

## EC507 Assignment 1

The questions refer to Dollar,D. and Kray, A. "Growth is Good for the Poor"  
– mimeo World Bank.

1. Discuss the limitations of the data set used in the paper. Is it adequate to address the questions of whether the poor benefit from economic growth? Discuss the issue of comparability across countries.
2. Write down the main econometric specification used to test how economic growth affects the poor. Comment critically on how the authors deal with problems of (i) measurement error, (ii) omitted variable bias, (iii) endogeneity. Do you find their strategy convincing?
3. What are the main results as regards whether growth is pro-poor. What additional tests do the Authors carry out to check the robustness of these results? Are you convinced by their findings overall?
4. What macro policies and institutional factors do the authors identify as having an impact on the incomes of the poor? Does the analysis allow us to compare the relative impact of different policies and institutional factors?
5. Which policy implications can you draw from this analysis? Do the results imply that all attempts at redistribution should be abandoned and that there be an exclusive focus on policies that promote growth?