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Code: ECON-416

Title: Poverty and Income Distribution

Credit Hours: 03

Prerequisite: Development Economics-I

Objectives:

The aim of this course is to introduce students to the subject of poverty and inequality. The emphasis will be on problems in the modern contemporary economy, but the topic will also be approached from an historical perspective, taking a longer term view of the distribution of income in human societies. In particular, we will examine why some individuals and groups have less access to resources and income than others. Students will learn the fundamental concepts, theories and methodologies that are used by economists to measure and understand questions related to the distribution of income. By the end of the course, students should expect to not only have a greater knowledge of the forces determining the extent of poverty and the distribution of income, but to have also gained some understanding of the methods used by economists and policy-makers to deal with them

Course Contents

Traditional Measures of Poverty

What Is Poverty and Why Measure It? The Concepts of Well-Being and Poverty, Measuring Poverty, steps in Measuring Poverty, monetary poverty, capability approach, Poverty Lines, Relative Poverty, Absolute Poverty, Issues in Choosing an Absolute Poverty Line, Measures of Poverty, Headcount Index, Poverty Gap Index, Squared Poverty Gap (Poverty Severity) Index,

New Dimensions of Poverty

Multidimensional Poverty Index, Sen Index, The Sen-Shorrocks-Thon Index, FGT class of measures, multidimensional poverty index, Poverty Indexes: Checking for Robustness, Sampling Error, Measurement Error, Equivalence Scales, Choice of Poverty Line and Poverty Measure

Measuring Income Inequality

Definition of Inequality, Measures of Inequality, Decile Dispersion Ratio, Gini Coefficient of Inequality, Generalized Entropy Measures, Atkinson's Inequality Measures, Inequality Comparisons, Measuring Pro-Poor Growth, Decomposition of Income Inequality, Poverty Profiles, Additive Poverty Measures, Determinants of Poverty, Household and Individual-Level Characteristics, Analyzing the Determinants of Poverty: Regression Techniques, Poverty Reduction Policies, The Analysis of Poverty over Time, Vulnerability to Poverty, Quantifying Vulnerability to Poverty.

Poverty and Income Inequality in Pakistan

Poverty and inequality in Pakistan- How does Pakistan compare? Historical Trends- the longer term picture

Recommended Books:

- Sen, A. (2002). On Economic Inequality. New Delhi: Oxford University Press.
- Shorrocks, A., & Hoveen, R.V.D. (Eds.) (2005). Growth, Inequality, and Poverty: Prospects for economic development. New York: Oxford University Press.
- Jonathan Haughton and Shahidur Khandker (2009). Handbook on Poverty and Inequality. (World Bank Training Series). ISBN-10: 0821376136.
- Atkinson, A. B., B. Cantillon, E. Marlier and B. Nolan (2002). Social Indicators. The EU and Social Inclusion. Oxford: Oxford University Press.
- Cowell, F. (1992). Measuring Inequality, 2nd Edn. Hemel Hempstead: Harvester Wheatsheaf.
- Fields, G. S. (2001). Distribution and Development. Cambridge, MA: MIT Press.
- Foster, J. E., J. Greer and E. Thorbecke (1984). A class of decomposable poverty measures. *Econometrica*, 52(3), 761-66.
- Kakwani, N. (2003). Issues in Setting Absolute Poverty Lines. Poverty and Social Development Paper 3. Asian Development Bank. .
- Ravallion, M. (1994). Poverty Comparisons, Chur: Harwood Academic Publishers.
- Sachs, Jeffrey. (2005). End of Poverty: Economic Possibilities for our Time (New York, Penquin).