

Barnard Fall 2020  
Economics 3011  
TTH 11:40-12:55

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## **Inequality and Poverty**

In this course, we will be studying many aspects of poverty and inequality, both from the perspective of developing economies as well as in more advanced, industrialized societies. We will develop the core economic concepts and definitions, and then use that foundation to explore the implications for economic growth, well-being, justice, and other issues. In the last weeks of the semester, we will focus on political economy and policy dimensions.

This course presumes that you are comfortable with the material from intermediate-level microeconomics and macroeconomics, and has those courses as prerequisites. The readings also contain significant amounts of empirical results, so comfort with basic statistical methods (regressions, correlations, etc.) will be extremely helpful.

### *Online Semester Note:*

Doing this course online will require some adjustments! Teaching online will be new for me, and I know that being online will put us all out of our comfort zones at times. I understand that you may be struggling. You may not have a great place to study, or good internet, or mental bandwidth. My two goals for you are 1) that you are happy and healthy, and 2) that you learn something about poverty and inequality. I've tried to make the course requirements flexible and sensitive to a wide range of academic styles and circumstances. My hope is that everyone has a chance to learn, and show me what they've learned. Please reach out to me if we need to make more adjustments, or if you just need some help, so that you can be successful this semester.

### *Requirements:*

Class Participation      20%

Although this is a lecture course, it is always better when classes are participatory and generate a lively discussion of the topics at hand. Class participation will be 20% of the grade, and that covers weekly participation in class, online discussions, and practice problems:

- 1) Come to class! Being live in person (and engaged!) is worth 2 points per lecture. If circumstances require asynchronous participation, then attendance will be pro-rated.
- 2) Each week, there will be a discussion question available on Canvas from Thursday after class until midnight Sunday. Adding substantively to the discussion each week is worth 3 points.
- 3) There will be practice problems for the more technical material, which will not be corrected, but a good-faith effort to do them will be worth 5 points. (Correct answers will be available to review your own work.) Incomplete work will be worth 0-3 points.

There will be 22 lectures that count towards participation, 12 discussion questions, and about 5 problems, for a total of roughly 105 points total for participation available. However, 80 points will be the

maximum score for the semester so there is no expectation that you earn all available points. Use your time wisely!

Debates 10%

There are three class debates scheduled: one on distributive justice and two on anti-poverty/inequality policy. I will break the class into groups to prepare debating briefs, and we will use the scheduled class time to have an open, moderated debate. Your preparation for, and participation in, your chosen debate will be 10% of your grade.

Midterm Exam 25%

The midterm exam will be held during class time, comprising 25% of your grade. It will include problems similar to your practice problems (but with fewer numbers), and short-answer/paragraph questions. Prior to the midterm, we will do review sessions, and you will be able to see a sample midterm (with answers) to help study.

Empirical Exercise 15%

Throughout the semester, we will do practice problems with a small set of data in a spreadsheet. After the midterm, I will assign a larger graded exercise, to explore the data and write up what you find. This will not require econometrics (regressions, etc.), but will ask you to look at the data, build tables, and discuss your findings.

Take-home exam 30%

There will be a take-home exam the weekend before classes end that will be 30% of your grade. I will give you a choice of questions to answer, based only on the course materials (no outside research or sources.) These will be essay questions (one or two, TBD), and will not require work with data.

Final Exam 10%

During exam period, there will be a multiple-choice exam, covering the material for the entire semester, that will be worth 10% of your grade.

Final grades:

You will note that the requirements add up to 110%. You will have the option to remove any 10% that you want from your final grade calculation. You may skip the final; if the midterm does not go well you may count it only 15%; you can make class participation only 10%. It will be your choice, and I will be happy to simply remove the lowest relative 10% when I calculate your final grade.

### Readings:

There are three texts from which I have selected a large number of chapters for the reading list. **None of these texts needs to be purchased, as they all exist in electronic form.** One (*Handbook on Poverty and Inequality*) is posted on Canvas as a pdf file, as it is in the public domain. The other two books are available online through the Columbia library system, and also should be available at the Columbia bookstore, and also on Amazon.com. I have requested they be placed on reserve at the library as well. (My understanding is that e-books can only be read by a small-ish number of people at one time, so for those of you whose budgets allow, you may wish to purchase the hard copies, especially of the Banerjee text which we use much more than the Collins text.)

- Haughton and Khandker *Handbook on Poverty and Inequality* (World Bank 2009) (On Canvas)
- Collins, Daryl, Jonathan Morduch, et al., *Portfolios of the Poor*; (Princeton University Press, 2010)
- Banerjee, Abhijit et al., editors., *Understanding Poverty* (Oxford University Press, 2006)

In addition, there are many articles and book chapters on the syllabus, which will either be available online through the library system, on the internet, or I will scan them and place them on the class Canvas site. Where possible, links to all the readings will be included on the Canvas modules for each class. Doing the readings for class is imperative. I expect that the assigned readings will be completed prior to class each week.

### Class logistics:

We will meet every Tuesday and Thursday that Barnard has scheduled classes. I have set up modules on Canvas for each section of the syllabus, with “assignments” for each lecture class. In those assignments, you will find the readings (with links, where possible), as well as a pdf of any handout for that day’s class. Please be sure to access those items prior to each class meeting. Once I have a recording of a lecture, I will post it to that day’s “assignment” page as well. Additional assignments--discussion questions, practice problems,etc.--will also be posted within the modules. Hopefully, everything you need for the course will be on our Canvas site.

If you would like to talk with me, I will be available after class for quick questions, but I will also hold weekly Zoom office hours, and can Zoom by appointment as well. You should also feel free to email me at [atimmer@barnard.edu](mailto:atimmer@barnard.edu), either to set up a time to talk or to ask anything that is easily handled by email. Or feel free to call me at (646) 872-4216.

### Class Schedule:

- September 8 Introduction to Inequality and Poverty
- Abhijit Banerjee and Esther Duflo, “The Economic Lives of the Poor,” April 2006, *Journal of Economic Perspectives*, Vo. 21(1), April 2006 pp. 141-167. Also available at <http://econ-www.mit.edu/files/805>
  - “The Portfolios of the Poor” and “The Daily Grind” Chapters 1 and 2 (pp. 1-64) in Collins, Morduch, et al., *Portfolios of the Poor*; (Princeton University Press, 2009)
  - Martin Ravallion, “Forward,” in Haughton and Khandker *Handbook on Poverty and Inequality* (World Bank 2009). (pp.xvii-xviii.) (On Canvas.)

**Part I**            **Concepts and Measures**

- September 10    Income and Consumption; Definitions of Poverty
- “Measuring Poverty” Chapter 1 (pp. 3-15.) in Banerjee et al., eds., *Understanding Poverty* (Oxford University Press, 2006)
  - “Poverty Lines” Chapter 3 in Haughton and Khandker *Handbook on Poverty and Inequality* (World Bank 2009). (pp.38-65.) (On Canvas.)
- September 15    Measures of Poverty
- “Measures of Poverty” Chapter 4 in Haughton and Khandker *Handbook on Poverty and Inequality* (World Bank 2009). (pp.67-81.) (On Canvas.)
- September 17    Inequality: Definitions and Concepts
- Andrew McKay, “Inequality Briefing: Defining and Measuring Inequality,” *ODI Briefing Paper No 1*. March 2002. (On Canvas)
  - “Inequality Measures” Chapter 6 in Haughton and Khandker *Handbook on Poverty and Inequality* (World Bank 2009). Pp. 101-120. (On Canvas.)
- September 22    Endowments; Opportunity; Capabilities
- Amartya K. Sen, *Inequality Reexamined* (Harvard University Press, 1992) Chapter 3, “Functionings and Capability” (pp. 39-55) (On Canvas.)
  - Robeyns, Ingrid, “The Capability Approach: A Theoretical Survey,” *Journal of Human Development*, March 2005, v. 6, iss. 1, pp. 93-114
- September 24    Vulnerability and Risk
- Stefan Dercon, “Vulnerability: A Micro-Perspective,” draft typescript, 2006. (On Canvas)
  - “Dealing with Risk,” Chapter 3 (pp.65-94) in Collins, Morduch, et al., *Portfolios of the Poor*, (Princeton University Press, 2009)

**Part II**            **Causes of poverty and inequality**

- September 29    Institutions and the Structural Transformation
- “Understanding Prosperity and Poverty: Geography, Institutions, and the Reversal of Fortune,” Chapter 2 (pp.19-35) in Banerjee et al., eds., *Understanding Poverty* (Oxford University Press, 2006)
  - “Two Sector Models,” In Chapter 4 of Dwight Perkins, Steven Radelet, and David Lindauer, *Economics of Development*, (6<sup>th</sup> Edition). pp. 136-143. (On Canvas)
  - Supplemental: Lewis “Economic Development with Unlimited Supplies of Labor.”
- October 1        Food Security and Food Crises
- Timmer C.P. “Food Security, Market Processes, and the Role of Government Policy.” In: Neal Van Alfen, editor-in-chief. *Encyclopedia of Agriculture and Food Systems*, Vol. 3, San Diego: Elsevier; 2014. pp. 324-337. (On Canvas)

- Timmer, C. Peter , “Reflections on food crises past,” *Food Policy*, 2010, ISSN: 0306-9192, Volume 35, Issue 1, (On Canvas)
  - Sen, Amartya, *Poverty and Famines: An Essay on Entitlement and Deprivation*, (Oxford University Press, 1981.) Chapter 1 “Poverty and Entitlements” pp. 1-8, and Chapter 6 “The Great Bengal Famine” pp. 52-85. (On Canvas)
- October 6      Global Inequality: Historical Trends and Economic Foundations
- “Colonialism, Inequality, and Long-Run Paths of Development” Chapter 3 (pp.37-61) in Banerjee et al., eds., *Understanding Poverty* (Oxford University Press, 2006)
  - Milanovic, Branko “Global Income Inequality by the Numbers: in History and Now,” *World Bank Policy Research Working Paper 6259*, November 2012. (On Canvas)
- October 8      Income Inequality: Earned and Unearned
- “The Kuznets Curve: Yesterday and Tomorrow” Chapter 4 (pp.63-72) in Banerjee et al., eds., *Understanding Poverty* (Oxford University Press, 2006)
  - Piketty, Thomas, and Emmanuel Saez “Inequality in the long run,” *Science*, May 2014: vol.344, no.6186, 2014, p.838-844. Available here: <http://piketty.pse.ens.fr/fichiers/PikettySaez2014Science.pdf>
  - David Autor, “Skills, education, and the rise of earnings inequality among the “other 99 percent,” *Science* 23 May 2014: 344 (6186), 843-851. Available here: <http://www.sciencemag.org/content/344/6186/843.full.pdf>
  - Frank, Robert, “Talent and the Winner-Take-All Society,” *The American Prospect*, Dec. 10, 2001. Available at: <http://prospect.org/article/talent-and-winner-take-all-society>
- October 13      Localities and Poverty
- Steven Durlauf, “Groups, Social Influences, and Inequality,” Chapter 6 in *Poverty Traps* (Russell Sage Foundation 2006). Pp. 141—175. (On Canvas.)
  - David Cutler, Ed Glaeser, and Jacob Vigdor, “Ghettos and the Transmission of Ethnic Capital” Chapter 7 in C. Loury, Tariq Modood, Steven Michael Teles editors, *Ethnicity, social mobility and public policy: comparing the USA and UK* (Cambridge University Press, 2005) (On Canvas)
  - Raj Chetty, John Friedman, Nathaniel Hendren, Maggie R. Jones, Sonya R. Porter, “The Opportunity Atlas: Mapping the Childhood Roots of Social Mobility,” NBER Working Paper No. 25147, October 2018, Executive Summary, available here: [https://opportunityinsights.org/wp-content/uploads/2018/10/atlas\\_summary.pdf](https://opportunityinsights.org/wp-content/uploads/2018/10/atlas_summary.pdf)

### ***Part III      Dynamics of Poverty and Inequality***

- October 15      Economic Mobility
- Katharine Bradbury and Jane Katz, “Trends in U.S. Family Income Mobility, 1967-2004” *Federal Reserve Bank of Boston Working Paper*, No. 09-7. (August, 2009) <http://www.bostonfed.org/economic/wp/wp2009/wp0907.pdf>
  - Kathleen Beegle, Joachim De Weerd, and Stefan Dercon, “Migration and Economic Mobility in Tanzania,” *World Bank Policy Research Working Paper*, No. 4798 (December 2008).

- Clemens, Michael, and Lant Pritchett, "Income Per National: Measuring Development for People Rather than Places," *Population and Development Review*, 34 pp. 395-434.
- October 20      Intergenerational Transmission of Inequality \*\* Fall A Exam Period \*\*
- Annie Murphy Paul, "Idea Lab: The Real Marriage Penalty" *The New York Times* November 19, 2006.
  - Samuel Bowles and Herbert Gintis, "The Inheritance of Inequality," *Journal of Economic Perspectives*, V. 16 No. 3, Summer 2002. pp. 3-30.
  - Jo Blanden, "Love and Money: Intergenerational Mobility and Marital Matching on Parental Income," *Analytical Studies Branch Research Paper Series*, Family and Labour Studies, Statistics Canada. Available online at:  
<http://dsp-psd.pwgsc.gc.ca/Collection/Statcan/11F0019MIE/11F0019MIE2005272.pdf>
- October 22      Horizontal Inequalities \*\* Fall A Exam Period \*\*
- Frances Stewart, "Horizontal Inequalities: A Neglected Dimension of Development," CRISE Working Paper No. 1 (2002). Also her WIDER Annual Lecture, available at <https://www.wider.unu.edu/sites/default/files/AL05-2001.pdf>
  - Chetty, Raj, Nathaniel Hendren, Maggie R. Jones, Sonya R. Porter, "Race and Economic Opportunity in the United States: An Intergenerational Perspective," NBER Working Paper No 24441, March 2018 Executive Summary, available here:  
[https://opportunityinsights.org/wp-content/uploads/2018/04/race\\_summary.pdf](https://opportunityinsights.org/wp-content/uploads/2018/04/race_summary.pdf)
- October 27      Midterm Exam
- Part IV      *Economic Justice***
- October 29      Distributive Justice
- Riley, Jonathan, "Utilitarianism and Economic Theory," *The New Palgrave Dictionary of Economics*, Second Edition. Eds. Steven Durlauf and Lawrence E. Blume. (Palgrave Macmillan 2008). (On Canvas)
  - John Arthur and William Shaw, editors, *Justice and Economic Distribution*, Second Edition. (Prentice Hall 1991). Pp. 13-38 (Rawls) and pp.61-102 (Nozick). (On Canvas)
  - Branko Milanovic, "Why We All Care About Inequality (But Some of Us Are Loathe to Admit It)" *Challenge* Vol. 50, No. 6 (NOVEMBER-DECEMBER 2007), pp. 109-120
- November 3      No Class--GO VOTE!
- November 5      Equality of Opportunity
- Roemer, John E. *Equality of Opportunity* (Harvard University Press, 1998). Chapters 1, 2, and 3 (pp. 1-24) (On Canvas.)

- Arneson, Richard, "Equality of Opportunity", The Stanford Encyclopedia of Philosophy (Fall 2008 Edition), Edward N. Zalta (ed.), <http://plato.stanford.edu/entries/equal-opportunity/>

November 10 Class Debate—Distributive Justice

**Part V**      ***Impact of Poverty and Inequality***

November 12 Inequality and Well-being

- Alberto Alesina, Rafael di Tella, and Robert MacCulloch, "Inequality and Happiness: are Europeans and Americans Different?", *Journal of Public Economics*, Vol. 88 (2004). Pp. 2009-42.
- Fafchamps, Marcel, and Forhad Shilpi, "Subjective Welfare, Isolation, and Relative Consumption," *Journal of Development Economics*, 86 (2008). Pp.43-60.

November 17 Inequality and Health

- Richard G. Wilkinson, "Socioeconomic Determinants of Health: Health Inequalities: Relative or Absolute Material Standards?" *British Medical Journal*, Vol. 314, No. 7080 (Feb. 22, 1997), pp. 591-598
- Marmot, M.G. et alia, "Employment Grade and Coronary Heart Disease in British Civil Servants," *Journal of Epidemiology and Community Health*, Vol. 32 1978. Pp. 244-249
- Robert Frank, "Inequality, Happiness, and Health" Chapter 3 in Robert Frank, *Falling Behind* (University of California Press, 2007) pp.15-28 (On Canvas.)

November 19 Inequality, Politics, and Governance

- Nolan McCarty, Keith Poole, and Howard Rosenthal, "Political Polarization and Income Inequality," Russell Sage Foundation Working Paper (2003), available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1154098](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1154098)
- Jo Ritzen, William Easterly, and Michael Woolcock, "On "Good" Politicians and "Bad" Policies: Social Cohesion, Institutions, and Growth," World Bank Policy Research Working Paper, No. WPS 244 (2000).

November 22 Empirical Project Due

**Part VI**      ***Policy Dimensions***

November 24 Safety Nets and Ladders/ Targeting

- "Transfers and Safety Nets in Poor Countries" Chapter 14 (pp.203-29) in Banerjee et al., eds., *Understanding Poverty* (Oxford University Press, 2006)
- Sumarto, Sudarno, Asep Suryahadi, and Lant Pritchett. "Safety Nets or Safety Ropes? Dynamic Benefit Incidence of Two Crisis Programs in Indonesia." *World Development* 31.7 (July 2003)
- Nathaniel Hendren & Ben Sprung-Keyser, "A Unified Welfare Analysis of Government Policies" Executive Summary July 2019. Available at

<https://opportunityinsights.org/wp-content/uploads/2019/07/welfare-executive-summary.pdf>

November 26 No Class (Thanksgiving)

December 1 Redistributive/Progressive Taxation

- Emmanuel Saez, “Redistribution toward Low Incomes in Richer Countries,” Chapter 13 (pp.187-199) in Banerjee et al., eds., *Understanding Poverty* (Oxford University Press, 2006)
- Louis Kaplow, “Taxation and Redistribution: Some Clarifications,” Harvard John M. Olin Discussion Paper Series, No. 424 (June 2003). Available online through SSRN at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=437481](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=437481)

December 3 Development Policy: Growth and Inequality

- Cunha Neves, Pedro; Tavares Silva, Sandra Maria, “Inequality and Growth: Uncovering the Main Conclusions from the Empirics,” *Journal of Development Studies*, January 2014, v. 50, iss. 1, pp. 1-21

December 8 Class Debate—Tax Policy

December 10 Class Debate—Spending Policy

December 11 Take home exam available

December 13 Take home exam due

### ***Honor Code***

We, the students of Barnard College, resolve to uphold the honor of the College by engaging with integrity in all of our academic pursuits. We affirm that academic integrity is the honorable creation and presentation of our own work. We acknowledge that it is our responsibility to seek clarification of proper forms of collaboration and use of academic resources in all assignments or exams. We consider academic integrity to include the proper use and care for all print, electronic, or other academic resources. We will respect the rights of others to engage in pursuit of learning in order to uphold our commitment to honor. We pledge to do all that is in our power to create a spirit of honesty and honor for its own sake.

### ***Wellness Statement***

It is important for undergraduates to recognize and identify the different pressures, burdens, and stressors you may be facing, whether personal, emotional, physical, financial, mental, or academic. We as a community urge you to make yourself--your own health, sanity, and wellness--your priority throughout this term and your career here. Sleep, exercise, and eating well can all be a part of a healthy regimen to cope with stress. Resources exist to support you in several sectors of your life, and we encourage you to



make use of them. Should you have any questions about navigating these resources, please visit these sites:

<http://barnard.edu/primarycare>

<http://barnard.edu/counseling>

<http://barnard.edu/wellwoman/about>

[http://health.columbia.edu/files/healthservices/pdf/alice\\_Stressbusters\\_Support\\_Network.pdf](http://health.columbia.edu/files/healthservices/pdf/alice_Stressbusters_Support_Network.pdf)

### ***Statement from the Office of Disability Services***

In order to receive disability-related academic accommodations for this course, students must first be registered with their school Disability Services (DS) office. Detailed information is available online for both the Columbia and Barnard registration processes. Refer to the appropriate website for information regarding deadlines, disability documentation requirements, and drop-in hours (Columbia)/intake session (Barnard).

Students registered with the Columbia DS office can refer to the Master TARF section of the DS Testing Accommodations page for more information regarding disability-related academic accommodations for this course.

### ***Affordable Access to Course Texts***

All students deserve to be able to access course texts. The high costs of textbooks and other course materials prohibit access and perpetuate inequity, and Barnard librarians are partnering with students, faculty, and staff to increase access. By the first day of advance registration for each term, you should be able to view on Canvas information provided by your faculty about required texts (including ISBN or author, title, publisher and copyright date) and their prices. Once you have selected your classes, here are some cost-free methods for accessing course texts, recommended by the Barnard Library: find out if your faculty has placed the texts on reserve at Barnard Library or another Columbia library, and look for course texts using CLIO (library catalog), Borrow Direct (request books from partner libraries), Interlibrary Loan (request book chapters from any library), and NYPL. Students with financial need or insecurity can check items out from the FLIP lending libraries in the Barnard Library and Butler Library and can consult with the Dean of Studies and the Financial Aid Office about additional affordable alternatives for getting access to course texts. Talk with your librarian and visit the Barnard Library Textbook Affordability guide ([library.barnard.edu/textbook-affordability](http://library.barnard.edu/textbook-affordability)) for more details.