Distributivos, Laborales y Sociales)/ SEDLAC (Socio Economic Database for Latin America and the Caribbean)

<http://www.depeco.econo.unlp.edu.ar/sedlac/eng/index.php>

WORLD BANK/ Poverty Net

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/0,,menuPK:336998~pagePK:149018~piPK:149093~theSitePK:336992,00.html>

WORLD BANK/ World Development Indicators

<http://ddp-ext.worldbank.org/ext/DDPQQ/member.do?method=getMembers&userid=1&queryId=135>

IADB (Inter-American Development Bank)/ Research Department

<http://www.iadb.org/res/>

UNDP (United Nations Development Program)/ Human Development Reports

<http://hdr.undp.org/en/>

UNDP/ Millennium Development Goals Monitor

<http://www.mdgmonitor.org/>

*Other:*

World Bank's Poverty Manual

<http://go.worldbank.org/N93EKH6UP0>

LAC public expenditure reviews:

<http://go.worldbank.org/34E2UYENS0>

Public Expenditure Review “homepage” includes information on process, substance, as well as scrolling down you will find a table with all the reviews per region.

<http://go.worldbank.org/2NYPVF0QT0>