

Syllabus

The Challenge of World Poverty: Problems and Solutions

Professor: Elise Huillery

Session: July

Language of instruction: English

Number of hours of class: 48

Objective of the Course

The goal of this course is to better understand the lives of the world's poor and why they remain poor. Specifically, the course addresses the main dimensions of poverty: lack of human capital, lack of physical assets, lack of insurance, lack of political voice, etc. It examines why poverty is difficult to escape: what obstacles hinder the quest to improve one's wellbeing? Is there scope for policy to help the poor? The course aims to identify problems faced by the poor, test solutions, and draw lessons to better understand economic behaviors and decisions.

Summary

The course is organized in four parts. First, it presents facts about poverty based on statistics at the world-wide and country levels in order to discuss the definition and measurement of poverty. Second, it discusses the obstacles poor people face with the accumulation of human capital, namely education and health. This part helps to explain why it may be difficult for poor people to invest in education and health, as well as the consequences of this lack of investment. Third, it presents the issues poor people face when it comes to the accumulation of physical assets and capital in the property, insurance, and credit markets. We will examine the reasons why starting at a low level of wealth can create disproportionately low access to credit, property and insurance, which induces a poverty trap. Finally, the course discusses the role of government in poverty reduction through taxation and redistribution, not forgetting potential threats that can impede governmental action, such as corruption.

An important focus of the course is on policies that try to address the issue of poverty. What policies have been tried? Have they been successful? While searching for answers to these questions, the course emphasizes the methodological issues in identifying the causes of, and solutions to, poverty. To be effective, public policies have to be informed by scientific evidence. Therefore, the lecture includes additional sessions covering a large overview of the methodologies used in the field of economics to evaluate the impact of social policies aimed at reducing poverty. A large share of the course will be devoted to a recent method that puts social sciences to the test: field experiments - also called randomized experiments – which students will learn how to conduct in practice.

Organization of the Course

The course is organized into 16 three-hour sessions: eight lectures and eight methodological sections.

- **Lecture 1:** What is Poverty?
- **Lecture 2:** Access to and Demand for Health
- **Lecture 3:** The Primacy of Education
- **Lecture 4:** The Supply and Demand for Education
- **Lecture 5:** Credit and Investment - Microcredit, a Revolution?
- **Lecture 6:** Land and Property Rights
- **Lecture 7:** Risk and Insurance
- **Lecture 8:** Taxation, Redistribution and Corruption

- **Section 1:** Why and when is a rigorous evaluation of social impact needed?
- **Section 2:** The common pitfalls of evaluations, and why randomization helps
- **Section 3:** The key components of a good randomized evaluation design
- **Section 4:** Case Study 1
- **Section 5:** How to determine the appropriate sample size, measure outcomes, and manage data
- **Section 6:** Guarding against threats that may undermine the integrity of the results
- **Section 7:** Case Study 2
- **Section 8:** How to maximize policy impact and test external validity

Bibliography

- Abhijit Banerjee, Roland Benabou, and Dilip Mookherjee, *Understanding Poverty*, Oxford University Press: March 2006
- Abhijit Banerjee and Esther Duflo, *Poor Economics, A Radical Rethinking of the Way to Fight Global Poverty*, 2011
- Abdul Latif Jameel Poverty Action Lab (J-PAL) website: <http://www.povertyactionlab.org/>
- Innovation for Poverty Action (IPA) website: <http://www.poverty-action.org/>

Requirements for course validation

- An oral presentation in class by groups of three students
- A written, in-class exam

Requirements for course validation



Elise Huillery is an assistant professor of economics at the Department of Economics at Sciences Po and a J-PAL affiliate. She holds a PhD in Economics from the Paris School of Economics, a MA in Management from HEC and a MA in Philosophy from the University of Paris-Sorbonne. Her research is mainly focused on development economics, economics of education and economic history, with a strong interest in inequalities and the constraints faced by poor countries and poor people to accumulate human capital. She is currently conducting field experiments on health, education and micro-entrepreneurship in Niger, Morocco, Cameroun, Congo, Bulgaria, and France.