

**MASTER IN ECONOMIC DEVELOPMENT AND GROWTH**  
**UNIVERSIDAD CARLOS III DE MADRID**

**COURSE**

**Measurement of well-being, poverty and inequality**

**Instructor: Jordi Domenech**

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**room 18.????**

**OUTLINE**

This course provides a versatile approach to the study of well-being and poverty, focussing on the economics of poor households, collective and individual decision-making, insurance to risks and the impact of economic shocks.

In addition, the purpose of this course is to sharpen your sophistication as producers (and consumers) of empirical research. We will put special emphasis on research design, causality, and data problems (measurement error, sample biases, unobserved variables, etc.). The course is based on the class discussion of empirical papers, generally in development economics or economic history and the work on the types of datasets that development economists generally use, paying especial attention the problems that are found in different types of data.

Supplementary books for the course are:

Banerjee, Abhijit and Esther Duflo, *Poor Economics* (Public Affairs, 2012). See as well: <http://pooreconomics.com/>

Collins, Morduch, Rutherford, Ruthven, *Portfolios of the poor: how do the poor live on 2 \$ a day* (Princeton University Press, 2012).

Sendil Mullanaithan and Eldar Shafir, *Scarcity: Why having so little means so much* (New York, 2013)

## **Weekly presentation**

Every week you will read a couple of papers that deal (effectively or not) with a particular problem of the economics of the poor and display creative ways of solving the various empirical and statistical hurdles of a particular research design. For each of the papers, a student will present a summary in class and the summary should try to answer:

What is the particular debate that the paper is trying to address / settle?

What is the main question of the paper?

Why is the paper a contribution to that particular debate? Better data? Better theory? Better methods?

What are the main statistical problems that the author faces?

What are the main advantages / problems of the data set?

Describe the research design (is it a natural experiment?, a new dataset?, what is the technique?)

How compelling is the whole exercise? Are you convinced? Why?

You will do an oral presentation on the papers. All students should be able to discuss all the papers in class.

In the course, we are going to try to replicate existing results from studies using late 19th century working class household surveys.

The final mark of the course is going to be calculated in the following way:

20 % class presentation and participation

60 % empirical exercises

20 % Final exam

**\*\* means compulsory reading**

## **SESSIONS:**

### **Session 1. Introduction. 1st Empirical exercise with Armenian survey**

Poverty rates

Inequality measurement

World Bank, *Introduction to Poverty Analysis* (2005) and PovcalNet at World Bank.

### **Session 2. Poverty rates**

Angus Deaton (2006), "Measuring poverty," in Abhijit Banerjee, Roland Benabou, and Dilip Mookerjee (eds.), *Understanding Poverty*, Oxford University Press, 2006.

available at [http://www.princeton.edu/rpds/papers/pdfs/deaton\\_povertymeasured.pdf](http://www.princeton.edu/rpds/papers/pdfs/deaton_povertymeasured.pdf)

\*\*Martin Ravallion (2010). "Poverty Lines across the World." World Bank Policy Research Working Paper, n. 5284.

\*\*Allen, Robert C. (2017). "Absolute poverty: when necessity displaces desire." *American Economic Review*, 107 (12): 3690-3721.

### **Session 3. Well being (human development)**

Gapminder

\*\*Prados de la Escosura, Leandro. "World Human Development: 1870-2007." *Review of Income and Wealth*, 61, 2 (2015), pp. 220-247.

### **Session 4. Well-being (human development)**

\*\*VVAA, "The Millennium Villages Project: a retrospective, observational, endline evaluation." *The Lancet*, vol 6, May 2018, pp.

UK Department for International Development. "Impact Evaluation of the Sada Millennium Villages Project in Northern Ghana: Endline Summary Report." Agosto 2018.

### **Session 5. Nutrition and Height, Measurement of Well Being**

\*\* Brainerd, Elizabeth. "Reassessing the Standard of Living in the Soviet Union: An Analysis Using Archival and Anthropometric Data." *Journal of Economic History* 70. 1 (2010): 83-117.

\*\*Atkin, David, "Working for the future: female factory work and child height in Mexico," unpublished, 2009. Available at:  
[http://www.mit.edu/~atkin/Women%20in%20Manufacturing\\_old.pdf](http://www.mit.edu/~atkin/Women%20in%20Manufacturing_old.pdf)

## **Session 6. Infant health, nutrition & adult outcomes. Scarring effects**

\*\* Qian, Nancy, “The Long Run Impact of Exposure to Famine on Survivors: Evidence from China’s Great Famine” with Xin Meng (2006, Revised 2008) NBER Working Paper w14917, revised 2009.

“Long Run Health Impacts of Income Shocks: Wine and Phylloxera in 19th Century France”

Abhijit Vinayak Banerjee, Esther Duflo, Gilles Postel-Vinay and Tim Watts  
Available at: <http://economics.mit.edu/faculty/eduflo/papers>

\*\*Bleakley, Hoyt 2010. "Malaria Eradication in the Americas: A Retrospective Analysis of Childhood Exposure." *American Economic Journal: Applied Economics*, 2(2): 1–45.

## **Session 7. Poverty, risk, and household response**

\*\*Banerjee, Abhijit V., and Esther Duflo. 2007. "The Economic Lives of the Poor." *Journal of Economic Perspectives*, 21(1): 141–168.

\*\*Morduch, Jonathan, “Income smoothing and consumption smoothing,” *Journal of Economic Perspectives*, 9 (1995), pp. 103-114

Dammert, Ana (2008). "Child labor and schooling responses to changes in coca production in rural Peru," *Journal of Development Economics* 86(1), April 2008, 164-180.

## **Session 8. Poverty and household consumption**

\*\*Deaton, Angus and Subramanian, Shankar, “The demand for food and calories.” *Journal of Political Economy*, 104, 1 (1996), pp. 133-162.

\*\* Case, Anne and Alicia Menendez, “Requiescat in peace? The consequences of high priced funerals in South Africa,” NBER working paper W14998 (2009).

Alwyn Young, "The African Growth Miracle." *Journal of Political Economy*, vol. 120, 4 (August 2012), pp. 696-739.

## **Session 9. Poverty and old age**

\*\* Banerjee, Abhijit, Xin Meng and Nancy Qian, “The Life-Cycle Theory and Household Savings: Micro-evidence from Urban China” (2009, Revised September 2010), available at:  
[http://www.econ.yale.edu/~nq3/NANCYS\\_Yale\\_Website/Research.html](http://www.econ.yale.edu/~nq3/NANCYS_Yale_Website/Research.html)

\*\*\*Duflo, E. (2003): “Grandmothers and Granddaughters: Old-Age Pensions and Intra-household Allocation in South Africa,” *World Bank Economic Review*, 17(1), 1-25.

Costa, Dora, "Displacing the Family: Union Army Pensions and Elderly Living Arrangements." *Journal of Political Economy*. December 1997, 105(6): 1269-1292.

Costa, Dora, "Health and Labor Force Participation of Older Men, 1900-1991." *Journal of Economic History*., March 1996, 56(1): 62-89.

## **Session 10. Intrahousehold allocation**

### **Second empirical exercise**

\*\*Horrell, Sarah and Deborah Oxley (1999), "Crust or Crumb? Intrahousehold Resource Allocation and Male Breadwinning in Late Victorian Britain," *Economic History Review*, LII (August 1999), pp. 494-522.

Deaton, Angus D., Javier Ruiz-Castillo, Duncan Thomas (1989), "The influence of household composition on household expenditure patterns: theory and Spanish evidence," *Journal of Political Economy*, 97, 1, pp. 179-200.

Duflo, Esther and Chris Udry, "Intrahousehold Allocation in Côte d'Ivoire: Social Norms, Separate Accounts and Consumption Choices," NBER Working Paper number 10498 (May 2004).

Moehling, Carolyne, "She has Suddenly Become More Powerful: Youth Employment and Household Decision-Making in the Early Twentieth Century," *Journal of Economic History*, 65, 2 (June 2005).

## **Session 11. Intrahousehold allocation: missing women**

\*\*Rose, Elaina, "Consumption smoothing and excess female mortality in rural India," *Review of Economics and Statistics*, 81 (1999), pp. 41-49.

\*\*Qian, Nancy, "Missing Women and the Price of Tea in China: The Effect of Sex-Specific Income on Sex Imbalance," *The Quarterly Journal of Economics*, 123(3), August 2008.

Ray, Debraj and Siwan Anderson, "Missing women: age and disease." *Review of Economic Studies*, 77 (2010), pp. 1262-1300.

Lleras-Muney, Adriana, "Child Gender and Parental Investments in India: Are Boys and Girls Treated Differently?", March 2011 (joint with Silvia H. Barcellos and Leandro Carvalho). Available at:

[http://www.econ.ucla.edu/alleras/research/working\\_papers.html](http://www.econ.ucla.edu/alleras/research/working_papers.html)

