



DEPARTMENT OF ECONOMICS AND
ECONOMETRICS
SUPPLEMENTARY ASSESSMENT JULY 2014
APK CAMPUS

Course: Topics in poverty and inequality POI9X01 and EKN14X8

Marks: 100

Time : 2 hours

Assessors: Prof Nicholas Ngepah

Moderator: Prof M. Darma

Instructions:

1. The paper consists of 4 questions
2. Answer **question 1** and any two other questions of your choice.
3. Number of pages: 2 pages

Question 1 (Compulsory)

Consider two societies (S1 and S2) with income vectors as shown in Table 1. Let poverty line be 10 monetary units, the same for each society.

Table 1: Income distribution in two societies S1 and S2

Number	Incomes of persons									
	1	2	3	4	5	6	7	8	9	10
S1	6	7	9	11	15	18	20	24	25	28
S2	2	3	7	8	11	18	20	35	45	50

1. As a pro-poor development expert, calculate and explain the policy implications of poverty
 - a. incidence, (12)
 - b. intensity (15)
 - c. severity (8)

- d. What kinds of poverty measures will you consider using if you want to place greater emphasis on the poorest individuals and why? (5)
2. Compare the two communities in terms of poverty levels (also taking into account extreme poverty) (10)

Question 2

- a) What is inclusive Economic Growth? (10)
- b) How does the concept of inclusive growth differ from that of pro-poor growth (15)

Question 3

- a) South Africa's Economic growth has averaged about 3% in the past decade. To what extent has this growth been inclusive in your view and why? (15)
- b) Give some of the policies that you consider supportive of your view in (C) above (10)

Question 4

- a) What factors will you consider when undertaking a poverty profiling exercise in a society like South Africa? (10)
- b) Explain equivalence scaling, highlighting its importance in calculating poverty indices (7)
- c) In the light of Dollar and Kraay, (2002), what distinction can you make of pro-poor policies in the long-run and in the short-run? (8)

End of paper