

Poverty and Inequality

Winter Term 2017/18

Prof. Dr. Sebastian Vollmer

Lectures: Thursday 2-4pm (except Nov 23, Dec 7, Dec) &
Tuesday 2-4pm (Nov 28, Dec 5, Jan 9)

Tutorials: Wednesday 12-2pm (starting: tba)

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Office Hours: Wednesdays, 10:15 am - 12 pm

Purpose

This course provides an in-depth analysis of inequality, poverty and related economic issues at the graduate level. The course covers theories of justice, methodological aspects of poverty & inequality measurement, global aspects of poverty & inequality, effects of inequality on socio-economic outcomes, gender inequalities, inequality and poverty in rich countries as well as development policy targeting poverty. Some familiarity with development issues and empirical methods is highly desirable but not required. The course is open to M.A. students in development economics and international economics as well as graduate students from related fields.

Grading

Each student has to complete a homework assignment and a final exam. Assignments will include practical applications in Stata, short essay questions as well as problem sets. The assignments and in-class participation count for one third of your final grade. The final exam counts for two thirds of your final grade.

Textbooks

Salverda, W; Nolan, B., and Smeeding, T. (2009): *The Oxford Handbook of Economic Inequality*, Oxford: Oxford University Press.

Wolff, E. N. (2009): *Poverty and Income Distribution*, Chichester: Wiley-Blackwell.

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1. Introduction

Alkire, S., (2002). “Dimensions of Human Development”, in: *World Development*, Volume 30, No. 2, pp. 181-205.

Sen, A., (1988). “The Concept of Development”, in: *Handbook of Development Economics*, Volume 1, H. Chenery and T. N. Srinivasan (eds).

Sen, A., (2000). “Social Justice and the Distribution of Income”, in: *Handbook of Income Distribution*, Atkinson and Bourguignon (eds).

2. Why are some countries rich and others poor?

Acemoglu, D., Johnson, S. and Robinson, J., (2001). “The Colonial Origins of Comparative Development: An Empirical Investigation”, in: *American Economic Review*, Volume 91, No. 5, pp. 1369-1401.

Acemoglu, D. and Robinson, J.A., (2012). *Why nations Fail: The Origins of Power, Prosperity, and Poverty*. Crown Business: New York.

Becker, S. and Wößmann, L., (2009) „Was Weber Wrong? A Human Capital Theory of Protestant Economic History“ in: *Quarterly Journal of Economics*, Volume 124, No. 2, pp. 531-596.

Dell, M., (2010), “The persistent effects of Peru’s mining Mita”, in: *Econometrica*, Volume 78, No. 6, pp. 1863-1903.

- Diamond, J., (1997). *Guns, Germs and Steel: The Fates of Human Societies*. W. W. Norton and Co: New York.
- Ashraf, Q. and Galor, O., (2013). “The „Out of Africa“ Hypothesis, Human Genetic Diversity, and Comparative Economic Development”, in: *American Economic Review*, Volume 103, No. 1, pp. 1-46.
- Glaeser, E. L., La Porta, R., Lopez-de-Silanes, F., and Shleifer, A., (2004). “Do institutions cause growth?”, in: *Journal of economic Growth*, Volume 9, No. 3, pp. 271-303.
- Nunn, N., (2008). “The long term effects of Africa’s slave trades”, in: *The quarterly Journal of Economics*, Volume 123, No. 1, pp. 139-176.
- Nunn, N. and Puga, D., (2012). “Ruggedness, The Blessing of a bad geography in Africa”, in: *The review of Economics and Statistics*, Volume 94, No. 1, pp. 20-36.

3. Measurement of Poverty and Inequality

- Chen, S. and Ravallion, M., (2010). “The Developing World is Poorer than We Thought, But No Less Successful in the Fight Against Poverty”, in: *Quarterly Journal of Economics*, Volume 125, No. 4, pp. 1577-1625.
- Chen, S., Ravallion, M. and Dasgupta, P. S., (eds), (2007). “Absolute poverty measures for the developing world, 1981-2004”, in: *PNAS*, Volume 104, No. 43, pp. 16757–16762.
- Deaton, A., (2010). “Price Indexes, Inequality, and the Measurement of World Poverty”, in: *American Economic Review*, Volume 100, No. 1, pp. 1-34.
- World Bank, (2013). *Measuring the Real Size of the World Economy: The Framework, Methodology, and Results of the International Comparison Program - ICP*. World Bank: Washington, DC.
- Deneulin, S. and Shahani, L., (eds), (2009). *An Introduction to the Human Development and Capability Approach*. Earthscan: London.

4. Multidimensional Poverty

- Deneulin, S. and Shahani, L., (eds), (2009). *An Introduction to the Human Development and Capability Approach*, Earthscan: London, Chapter 6.
- Alkire, S. and Foster, J., (2011). “Counting and multidimensional poverty measurement”, in: *Journal of public economics*, Volume 95, No. 7, pp. 476-487.
- Stiglitz, J.E., Sen, A. and Fitoussi, J.-P., (2009). *Report by the Commission on the Measurement of Economic Performance and Social Progress*.
- Human Development Report, (2010). *Innovations in Measuring Inequality and Poverty*. Chapter 5 and Technical Notes.

5. Economic Lives of the Poor

Banerjee, A.V. and Duflo, E., (2007). “The Economic Lives of the Poor”, in: *Journal of Economic Perspectives*, Volume 21, No. 1, pp. 141–167.

Banerjee, A.V. and Duflo, E., (2012), *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. Public Affairs: New York.

Collins, D. et al., (2009). *Portfolios of the Poor*. Princeton University Press: Princeton. Chapter One.

6. Poor Economics

Jensen, R., (2010). "The (Perceived) Returns to Education and the Demand for Schooling", in: *The Quarterly Journal of Economics*, Volume 125, No. 2, pp. 515-548.

Duflo, E., Kremer, M. and Robinson, J., (2011). “Nudging farmers to use fertilizers: Theory and Experimental evidence from Kenya”, in: *American Economic Review*, Volume 101, pp. 2350-2390.

Banerjee, A., Duflo, E., Glennerster, R. and Kinnan, C., (2015). "The Miracle of Microfinance? Evidence from a Randomized Evaluation", in: *American Economic Journal: Applied Economics*, Volume 7, No. 1, pp. 22-53.

Karlan, D., Osei, R., Osei-Akoto, R. and Udry, C., (2014) “Agricultural decision after relaxing credit and risk constraints”, in: *The Quarterly Journal of Economics*, pp. 597-652.

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Ashraf, N., D. Karlan and Yin, W., (2006). “Tying Odysseus to the Mast: Evidence From a Commitment Savings Product in the Philippines”, in: *Quarterly Journal of Economics*, Volume 121, No. 1, pp. 635-672.

Karlan, D. and Zinman, J., (2011). “Scoring for Impact Evaluation Microcredit in Theory and Practice: Using Randomized Credit”, in: *Science*, Volume 332, pp. 1278-1284.

Dupas, P. and Robinson, J., (2013). “Why Don’t the Poor Save More? Evidence from Health Savings Experiments”, in: *American Economic Review*, Volume 103, No. 4, pp. 1138–1171.

Jensen, R. and Miller, N. (2008). “Giffen behavior and subsistence consumption”, in: *American Economic Review*, Volume 98, No.4, pp. 1553-1577.

7. Inequality and Growth

- Banerjee, A. and Duflo, E., (2003). “Inequality and growth: What can the data say?”, in: *Journal of economic growth*, Volume 8, No. 3, pp. 267-299.
- Barro, R. J., (2000). “Inequality and Growth in a Panel of Countries”, in: *Journal of economic growth*, Volume 5, No. 1, pp. 5-32.
- Forbes, K.J., (2000). “A Reassessment of the Relationship Between Inequality and Growth”, in: *American Economic Review*, Volume 90, No. 4, pp. 869-887.
- Herzer, D. and Vollmer, S., (2012). “Inequality and growth: evidence from panel cointegration”, in: *Journal of Economic Inequality*, Volume 10, No. 4, pp. 489-503.
- Persson, T. and Tabellini, G. (1994). “Is Inequality Harmful for Growth?”, in: *The American Economic Review*, Volume 84, No. 3, pp. 600-621.

8. Pro-Poor Growth

- Dollar, D. and Kraay, G., (2002). “Growth is Good for the Poor”, in: *Journal of Economic Growth*, Volume 7, pp. 195-225.
- Dollar, D., Kleineberg, T., and Kraay, A., (2016). “Growth still is good for the poor European”, in: *Economic Review*, Volume 81, pp. 68-85.
- Ravallion, M., and Chen, S., (2003). “Measuring pro-poor growth”, in: *Economics letters*, Volume 78, No. 1, pp. 93-99.
- Vollmer, S., et al., (2014). “Association between economic growth and early childhood undernutrition: evidence from 121 Demographic and Health Surveys from 36 low-income and middle-income countries”, in: *The lancet global health*, Volume 2, No. 4, pp. 225-234.

9. Inequality and Health

- Deaton, A., (2003). “Health, Inequality, and Economic Development”, in: *Journal of Economic Literature*, Volume 41, No. 1, pp. 113-158.
- Leigh, A. and Jencks, C., (2007). “Inequality and mortality: Long-run evidence from a panel of countries”, in: *Journal of Health Economics*, Volume 26, pp. 1–24.
- Bleich, S.N., Jarlenski, M.P., Bell, C.N. and LaVeist, T., (2012). “Health Inequalities: Trends, Progress, and Policy”, in: *Annual Review of Public Health*, Volume 33, pp. 7-40.
- Braveman, P., (2006). “Health Disparities and Health Equity: Concepts and Measurement”, in: *Annual Review of Public Health*, Volume 27, pp. 167–94.
- Lynch, J., et al., (2004). “Is Income Inequality a Determinant of Population Health? Part 1. A Systematic Review”, in: *Milbank Quarterly*, Volume 82, pp. 5-99.

10. Gender Inequality

- Anderson, S., & Ray, D. (2010). Missing women: age and disease. *The Review of Economic Studies*, 77(4), 1262-1300
- Duflo, E. (2012). Women empowerment and economic development. *Journal of Economic Literature*, 50(4), 1051-1079.
- The Global Gender Gap Report 2014, The World Economic Forum
- King, E., Klasen, S., Porter, M., 2007. "Women and Development", Copenhagen Consensus 2008 – Challenge Papers.

11. Poverty and Inequality in Rich Countries

- Federal Government of Germany, (2012). *Lebenslagen in Deutschland: Der vierte Armuts- und Reichtumsbericht der Bundesregierung*.
- OECD, (2008). "Growing Unequal? Income Distribution and Poverty in OECD Countries".
- Smeeding, T., (2006). "Poor People in Rich Nations: The United States in Comparative Perspective", in: *Journal of Economic Perspectives*, Volume 20, No. 1, pp. 69-90.

12. Wealth and Economic Mobility

- Isaacs, J., Sawhill, I. and Haskins, R., (2008). *Getting Ahead or Losing Ground: Economic Mobility in America*, The Brookings Institution.
- Piketty, T., (2014). *Capital in the twenty-first century*. Harvard University Press, Cambridge.
- Meyer, B. D. and Sullivan, J. X., (2009). *Five Decades of Consumption and Income Poverty*, NBER Working Paper 14827.
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