

Academic Year: (2019 / 2020)

Review date: 11-10-2019

Department assigned to the subject: Economics Department

Coordinating teacher: NICOLINI ALESSI, ESTEBAN ALBERTO

Type: Compulsory ECTS Credits : 6.0

Year : 1 Semester : 1

OBJECTIVES

A basic understanding of the use of the Social Welfare Functions in the context of poverty and inequality measurement.

Capacity to understand the main properties of the standards measures of poverty (the family FGT) and inequality (Gini, Atkinson, GEI) and the implications of the choices among them.

Ability to critically assess the relative merit of the different recent estimations of the evolution of global poverty and inequality.

Capacity to recognize the main advantages and shortcomings of the alternative methods of impact evaluation (randomization, matching, instrumental variables, regression discontinuity), their data requirements and their possible sources of biases.

Basic capacity to participate in the design and implementation of targeting and impact evaluations of development plans.

DESCRIPTION OF CONTENTS: PROGRAMME

1. Normative economics, Pareto criteria and Social Welfare Functions. Poverty measures. Lorenz Curve and Gini coefficient.
2. Poverty and the Foster, Greer y Thorbecke indexes. Poverty lines and the US 1 poverty line. Poverty comparisons and stochastic dominance.
3. Inequality measures. Lorenz criteria and Gini coefficient. General Entropy Indexes: the MLD and the Theil Index. Atkinson coefficient.
4. Recent evolution of inequality and poverty in the world. World Bank estimations and the evolution of the 1 US per day. Methodological issues: household surveys vs. National Accounts. PPPs and the 2005 ICP round.
5. The links between economic growth and inequality: the Kuznets curve. Empirical evidence and the debate.
6. Poverty traps. Malthusian economy.
7. Inequality, institutions and economic development.
8. Credit markets failures, inequality and poverty traps. Micro-credits
9. Policies to eradicate poverty. Design of development interventions. Public policies and development. Targeting mechanisms for antipoverty plans and targeting problems: under-coverage and leakage.
10. Impact evaluation. Traditional evaluations. Simple and double differences. Experimental evaluation. Pseudo-experimental evaluations. Matching with propensity scores. Instrumental variables.

LEARNING ACTIVITIES AND METHODOLOGY

Acquisition of knowledge through:

Sessions of in which the teacher develops the most important elements of each topic and presents the crucial conceptual problems linked to the skills that students should acquire. Although the role of the students in these sessions is more passive, there are several instances in which discussion is proposed.

In some of the sessions, the teacher presents and discuss a paper linked to the topics of the session emphasizing the methodological choices, the empirical strategies and the relevance of the conclusions. The main goal of this strategy is to suggest to the students ways to analyse and critically read the recent literature on the topics of the course.

Resolution of four problem sets to apply the concepts and methodologies developed in the sessions. Two sessions of the course are destined to solve the problem sets and discuss the implications of the results.

ASSESSMENT SYSTEM

A 15% of the final grade corresponds to the evaluation of the active participation of each student in the debates in class and the resolution of the problem sets.

A 25 % of the final grade corresponds to the mid-term that is taken after the session 8 of the course.

A 60 % of the final grade corresponds to the final exam. Both the mid-term and the final exam are based on questions and exercises related to the theoretical concepts covered in class and on questions related to the discussion included in the papers marked as compulsory readings.

% end-of-term-examination: 60

% of continuous assessment (assignments, laboratory, practicals...): 40

BASIC BIBLIOGRAPHY

- Banerjee, Abhijit and Duflo, Esther Poor economics, Public Affairs, 2012

- Debraj Ray Development Economics, Princeton University Press, 1998

ADDITIONAL BIBLIOGRAPHY

- Banerjee et al ¿Six Randomized Evaluations of Microcredit: Introduction and Further Steps¿, American Economic Journal: Applied Economics 7(1), 1¿21., 2015

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- Cutler et al. ¿Early-life Malaria Exposure and Adult Outcomes: Evidence from Malaria Eradication in India¿ , American Economic Journal: Applied Economics 2, 72¿94., 2010

- Deininger and Squire ¿New ways of looking at old issues: inequality and growth¿, Journal of Development Economics 57, 259-287. , 1998

- Ferreyra et al. A Global Count of the Extreme Poor in 2012. Data Issues, Methodology and Initial Results¿, World Bank Working Paper 7432., 2015

- Gallup and Sachs ¿The Economic Burden of Malaria¿, Center for International Development at Harvard University WP 52. , 2000

- Galor and Zeira "Income Distribution and Macroeconomics," , Review of Economic Studies, vol. 60(1), pp 35-52. , 1993

- Gertler et al. Impact Evaluation in Practice, The World Bank, 2011

- Margaret Grosh Administering Social Programs in Latin America: From platitudes to practice. , Ashgate, 1996

- Marrero and Rodríguez Inequality of opportunity and growth., Journal of Development Economics 104, 107-122., 2013

- Morduch The Microfinance Promise, Journal of Economic Literature 37, 1569-1614., 1999

- Ravallion, Datt y de Walle ¿Quantifying Absolute Poverty in the Developing World¿, Review of Income and Wealth, 37, 4, 345-361., 1991

- Ravallion, Martin ¿Poverty Comparisons. A guide of concepts and methods¿, Living Standards Measurement Study Working Paper, World Bank., 1992

- Sala i Martin, Xavier ¿The disturbing ¿rise¿ of global income inequality¿, NBER Working paper, 8904. , 2002

- Santos, María Emma et al. A multidimensional Poverty Index for Latin America. , OPHI Working Paper 79, Oxford., 2015

- Schulz School subsidies for the poor: evaluating the Mexican Progresa poverty program, , Journal of Development Economics 74, 199-250., 2004

- Sen. Amartya On economic inequality., Clarendon, Oxford., 1997