



CEQ INSTITUTE

COMMITMENT TO EQUITY

Tulane University

Economics of Poverty & the Welfare State -- Fall 2016

ECON 4910-37

Undergraduate

Time: M 2-3:30PM

Location: Tilton 204

Instructor

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Office Hours: By appointment. To request an appointment please send an email to the above address.

Teaching Assistant and Stata Tutorials: to be determined

Course Description

This course presents an overview of poverty, inequality and fiscal redistribution analysis. Topics include measuring poverty and inequality, fiscal incidence analysis and learning about the characteristic of modern welfare states. Using the CEQ framework and welfare state theory, the student will produce a taxonomy of welfare states in countries studied by the CEQ Institute.

Pre-requisites: Intermediate Micro and Macroeconomics. No prior knowledge of Stata is required.

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:

- i. The basic analytics of poverty and inequality measures; the determinants of poverty; and, anti-poverty policies (including the incidence of benefits and taxes).
- ii. Main trends in the evolution of poverty and inequality in the world.
- iii. To learn the basics of fiscal incidence analysis.
- iv. To learn about the characteristics of the welfare state in developing countries.
- v. To produce analytical reports on poverty measurement, fiscal incidence analysis and characteristics of the welfare states.

Program Outcomes

This course contributes to the program outcomes for the BA, BS and MA degrees in Economics by allowing students to demonstrate competency in specialized areas in economics (poverty and inequality analysis).

Organization

The course will be conducted as a seminar and the student is expected to produce weekly reports on topics covered.

Readings

Haughton, Jonathan and Shahidur R. Khandker. 2009. *Handbook on Poverty and Inequality*, World Bank. (available online)

Technology

You will need to look for data during class so please bring a laptop set up to use Tulane's network or use computers available in the classroom.

Evaluation and Grading

The evaluation is based on weekly reports. There will be 10 in total and each one will be 10 percent of the grade.

Academic honesty

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

Schedule and Readings

Concepts, Measurement, Trends and Determinants

Concepts and Measurement: Poverty

- Haughton, Jonathan and Shahidur R. Khandker. 2009. *Handbook on Poverty and Inequality*, World Bank; chapters 1-5.
<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPA/0,contentMDK:22405907~menuPK:6626650~pagePK:148956~piPK:216618~theSitePK:430367,00.html>
- Duclos, Jean-Yves and Abdelkrim Arrar. 2006. *Poverty and Equity: Measurement, Policy and Estimation with DAD*. Springer; chapter 3 and chapter 5-6.
- Lustig, N. and J. Silber. 2016. "Introduction to the Special Issue on Global Poverty Lines," *Journal of Economic Inequality*, Volume 14, Issue 2, June 2016 DOI [10.1007/s10888-016-9325-7](https://doi.org/10.1007/s10888-016-9325-7)
- Ferreira, Francisco H. G. et al. 2016. "A global count of the extreme poor in 2012: data issues, methodology and initial results." *Journal of Economic Inequality*. Volume 14, Issue 2, June 2016 DOI [10.1007/s10888-016-9325-7](https://doi.org/10.1007/s10888-016-9325-7)

Concepts and Measurement: Inequality

- Haughton, Jonathan and Shahidur R. Khandker. 2009. *Handbook on Poverty and Inequality*, World Bank; chapter 6 and 8.
- Duclos, Jean-Yves and Abdelkrim Araar. 2006. *Poverty and Equity: Measurement, Policy and Estimation with DAD*. Springer; chapter 4 and 7-10.
- Lambert, Peter. 2002. *The Distribution and Redistribution of Income, 3rd edition*. Manchester University Press.
- Ferreira, F, N. Lustig and D. Teles *"Appraising Cross-National Income Inequality Databases: An Introduction," *Special Issue, Appraising Cross-National Income Inequality Databases Journal of Economic Inequality*, volume 13, number 4, December 2015

Trends: International Comparisons

- Haughton, Jonathan and Shahidur R. Khandker. 2009. *Handbook on Poverty and Inequality*, World Bank; chapter 10.
- Ferreira, Francisco, Shaohua Chen, Andrew Dabalen, Yuri Dikhanov, Nada Hamadeh, Dean Jolliffe, Ambar Narayan, Espen Beer Prydz, Ana Revenga, Prem Sangraula, Umar Serajuddin and Nobuo Yoshida. 2016. "A Global Count of the Extreme Poor in 2012" *Journal of Economic Inequality*, Volume 14, Issue 2, June.

~~Assignment: Update the information on inequality and poverty trends using the most recent data and with new international poverty lines~~

Benefit and Tax Incidence Analysis

Lustig, N. (editor) *Commitment to Equity Handbook: A Guide to Estimating the Impact of Fiscal Policy on Inequality and Poverty*, chapters 1 and 5.

Anti-Poverty Policies: The Role of Transfers/ Impact Evaluation: Behavioral Responses on Labor Supply

- Haughton, Jonathan and Shahidur R. Khandker, *Handbook on Poverty and Inequality*. Chapter 9.
- Grosh, Margaret, Carlo del Ninno, Emil Tesliuc, and Azedine Ouerghi. 2008. *The Design And Implementation Of Effective Safety Nets*, World Bank. Chapters 1, 7 and 8.
- High Level Panel of Experts on Food Security and Nutrition (HLPE). 2012. *Social protection for food security*, United Nations Committee on World Food Security (CFS), June. http://www.fao.org/fileadmin/user_upload/hlpe/hlpe_documents/HLPE_Reports/HLPE-Report_4-Social_protection_for_food_security_June_2012.pdf. Summary and recommendations and Chapter 2.
- Ravallion, Martin. 2008. "Evaluating anti-poverty programs." In Shultz, T.P. and Strauss, J. (eds.), *Handbook of Development Economics*.
- Ravallion, Martin. 2015. "Benefit incidence with incentive effects, measurement errors and latent heterogeneity: A case study for China." *Journal of Public Economics* 128: 124-132.
- Coady, David, Margaret Grosh, John. 2004. *Targeting of Transfers in Developing Countries : Review of Lessons and Experience*. World Bank. <https://openknowledge.worldbank.org/handle/10986/14902>
- 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. Overview chapter, pp. 1-27. http://siteresources.worldbank.org/INTCCT/Resources/5757608-1234228266004/PRR-CCT_web_noembargo.pdf
- Angrist, Joshua D. and S. Pischke. 2009. *Mostly Harmless Econometrics: An Empiricist's companion*. Chapter 2,3 and 5
- Baird, Sarah, Craig MacIntosh, and Berk Özler. "Cash or Condition? Evidence from a Cash Transfer Experiment." *Quarterly Journal of Economics* 126: 1709-1753.

Assignment: complete the inventory of transfer programs in the CEQ Institute countries.

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ADDITIONAL RESOURCES.

Stata Tutorials: In addition to the required readings introducing students to Stata (Haughton and Khandker, Appendix 2 and Cameron and Trivedi, sections 1.6-1.11 and chapter 2), students may find the following resources helpful.

http://www.cpc.unc.edu/research/tools/data_analysis/statatutorial (online tutorial)

<http://data.princeton.edu/stata/> (online tutorial)

Cameron and Trivedi, chapter 1.

Haughton and Khandker, appendix 3 (practice problems in Stata).

Coudouel, Aline, Jesko S. Hentschel, and Quentin T. Wodon. 2002. "Poverty Measurement and Analysis." In *A Sourcebook for Poverty Reduction Strategies Volume 1: Core Techniques and Cross-Cutting Issues*, edited by Jeni Klugman. Washington, D.C.: World Bank. Sections 1.1, 1.2, and 1.5.

http://siteresources.worldbank.org/INTPRS1/Resources/383606-1205334112622/5467_chap1.pdf

Deaton, Angus and Salman Zaidi. 2002. "Guidelines for Constructing Consumption Aggregates for Welfare Analysis." Section 5. http://siteresources.worldbank.org/INTPRS1/Resources/Thematic-Workshops/415743-1089658785131/Training_2001-27-02_Deaton_ConsumpAgg_doc.pdf

Data sources:

Students are encouraged to make additional suggestions to this list

- See the document with links to inequality and poverty datasets posted in Dropbox.
- ILO Social Security Inquiry http://www.ilo.org/dyn/ilossi/ssimain.home?p_lang=en
- OECD—SOCIAL EXPENDITURES COMPENDIUM http://www.oecd.org/document/9/0,3746,en_2649_34637_38141385_1_1_1_00.html#related_data

- 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>
- UNDP (United Nations Development Program)/ Human Development Reports
<http://hdr.undp.org/en/>
- UNDP/ Millennium Development Goals Monitor <http://www.mdgmonitor.org/>