

Policy for poverty alleviation and income redistribution with quasi-public goods

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Abstract

This paper proposes a theoretical framework for a poverty-alleviation program with quasi-public goods and presents four main effects. First, this policy succeeds in self-selection, which identifies low-productive persons under imperfect information and allows them to receive at least the minimum income. Second, we can observe income redistribution by this scheme without any taxes. Third, the program contributes cost-effectiveness in many cases. Finally, it makes clear that this policy is suitable, especially in areas where low-income people are concentrated.

Keywords: self-selection; poverty alleviation; income redistribution
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