

Poverty and livelihood strategies (LECON2825)

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Credits: 5 ECTS

Objective and content

This class has two main objectives. The first objective is that students clearly understand the content and limits of common measures of poverty and inequality. The second objective is to apply microeconomic reasoning to the analysis of functional aspects of poverty. The class puts emphasis on the application of the concepts and methods presented in class by asking students to complete three homeworks that use real world micro-level data during the semester.

The class is structured along two axes. The first is about the concept of poverty. We will study definitions and measures, look at poverty in an historical perspective and examine an increasingly popular anti-poverty program, namely conditional cash transfers. The second axis concerns the mechanisms that are at the root of poverty and its reproduction. We use microeconomic tools to understand why some individuals are poor, stay poor and transmit poverty to their children. Specifically we first examine gender inequality and resource allocation within households, in particular in the presence of risk. Second, we study the consequences of missing markets on rural households. In particular we examine how the absence of key study the role of credit and savings in poverty alleviation and ask whether microfinance can be seen as a "revolution."

Support and evaluation

The final grade is based on a final exam and two homeworks. Homeworks are due on November 19 and December 17.

(Incomplete) bibliography by topic

Poverty (concept, measures and historical perspective):

Banerjee A. and E. Duflo, 2007, "The Economic Lives of the Poor" *Journal of Economic Perspectives*, 21 (1)



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Sen, A (1999), Chapter 4, *Development as freedom*, Alfred Knopf Inc.

The Economist, “Ends without means” 09/09/2004

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Conditional cash transfers

Rawlings, Laura, and Gloria Rubio. 2005. “Evaluating the impact of conditional cash transfer programs.” *World Bank Research Observer* 20(1): 29-55

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Risk and intrahousehold resource allocations

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Credit and Savings

Armendariz de Aghion B, Morduch J. (2006) *The economics of microfinance*

Bardhan, P. and Udry, C. (1999), Development microeconomics. Oxford University Press. Chapter 7

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