

2014-2015

<b>Poverty and livelihood strategies (ECONM825)</b>
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**Professor:** Catherine Guirkinger [catherine.guirkinger@unamur.be](mailto:catherine.guirkinger@unamur.be)

**Credits:** 5 ECTS

**Calendar**

Classes are on Wednesdays in room E33 from 9:30 to 12:30, starting October 29.

On December 10, there are two classes, 9.30-12.30 AND 14.00-17.00.

**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)

Kanbur, R. and L.Squire (2000), “The Evolution of Thinking about Poverty”, in G.Meier and J.Stiglitz, *Frontiers of Development Economics*, Oxford University Press.

Pressman, S. and G. Summerfield (2002), “Sen and Capabilities” *Review of Political Economy*, 14(4)

Ray, D. (1998), Chapter 8, *Development Economics*, Princeton University Press

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

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

The Economist, “Another day, another \$1.08” 24/04/2007

Diamond, J. (1997) *Guns, Germs and Steel*.

*In French : De l'inégalité parmi les sociétés*, Gallimard. p 9-104 (traduction 2000)

#### **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

<http://wbro.oxfordjournals.org/content/vol20/issue1/index.dtl>

de Janvry, Alain, and Elisabeth Sadoulet. 2006. “When to use a CCT versus a CT approach?”

<http://are.berkeley.edu/~sadoulet/papers/CCTvsCT4.pdf>

#### **Risk and intrahousehold resource allocations**

Alderman, H., Chiappori, P., Haddad, L., Hoddinott, J. and Kanbur, R. (1995) Unitary versus Collective Models of the Household: Is it Time to shift the Burden of Proof? World Bank Research Observer, 10(1): 1-19

Anderson, S. and Ray, D. (2010), Missing Women: Age and Disease. Review of Economic Studies, 77: 1262–1300.

Bardhan, P. and Udry, C. (1999), Development microeconomics. Oxford University Press. Chapter 2 “Household Economics” especially point IV

Dercon S. and Krishnan P. (2000), “In sickness and in health: risk-sharing within households in Ethiopia”, *Journal of Political Economy*, 108(4).

Duflo, E. (2002), Grandmothers and Granddaughters: Old-Age Pensions and Intrahousehold Allocation in South Africa. World Bank Economic Review, 17 (1): 1-25.

Duflo E. and Udry C. (2004), “Intrahousehold resource allocation in Cote d’Ivoire: social norms, separate accounts and consumption choices”, mimeo.

Fafchamps (1997), “Rural Poverty, Risk and Development”, FAO report

Goldstein M. (2003), “Intrahousehold Efficiency and Individual Insurance in Ghana”, mimeo. LSE

Thomas, D. (1990), Intra-Household Resource Allocation: An Inferential Approach. The Journal of Human Resources, 25(4): 635-664

Qian, N. (2008), Missing Women and the Price of Tea in China: The Effect of Sex-Specific Earnings on Sex Imbalance. The Quarterly Journal of Economics. 123(3): 1251-1285

Udry, S. (1996), Gender, Agricultural Production, and the Theory of the Household. The Journal of Political Economy, 104(5) : 1010-1046

### **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

Morduch J. (1999) The microfinance promise *Journal of economic literature* 37 (4)

Ray, D. (1998), Chapter 14, *Development Economics*, Princeton University Press