



**Ben Gurion University**  
**Faculty of Humanities and Social Sciences**  
**Department of Economics**

**Name of course: Economics of Inequality and Poverty**

**Year 2019-2020 Fall semester**

**Course number 0-142-1-0018**

**Name of lecturer: Dr. Miri Stryjan**

**Course objectives**

The students will learn how to understand, use and compare different measures of economic inequality. Through case studies of empirical papers in economics, the course will teach central topics and methods in the study of inequality in economics, as well as study and discuss the link between poverty and inequality.

**Course outline**

The course will combine the practical learning of measures of economic inequality and reading of academic articles that study different aspects of inequality. The course will have three main building blocks: (1) Measures of **poverty and** inequality: What do they measure? How are they constructed? What do they tell us? How do they compare? (2) Central topics in the study of inequality in economics, such as: intergenerational mobility in education and labor market, health investment and their connection to inequality, discrimination in the labor market. (3) Trends in and approaches towards inequality and poverty over time, policy, political economy perspectives.

**יעדי ההוראה:**

הסטודנטים ילמדו לפרש, להשוות ולהשתמש במדדים שונים של אי שוויון כלכלי. באמצעות מקרי בוחן ומאמרים אמפיריים בכלכלה הסטודנטים ילמדו על סוגיות מרכזיות במחקר על אי שוויון כלכלי ועל הקשר שבין אי שוויון לעוני.

**פרשיות לימודים:**

הקורס משלב בין למידה מעשית על מדדים של אי שוויון כלכלי לבין קריאת מאמרים אקדמיים העוסקים בסוגיות מרכזיות הקשורות לאי-שוויון. לקורס 3 חלקים עיקריים: (1) מגמות של גישות כלפי אי שוויון ועוני לאורך זמן, כלכלה פוליטית והיסטורית של אי שוויון. (2) מדדים של עוני ואי שוויון – מה הם מודדים? איך הם בנויים? איזה מידע הם מספקים? איך ניתן להשוות ביניהם? (3) גורמים לאי שוויון, תוצאות ודרכי התמודדות: גישה ל- והשקעות בהשכלה ושירותי בריאות, אפליה בשוק העבודה.

## Course and grade requirements

משקל בציון הסופי :		
Attendance	_____	% -
Quizzes	_____	% -
Homework assignments	%	-30
Exams	%	-70
Total	%100	-

Up to 7 bonus points will be awarded for **active** participation in class.

Outline - course on inequality and poverty

DATE	LECTURE	CONTENT DETAILS
6/11	Lecture 1 Research on policy and inequality in Economics.	Introduction. How can we reconcile different facts about how much poverty/inequality there is? What will be in the course and what will NOT be in the course. Some statistics of development over time: poverty and inequality levels of countries, measured over time.
13/11	Lecture 2 - History of thought, big lines of thought around poverty and why people are poor.	Short history of thought on poverty. Views on poverty and inequality over time. Connecting some "big" theories to economic models and assumptions.
20/11	Lecture 3 - History of thought, big lines of thought around poverty and why people are poor.	Short history of thought on poverty. Views on poverty and inequality over time. Theories of justice/distribution.
<b>24/11</b> <b>*SUNDAY*</b>	Lecture 4 - History of thought, big lines of thought around poverty and why people are poor/why poverty exists. <i>Last hour – econ intro (GRAPHS)</i>	Short history of thought on poverty. Views on poverty and inequality over time. Theories of justice/distribution.
27/11	Lecture 5 - Poverty and inequality measures. <i>Last hour – econ intro (GRAPHS)</i>	Poverty measures – Poverty lines, poverty headcount and poverty gap, HDI and MPI. Discussion about relative vs. fixed measures of poverty.
<i>Give homework 1: related to the history of thought around inequality and/or poverty, and to measures of inequality and/or poverty.</i>		

4/12	Lecture 6 - Poverty and inequality measures.	Inequality measures: 4 principles, Lorenz curve, Gini coefficient. Visualizing income distributions.
11/12	Lecture 7 connecting the measures to the policy debate. Start topic 1	Health, life expectancy (order of topics may change)
<i>Deadline for HW 1: Dec 18</i>		
18/12	Lecture 8 topic 2	Education and mobility (order of topics may change)
<i>Give homework 2, Read and summarize academic paper related to a topic area – education, health or labor market</i>		
1/1	Lecture 9 topic 3	Labor market, neighborhood (rental/real estate market) mobility and discrimination (order of topics may change)
8/1	Lecture 10	Psychology of poverty, poverty, inequality and economic behavior.
<i>Deadline for homework 2: Jan 10</i>		
15/1	Lecture 11 How can poverty be eliminated?	Policy – taxation, redistribution, UBI and evaluation
23/1	Lecture 12 How can poverty be eliminated? + Repetition	Policy – taxation, redistribution, UBI and evaluation

## **Bibliography:**

### **History of Thought – poverty, inequality and fairness**

Ravallion, M., 2015. *The economics of poverty: History, measurement, and policy*. Oxford University Press. (Chapter 1 and 2 – selected sections)

Sen, A., 1999. *Development as freedom*. Oxford University Press.

\*Chapter 3, especially pages: 54-63 and 70-76

\*Chapter 4, especially pages: 87-98

Sen, A., 1983. Poor, relatively speaking. *Oxford economic papers*, 35(2), pp.153-169.

דהאן יוסי. 2013. תיאוריות של צדק חברתי. האוניברסיטה הפתוחה. הפרקים על רולס, סן, תועלתנות וליברטריאניזם. ב-moodle.

*(Chapters about Sen's capability theory, John Rawls' theory of justice, Libertarianism and Utilitarianism in Hebrew, from book: Theories of Social Justice by Yossi Dahan, 2013. Open University press.)*

### **Measures of poverty and inequality**

Atkinson, A.B. and Bourguignon, F. eds., 2014. *Handbook of income distribution*. Elsevier. (selected sections)

Ravallion, M., 2015. *The economics of poverty: History, measurement, and policy*. Oxford University Press. (Chapter 4, 5 and 7 – selected sections)  
Poverty Manual, All, JH Revision of August 8, 2005, the World Bank. Chapter 4: Measures of Poverty (on moodle)

\*Ray, D., 1998. *Development economics*. Princeton University Press. Chapter 6 (on moodle)

### **Health investments and mental health**

Aizer, A., & Currie, J. (2014). The intergenerational transmission of inequality: Maternal disadvantage and health at birth. *Science*, 344(6186), 856-861.

Almond, D., & Mazumder, B. A. (2011). Health capital and the prenatal environment: the effect of Ramadan observance during pregnancy. *American Economic Journal: Applied Economics*, 3(4), 56-85.

\*\*\*Currie, J., 2009. Healthy, wealthy, and wise: Socioeconomic status, poor health in childhood, and human capital development. *Journal of economic literature*, 47(1), pp.87-122. (selected sections: 1, section 2.1 (text only), section 2.2, 2.3, 3.1, 3.3.1, 3.3.6, 3.3.8, 4 and 5)

de Quidt, J. and J. Haushofer (2018) Depression through the Lens of Economics A Research Agenda, in Christopher B. Barrett, Michael R. Carter, and Jean-Paul Chavas, eds., *The Economics of Poverty Traps*, Chicago: NBER/University of Chicago Press, 2018, chapter 3, pp. 127–152.

Jayachandran, S., & Pande, R. (2015). Why are Indian children so short? (No. w21036). National Bureau of Economic Research.

Kaur, S., Mullainathan, S., Oh, S. and Schilbach, F., 2019. Does Financial Strain Lower Productivity? Working Paper.

### **Education, Neighborhoods and Labor Market**

Bursztyn, L., Egorov, G., & Jensen, R. (2016). Cool to be Smart or Smart to be Cool? Understanding Peer Pressure in Education.

Chetty, R. and Hendren, N. (2016) The Effects of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects

Duflo, Esther. 2001. "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment." *American Economic Review*, 91(4): 795-813.

Gould, E. D., Lavy, V., & Paserman, M. D. (2011). Sixty years after the magic carpet ride: The long-run effect of the early childhood environment on social and economic outcomes. *The Review of Economic Studies*, 78(3), 938-973.

\*\*\*Gould, E.D., Lavy, V. and M.D. Paserman (2011) Immigrating to Opportunity: Estimating the Effect of School Quality Using a Natural Experiment on Ethiopians in Israel The Quarterly Journal of Economics (2004) 119 (2): 489-526.

\*\*\*Pekkarinen, T., Uusitalo, R. and Kerr, S., 2009. School tracking and intergenerational income mobility: Evidence from the Finnish comprehensive school reform. Journal of Public Economics, 93(7-8), pp.965-973.

### **Marginalized groups and discrimination**

Bartos, V., Bauer, M., Chytilová, J., & Matějka, F. (2015). Attention Discrimination: Theory and Field Experiments with Monitoring Information Acquisition.

\*\*\*Bertrand, M., and Mullainathan, S. (2004). Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination. The American Economic Review, 94(4), 991-1013.

Rao, G., 2019. Familiarity does not breed contempt: Generosity, discrimination, and diversity in Delhi schools. American Economic Review, 109(3), pp.774-809.

### **Policy – Taxation and redistribution policies**

Ravallion, M., 2015. *The economics of poverty: History, measurement, and policy*. Oxford University Press. (Chapter 9-10)

\*\*\*Banerjee, A., Niehaus, P. and Suri, T., 2019. Universal basic income in the developing world (No. w25598). National Bureau of Economic Research. (selected sections)

### **General reading about poverty and economics**

Banerjee A.V., Duflo, E. (2011). Poor economics: a radical rethinking of the way to fight global poverty. New York, Public Affairs. (selected sections)

### **General reading about methods in Economics**

Angrist, J.D., Pischke, J.-S. (2014). Mastering Metrics: The path from cause to effect. Princeton, Princeton University Press. (selected sections)

### **Links:**

Our world in data:

<https://ourworldindata.org/>

MARTIN RAVALLION'S WEBSITE ON THE ECONOMICS OF POVERTY:

<https://economicsandpoverty.com/>

World inequality database

<https://wid.world/>