

# Reading group on Poverty and Inequalities

## Syllabus

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### Course's objective

“Has poverty decreased?” “Has inequality raised?” Those questions have been central in the academic and policy debate in the last decades. To answer them, it is key to understand the epistemological and methodological issues behind the measurement of poverty and inequality. This course objective is to provide students with the tools needed to understand the evolution of the literature. Recent work on poverty and inequality will also be discussed.

Two topics will be presented in each session by students. The rest of the group will have read the required material and participate in class.

Structure: 6 sessions of 2 hours.

### Outline

- Lecture 1: Normative theories of inequality
- Lecture 2: Recent trends of poverty and inequality and data availability
- Lecture 3: Methodological advancements
- Lecture 4: Top-incomes & top wealth and Inequality in Macroeconomics
- Lecture 5: Inequalities of Opportunities
- Lecture 6: Spatial Inequalities

### Grading

Students will be graded on the basis of one or two presentation of a topic (3/4) and a discussion of another topic (1/4).

### Reference handbooks

Ravaillon, M., 2016. "The Economics of Poverty: History, Measurement, and Policy," OUP Catalogue, Oxford University Press, number 9780190212773.

### Complementary handbooks

Cowell, Frank A., and Emmanuel Flachaire. "Statistical methods for distributional analysis." *Handbook of income distribution*. Vol. 2. Elsevier, 2015. 359-465.

## Other references

### a. Normative theories of justice

- i. Sen, A. (1980). "Equality of What?" in McMurrin (ed.), *Tanner Lectures on Human Values*. Cambridge University Press.
- ii. Nussbaum, M. C. (2001). *Women and human development: The capabilities approach* (Vol. 3). Cambridge University Press. Introduction sections II & III, Chapter 1 sections I, IV, & V.
- iii. Rawls, J. (2001). *Justice as fairness*. Harvard University Press. II. Principles of justice, 39-77.
- iv. Caney, S. (2006). *Justice beyond borders: A global political theory*. Oxford University Press. Chapter 1
- v. Roemer, J. E., & Trannoy, A. (2016). Equality of opportunity: Theory and measurement. *Journal of Economic Literature*, 54(4), 1288-1332.
- vi. Tan, K. C. (2011). Luck, institutions, and global distributive justice: A defence of global luck egalitarianism. *European Journal of Political Theory*, 10(3), 394-421.
- vii. Satz, Debra. "Equality, adequacy, and education for citizenship." *Ethics* 117.4 (2007): 623-648.

### b. Recent trends (Within vs between countries, Global vs national inequalities)

- Ravallion, M. (2018). Inequality and globalization: A review essay. *Journal of Economic Literature*, 56(2), 620-42.
- García-Peñalosa, Cecilia. "Inequality in macroeconomic models." *Revue de l'OFCE* 3 (2018): 93-115.
- Jäntti, Markus, and Stephen P. Jenkins. "The impact of macroeconomic conditions on income inequality." *The journal of economic inequality* 8.2 (2010): 221-240.
- Anand, S., & Segal, P. (2008). What do we know about global income inequality? *Journal of Economic Literature*, 46(1), 57-94.
- Rodrik, D. (2017). Is global equality the enemy of national equality? HKS RWP17-003. Harvard University.
- i. Niño-Zarazúa, M., Roope, L., & Tarp, F. (2017). Global inequality: Relatively lower, absolutely higher. *Review of Income and Wealth*, 63(4), 661-684.
  - ii. Morelli, Salvatore, Timothy Smeeding, and Jeffrey Thompson. "Post-1970 trends in within-country inequality and poverty: rich and middle-income countries." *Handbook of income distribution*. Vol. 2. Elsevier, 2015. 593-696.

**c. Data sources: historical data, big data, administrative and survey data**

- i. Stone, Chad, et al. "A guide to statistics on historical trends in income inequality." *Center on Budget and Policy Priorities* 26 (2015).
- ii. Suel, Esra, et al. "Measuring social, environmental and health inequalities using deep learning and street imagery." *Scientific reports* 9.1 (2019): 1-10.
- iii. Meyer, Bruce D., and Nikolas Mittag. "Using linked survey and administrative data to better measure income: Implications for poverty, program effectiveness, and holes in the safety net." *American Economic Journal: Applied Economics* 11.2 (2019): 176-204.
- iv. Zucman, Gabriel. "Global wealth inequality." *Annual Review of Economics* 11 (2019): 109-138.
- v. Poppitz, Philipp. "Can Subjective Data Improve the Measurement of Inequality? A Multidimensional Index of Economic Inequality." *Social Indicators Research* 146.3 (2019): 511-531.
- vi. Chetty, Raj, et al. *The opportunity atlas: Mapping the childhood roots of social mobility*. No. w25147. National Bureau of Economic Research, 2018.
- vii. Blanchet, Thomas, Lucas Chancel, and Amory Gethin. "How Unequal Is Europe? Evidence from Distributional National Accounts, 1980-2017." WID. world Working Paper 6 (2019).

**d. Measurements: Indicators of inequality and poverty, Uni- vs Multi-dimensional inequality, statistical vs theoretical based indexes, estimation methods, ML**

- i. Aaberge, Rolf, and Andrea Brandolini. "Multidimensional poverty and inequality." *Handbook of income distribution*. Vol. 2. Elsevier, 2015. 141-216.
- ii. Chakravarty, Satya R., and Maria Ana Lugo. "Multidimensional indicators of inequality and poverty." *Poverty, Social Exclusion and Stochastic Dominance*. Springer, Singapore, 2019. 223-259
- iii. Brunori, Paolo, and Guido Neidhöfer. "The evolution of inequality of opportunity in Germany: A machine learning approach." *ZEW-Centre for European Economic Research Discussion Paper* 20-013 (2020).
- iv. Ravallion, M. (2019). Global inequality when unequal countries creates unequal people. *European Economic Review*, 111, 85-97.

- v. Suel, Esra, et al. "Measuring social, environmental and health inequalities using deep learning and street imagery." *Scientific reports* 9.1 (2019): 1-10.
- vi. Ranaldi, Marco. "Income Composition Inequality." (2020).
- vii. Kobus, Martyna, Marek Kapera, and Vito Peragine. "Measuring multidimensional inequality of opportunity." (2020).
- viii. Tsui, Kai-Yuen. "Multidimensional generalizations of the relative and absolute inequality indices: the Atkinson-Kolm-Sen approach." *Journal of Economic Theory* 67.1 (1995): 251-265.
- ix. Parente, Francesca. "A multidimensional analysis of the EU regional inequalities." *Social Indicators Research* 143.3 (2019): 1017-1044.

#### e. Top-incomes & top wealth

- i. Leigh, A. (2009). Top incomes. *The Oxford handbook of economic inequality*, 150-176.
- ii. Lustig, N. (2020). *The missing rich in household surveys: Causes and correction approaches* (No. 75). Tulane University, Department of Economics.
- iii. Cowell, F., Nolan, B., Olivera, J., & Van Kerm, P. (2017). Wealth, top incomes and inequality. *National wealth: What is missing, why it matters*, 175-204.
- iv. Vermeulen, Philip. "How fat is the top tail of the wealth distribution?" *Review of Income and Wealth* 64.2 (2018): 357-387.
- v. Aghion, Philippe, et al. "Innovation and top income inequality." *The Review of Economic Studies* 86.1 (2019): 1-45.
- vi. Bricker, Jesse, et al. "Measuring income and wealth at the top using administrative and survey data." *Brookings Papers on Economic Activity* 2016.1 (2016): 261-331.
- vii. A.B. Atkinson, T. Piketty, E. Saez, Top incomes in the long run of history, *Journal of economic literature*, vol. 49, no 1, 2011, p. 3-71.
- viii. T. Piketty, Top incomes over the twentieth century : a summary of main findings [chap. 1], In : Top incomes over the twentieth century : a contrast between continental European and English-speaking countries, Oxford : Oxford university press, 2007, p. 1-17.

#### f. Inequalities and macro-economic policy

- i. Palagi, Elisa, et al. "Inequality, redistributive policies and multiplier dynamics in an agent-based model with credit rationing." *Italian Economic Journal* 3.3 (2017): 367-387.

- ii. Dolado, Juan, Gergo Motyovszki, and Evi Pappa. "Monetary policy and inequality under labor market frictions and capital-skill complementarity." (2018).
- iii. Colciago, Andrea, Anna Samarina, and Jakob de Haan. "Central bank policies and income and wealth inequality: A survey." *Journal of Economic Surveys* 33.4 (2019): 1199-1231.
- iv. Martínez-Toledano, Clara. "House Price Cycles, Wealth Inequality and Portfolio Reshuffling." *Working Paper*. 2019.
- v. T. Piketty, E. Saez, A theory of optimal inheritance taxation, *Econometrica*, vol.81, n.5, 2013, p.1851-1886.
- vi. T. Piketty, E. Saez, S. Stancheva, Optimal taxation of top labor incomes: a tale of three elasticities, *American economic journal: economic policy*, vol.6, n.1, 2014, p.230-271.
- vii. Akcigit, Ufuk, and Stefanie Stantcheva. Taxation and Innovation: What Do We Know?. No. w27109. National Bureau of Economic Research, 2020.
- viii. Saez, Emmanuel, and Stefanie Stantcheva. "A simpler theory of optimal capital taxation." *Journal of Public Economics* 162 (2018): 120-142.

**g. Inequality of opportunities and Inequalities between social groups**

- Goldin, Claudia, et al. "The expanding gender earnings gap: Evidence from the LEHD-2000 Census." *American Economic Review* 107.5 (2017): 110-14.
- i. Chetty, Raj, et al. "Income segregation and intergenerational mobility across colleges in the united states." *The Quarterly Journal of Economics* 135.3 (2020): 1567-1633.
  - ii. Abramitzky, Ran, et al. *Intergenerational Mobility of Immigrants in the US over Two Centuries*. No. w26408. National Bureau of Economic Research, 2019.
  - iii. Gallipoli, Giovanni, Hamish Low, and Aruni Mitra. "Consumption and Income Inequality across Generations." (2019).
  - iv. Oka, Tatsushi, and Ken Yamada. "Heterogeneous Impact of the Minimum Wage: Implications for Changes in Between-and Within-group Inequality." *arXiv preprint arXiv:1903.03925* (2019).
  - v. Bayer, Patrick, and Kerwin Kofi Charles. "Divergent paths: A new perspective on earnings differences between black and white men since 1940." *The Quarterly Journal of Economics* 133.3 (2018): 1459-1501.

- vi. Aiyar, Shekhar S., and Christian Ebeke. "Inequality of opportunity, inequality of income and economic growth." (2019).
  - vii. Palomino, Juan C., Gustavo A. Marrero, and Juan G. Rodríguez. "Channels of inequality of opportunity: The role of education and occupation in Europe." *Social Indicators Research* 143.3 (2019): 1045-1074.
  - viii. Brunori, Paolo, and Guido Neidhöfer. "The evolution of inequality of opportunity in Germany: A machine learning approach." *ZEW-Centre for European Economic Research Discussion Paper* 20-013 (2020).
  - ix. Aaberge, Rolf, Magne Mogstad, and Vito Peragine. "Measuring long-term inequality of opportunity." *Journal of Public Economics* 95.3-4 (2011): 193-204
  - x. Lefranc, Arnaud, Nicolas Pistoiesi, and Alain Trannoy. "Inequality of opportunities vs. inequality of outcomes: Are Western societies all alike?." *Review of income and wealth* 54.4 (2008): 513-546.
- Ruger JP. Ethics and governance of global health inequalities. *J Epidemiol Community Health*. 2006;60(11):998-1003. doi:10.1136/jech.2005.041947
- van Doorslaer, E., & O'Donnell, O. (2008). Measurement and explanation of inequality in health and health care in low-income settings. WIDER Discussion Paper. UNUWIDER.
- Huber, H. (2008). Decomposing the causes of inequalities in health care use: a micro-simulations approach. *Journal of Health Economics*, 27(2008), 1605e1613.
- Abu-Zaineh M, Mataria A, Moatti J-P, Ventelou B. Measuring and decomposing socioeconomic inequality in healthcare delivery: A microsimulation approach with application to the Palestinian conflict-affected fragile setting. *Social Science & Medicine*. 2011;72:133–41.
- Global Burden of Disease Health Financing Collaborator Network. Trends in future health financing and coverage: future health spending and universal health coverage in 188 countries, 2016-40 [published correction appears in *Lancet*. 2018 May 5;391(10132):1774]. *Lancet*. 2018;391(10132):1783-1798. doi:10.1016/S0140-6736(18)30697-4
- vi. De Nardi, Mariacristina, Svetlana Pashchenko, and Ponpoje Porapakarm. *The lifetime costs of bad health*. No. w23963. National Bureau of Economic Research, 2017.
  - vii. Gordon, Nora E. High School Graduation in the Context of Changing Elementary and Secondary Education Policy and Income

Inequality: The Last Half Century. No. w19049. National Bureau of Economic Research, 2013.

Currie, Janet. "Inequality at birth: Some causes and consequences." *American Economic Review* 101.3 (2011): 1-22.

ix. Brown, Caitlin, Martin Ravallion, and Dominique van de Walle. "Most of Africa's Nutritionally Deprived Women and Children are Not Found in Poor Households." *Review of Economics and Statistics* 101.4 (2019): 631-644.

Heckman, "The Economics, Technology and Neuroscience of Human Capability Formation," *Proceedings of the National Academy of Sciences*, 104(33): 13250-13255, (2007).

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#### h. Spatial Inequality

- i. Glaeser, Edward L., and Joshua D. Gottlieb. "The wealth of cities: Agglomeration economies and spatial equilibrium in the United States." *Journal of economic literature* 47.4 (2009): 983-1028.
- ii. Santamaria, Clara. "Small Teams in Big Cities: Inequality, City Size, and the Organization of Production." (2018).
- iii. Burzynski, Michal, Christoph Deuster, and Frédéric Docquier. "Geography of skills and global inequality." *Journal of Development Economics* 142 (2020): 102333.
- iv. Fogli, Alessandra, and Veronica Guerrieri. *The end of the american dream? inequality and segregation in us cities*. No. w26143. National Bureau of Economic Research, 2019.
- v. Combes, Pierre-Philippe, Gilles Duranton, and Laurent Gobillon. "Spatial wage disparities: Sorting matters!" *Journal of urban economics* 63.2 (2008): 723-742.
- vi. Krugman, Paul. "The role of geography in development." *International regional science review* 22.2 (1999): 142-161.