POVERTY ANALYSIS
Exercise 5

The purpose of this exercise is to help prepare for class on Monday April 27, when I will ask everyone to make a short (5 minutes max) presentation, ideally with the help of two or three PowerPoint slides.

Pick one of the following topics, and present your thoughts to the class. If possible, back it up with a some data. I know that time is short, but this is hard to avoid given the brevity of the course.

1. Which is better as a measure of welfare: expenditure per capita or income per capita?
2. Some people prefer to use income or expenditure per adult equivalent. Propose three adult equivalent scales, and make a case for the one you prefer.
3. When constructing a poverty line based on the cost of basic needs, it is standard to look at the basket of goods that people consume who just have enough to eat. Suppose you find that this includes some spending on alcohol (beer, wine, etc.). Should this be included in constructing the poverty line? Explain.
4. Some researchers measure the poverty of a country by looking at malnutrition. How is malnutrition measured?
5. How does the FAO measure the prevalence of undernourishment? Is this a good alternative measure of poverty?
6. Show and explain what is meant by first order stochastic dominance (for poverty incidence curves).
7. Use ADePT to process data from a dataset and present two or three graphs and/or tables.
8. Between 2017 and 2020 we are told that in Country A the Gini goes from 0.412 to 0.443 and the headcount poverty rate falls from 17% to 13%, while in Country B the Gini goes from 0.486 to 0.472 and the headcount poverty rate falls from 16% to 15%. Which country is doing a better job, and why?
9. Calculate the Theil T and Theil L indexes for the Bangladeshi data for the two years. What happened to inequality over the time period?
10. Identify a problem related to poverty that you would like to study and explain how you would approach the problem (including what data you would use).
11. How would you measure the distributional effects of a value-added tax (or sales tax)? What data would you need? Set out the steps involved.
12. You are the Minister of Education and what to promote greater equality of opportunity in education. What are the first five things you would do, and why?
13. Which do you prefer: P0, P1, or P2? Why?
14. What is meant by regression to the mean, and why does it help explain why the growth incidence curve slopes down to the right?
15. Summarize and compare the poverty and inequality data of two countries, using PovCalNet.