



Dalhousie University
 Department of Economics
 6214 University Avenue
 Halifax, Nova Scotia
 CANADA B3H 3J5

ECONOMICS 4317A
Poverty and Inequality
 September - December 2018

Lectures: Mondays and Wednesdays 16:05-17:25
 Studley LSC-COMMON AREA C234

Prof. Lars Osberg
 Phone: 494-6988
 Email: Lars.Osberg@dal.ca
 6220 University Avenue – second floor
 Office Hours: 2:30 – 4:00 PM Tuesday / Thursday or by appointment

This course is organized around three big issues:

1. What do we mean by the terms ‘poverty’ and ‘inequality’? How should they be measured?
2. What are the big trends in poverty and inequality – within countries and globally? What explains these trends?
3. What, if anything, can or should be done to change current trends in poverty and inequality? Why?

Assessing the nature, extent, causes and implications of economic inequality and poverty is crucial to any judgement about the equity or fairness of the world we live in – hence these issues constitute some of the most important^a, and complex, problems of social science. This course will begin by examining measurement issues before turning to description of trends, analysis of the causes and implications and discussion of the appropriate public policy response. Because international data enables us to see how different both the facts of poverty and inequality and the public policy responses have been, we will often be making comparisons between countries – i.e. between Canada, the U.S. and other affluent nations and for the world as a whole.

The range and depth of the issues involved is huge. Every week brings new books and articles which document changes in poverty and inequality and changes in our understandings of these issues. It is certain that both types of changes will continue in the future. In thirteen weeks of classes, this course can only make a start to building your own personal understanding of poverty and inequality. It therefore requires your active engagement.

^a See Global Risks Report, 2017 <https://www.weforum.org/reports/the-global-risks-report-2017>

A useful first step in analyzing big issues is often to divide them into more manageable components, so this course is organized around the three questions identified above. Each broad topic will be the subject of introductory lectures, but we are all individually responsible for deciding what we personally think. The class will therefore be divided into three teams, with approximately equal numbers in each group. Each of the issues identified above will be the subject of a major presentation by a team of students, and each team will also be responsible for discussing the work of another team, on the schedule below.

Each team will be responsible for dividing up the big question which it will address into specific issues, which individual team members will write up as their personal term papers and will present in class, as part of the team presentation. As well, each team will be responsible for leading the discussion of another team's presentation (which implies that they will have to read up on the topic of the other team and allocate among themselves responsibility for discussing particular aspects). Each individual team member is therefore responsible for:

- (1) verbally presenting his or her component of the larger issue as part of the team presentation;
- (2) commenting (verbally and in writing) on the part of the other team's work which they have been assigned;
- (3) revising their own presentation, in the light of comments received, writing it up as an essay of approximately 3500 words and submitting it to me by December 10th, 2017.

Marks will be awarded as follows:

Group Presentation - Team work plan: to be submitted to me by October 1 st [2%] - written and oral presentation [marked for team as a whole – [5%] - individual component of initial presentation [written + oral – [5%]	12%
Essay - Outline of own individual essay: due October 1 st - Final Revised Version of Essay: due December 6 th	3 % 25%
Discussion Comments on other team's presentation [individual - emailed to me <u>and</u> to the other team in writing within one week of class presentation]	10%
Mid-term Exam (October 22 nd , 2018)	15%
Final Exam [date to be scheduled by Registrar]	35%

You are strongly advised to meet early with your group to prepare your presentation and to use the services of the Reference Librarians in Killam Library in researching your topic.

I expect each team to do a dry run, in my office, of their presentation on the day indicated in the schedule below, or to arrange some other time that is mutually more convenient.

Dates	Topic	Presenters	Discussants
November 26th Dry Run Nov. 23rd 2 PM	What do we mean by the terms ‘poverty’ and ‘inequality’? How should they be measured?	Team 1	Team 2
November 28th Dry Run Nov 26th 6 PM	What are the big trends in poverty and inequality – within countries and globally? What explains these trends?	Team 2	Team 3
December 3rd Dry Run Nov. 30th 2PM	What, if anything, can or should be done to change current trends in poverty and inequality? Why?	Team 3	Team 1

The reading list attached is preliminary and will be supplemented during the term. A flash drive with electronic files of readings will be circulated in class and will be available in the Department office at 6214 University Avenue.

The objectives of this course are:

1. To increase your useful knowledge – both empirical and analytical – about some of the most important issues of political economy.
2. To develop general skills that are useful in a wide variety of contexts later in life - specifically: breaking a large problem into manageable issues, team work, library research, critical thinking, written and oral presentation, and the ability to give and receive constructive criticism.
3. To provide some sense of the fun and importance of rigorous thinking about issues that really matter.

Reading List

Some useful general sources are:

1. *The Age of Increasing Inequality* Lars Osberg, James Lorimer Publishers (2018)
2. *Global Inequality: A New Approach for the Age of Globalization* Branko Milanovic, Harvard University Press, 2016
3. *Income Inequality: The Canadian Story*, edited by David A. Green, W. Craig Riddell and France St-Hilaire. 2016 The Institute for Research on Public Policy, Montreal
4. WORLD INEQUALITY REPORT 2018 [HTTP://WIR2018.WID.WORLD/
http://wir2018.wid.world/files/download/wir2018-full-report-english.pdf](HTTP://WIR2018.WID.WORLD/http://wir2018.wid.world/files/download/wir2018-full-report-english.pdf)
5. The August 2013 special issue on Inequality of the *Journal of Economic Perspectives*. <http://www.aeaweb.org/articles.php?doi=10.1257/jep.27.3>
6. *In It Together: Why Less Inequality Benefits All* Organisation for Economic Co-operation and Development (2015) Paris : OECD, 2015.

<http://www.oecd.org/els/soc/OECD2015-In-It-Together-Chapter1-Overview-Inequality.pdf>

Topics

[1] What is “Inequality”?

Stephen Jenkins and Phillippe van Kerm (2009) “*The Measurement of Economic Inequality.*” Chapter 3, Pages 40-70 in *The Oxford Handbook of Economic Inequality*, edited by Wiemer Salverda, Brian Nolan, and Tim Smeeding, Oxford University Press, Oxford, 2009

OR

Stephen Jenkins (1991). “*The Measurement of Income Inequality.*” Chapter 1 in Osberg (1991) *Economic Inequality and Poverty: International Perspectives* (M.E. Sharpe, 1991). Available at <http://www.lisproject.org/workshop/jenkins.pdf>.

Lars Osberg (2017) “On the limitations of some current usages of the Gini Index” *Review of Income and Wealth*, Series 63, No. 3, September 2017, Pages 574 to 584, (published online 28 September 2016 DOI: 10.1111/roiw.12256) <http://onlinelibrary.wiley.com/doi/10.1111/roiw.12256/full>

Paolo Brunori, Francisco H. G. Ferreira, Vito Peragine (2013) *Inequality of Opportunity, Income Inequality and Economic Mobility: Some International Comparisons* IZA DP No. 7155 January 2013 <http://ftp.iza.org/dp7155.pdf>

Branko Milanovic, Peter H. Lindert and Jeffrey G. Williamson (2010) *Pre-Industrial Inequality* *The Economic Journal*, 121 (March 2010), 255–272

2] What has happened to Economic Inequality in Canada recently?

Lars Osberg, (2018) *The Age of Increasing Inequality* – Chapters 1 to 4

Jean Yves Duclos, & M. Pellerin, (2016). The evolution of hourly compensation in Canada between 1980 and 2010, *Canadian Public Policy*, 42 (3), 250.

Andrew Heisz and Brian Murphy (2016) *The role of taxes and transfers in reducing income inequality* Pages 435-478 in *Income Inequality: The Canadian Story*, edited by David A. Green, W. Craig Riddell and France St- Hilaire. The Institute for Research on Public Policy, Montreal

Lu Yuqian, Rene´ Morissette and Tammy Schirle (2011) “THE GROWTH OF FAMILY EARNINGS INEQUALITY IN CANADA, 1980–2005” *Review of Income and Wealth* Series 57, Number 1, March 2011

Thomas Lemieux and Craig Riddell (2016), *Who are Canada’s Top 1 Percent?* Pages 103-156 in *Income Inequality: The Canadian Story*, edited by David A. Green, W. Craig Riddell and France St-Hilaire. The Institute for Research on Public Policy, Montreal

Brian Murphy (2016) “The fall and rise of Canada's top income earners” *Statistics Canada Daily* Dec19, 2016 <http://www.statcan.gc.ca/pub/11-630-x/11-630-x2016009-eng.htm>

Lars Osberg, (2014), “Can Increasing Inequality Be a Steady State?”, *OECD Statistics Working Papers*, 2014/01, OECD Publishing. <http://dx.doi.org/10.1787/5jz2bxc80xq6-en>
OR *What’s So Bad about Increasing Inequality in Canada?* (2016) Pages 299-346 in *Income Inequality: The Canadian Story*, edited by David A. Green, W. Craig Riddell and France St-Hilaire. The Institute for Research on Public Policy, Montreal

Lars Osberg (2017) “Canada’s Middle Class – Forever Further Behind?” Paper presented at Canadian Economics Association Annual Conference, June 3, 2017 Antigonish, Nova Scotia and country chapter in “Inequality and Inclusive Growth” (2018) Brian Nolan (editor) Oxford University Press
<http://www.csls.ca/events/cea2017/osberg2017.pdf>

[3] What is Poverty? What has happened to Poverty in Canada in recent years?

Lars Osberg, (2018) *The Age of Increasing Inequality* – Chapter 4

Lars Osberg (2007) *The Evolution of Poverty Measurement - with special reference to Canada*

Lars Osberg (2000) “*Poverty in Canada and the USA: Measurement, Trends and Implications*” Canadian Journal of Economics Vol. 33, No.4, November, 2000 pp. 847-877

[4] Recent Trends in Global Inequality and Poverty

Branko Milanovic (2016) Chapter 1 in *Global Inequality: A New Approach for the Age of Globalization*, Harvard University Press, 2016

Jan Luiten van Zanden, Joerg Baten, Peter Foldvari and Bas van Leeuwen (2014) “The Changing Shape of Global Inequality 1820–2000; Exploring a New Dataset” *Review of Income and Wealth* , June 2014, Volume 60, Issue 2 (pages 279–297)

Lakner, C. and B. Milanovic (2015), “Global income distribution: from the fall of the Berlin Wall to the Great Recession”, *World Bank Economic Review* 30(2): 203-232.

Facundo Alvaredo, Anthony B. Atkinson, Thomas Piketty, and Emmanuel Saez (2013) *The Top 1 Percent in International and Historical Perspective* Journal of Economic Perspectives—Volume 27, Number 3—Summer 2013—Pages 3–20 <http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.27.3.3>

Max Roser and Esteban Ortiz-Ospina (2018) - "Income Inequality". *Published online at OurWorldInData.org*. Retrieved from: 'https://ourworldindata.org/income-inequality' [Online Resource, with links to many excellent data bases]

Organisation for Economic Co-operation and Development (2016) *Income Inequality Update - Income inequality remains high in the face of weak recovery* Paris November 2016
<http://www.oecd.org/social/income-distribution-database.htm>

Organisation for Economic Co-operation and Development (2015) *In It Together: Why Less Inequality Benefits All* Paris : OECD, 2015.

<http://www.oecd.org/els/soc/OECD2015-In-It-Together-Chapter1-Overview-Inequality.pdf>

Country Highlights – Canada:

<http://www.oecd.org/canada/OECD2015-In-It-Together-Highlights-Canada.pdf>

Emmanuel Saez (2016) *Striking it Richer: The Evolution of Top Incomes in the United States (Updated with 2015 estimates)* June 30, 2016

<http://eml.berkeley.edu/~saez/saez-UStopincomes-2015.pdf>

Emmanuel Saez and Thomas Piketty (2014) "Inequality in the Long-Run", *Science* 344, May 2014, 838-843 <http://eml.berkeley.edu/~saez/piketty-saezScience14.pdf>

[5] Wealth Inequality

Lars Osberg, (2018) *The Age of Increasing Inequality* – Chapter 6

James B. Davies, (2009) "Wealth and Economic Inequality" Chapter 6 Pages 127-149 in *The Oxford Handbook of Economic Inequality*, edited by Wiemer Salverda, Brian Nolan, and Tim Smeeding, Oxford University Press, Oxford, 2009

René Morissette and Xuelin Zhang (2006) "Revisiting wealth inequality", *Perspectives on Labour and Income* December 2006, Pp. 5-16 Statistics Canada — Cat. 75-001-XIE
<http://www.statcan.gc.ca/pub/75-001-x/75-001-x2006112-eng.pdf>

Credit Suisse Research (2017) *Global (Wealth Report 2017: Where Are We Ten Years after the Crisis?*
<https://www.credit-suisse.com/corporate/en/articles/news-and-expertise/global-wealth-report-2017-201711.html>

James Davies, Rodrigo Lluberias and Anthony Shorrocks, *Credit Suisse Global Wealth Databook 2017*

Edward Wolff (2017) *Household Wealth Trends in the United States, 1962-2016: Has Middle Class Wealth Recovered?* NBER Working Paper No. 24085 November 2017
<http://www.nber.org/papers/w24085>

Denis Kessler. & A. Masson (1989) "Bequest and Wealth Accumulation" Journal of Economic Perspectives, Vol. 3, No. 3, Sept. 1989, pp. 141-152

*Lars Osberg, (1981) *The Acquisition of Property* Chapter 10 in Economic Inequality in Canada, Butterworths, Toronto 1981

[6] Earnings Inequality

Lars Osberg, (2018) *The Age of Increasing Inequality* – Chapter 7

Dwayne Benjamin, Morley Gunderson, Thomas Lemieux and Craig Riddell (2007) Labour Market Economics (6th Edition) McGraw-Hill Ryerson Chapters – Pages 255-294 and 398-412 (Chapters 9 and 13) [- useful as background to earnings inequality for those students who did not take Econ 3315]

David Autor (2014) *Skills, education, and the rise of earnings inequality among the “other 99 percent”* Science 23 May 2014: Vol. 344 no. 6186 pp. 843-851 DOI: 10.1126/science.1251868 <http://www.sciencemag.org/content/344/6186/843.full>

Kelly Foley and David Green (2016) *Why More Education Will Not Solve Rising Inequality (and May Make It Worse)* Pages 347-398 in *Income Inequality: The Canadian Story*, edited by David A. Green, W. Craig Riddell and France St-Hilaire. The Institute for Research on Public Policy, Montreal

Miles Corak (2013) *Income Inequality, Equality of Opportunity and Intergenerational Mobility* Journal of Economic Perspectives—Volume 27, Number 3—Summer 2013—Pages 79–102 <http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.27.3.79>

Anders Bjorklund and Markus Jantti (2009) “Intergenerational Income Mobility and the Role of Family Background” Chapter 20 Pages 491-517 in Oxford Handbook

[7] Do Inequality and Poverty Matter? What should be done? What can be done?

Lars Osberg, (2018) *The Age of Increasing Inequality* – Chapters 8, 9

Values

APOSTOLIC EXHORTATION (2013) *EVANGELII GAUDIUM* OF THE HOLY FATHER FRANCIS 24 November, 2013

M.J. Coldwell, (1948) “*Am I My Brother’s Keeper?*” CCF National Office, Ottawa, 1948

Franklin Delano Roosevelt (1936) *A Rendezvous With Destiny* Speech before the 1936 Democratic National Convention Philadelphia, Pennsylvania June 27, 1936 <http://www2.austinncc.edu/lpatrick/his2341/fdr36acceptancespeech.htm>

OR

Franklin Delano Roosevelt (1944) "State of the Union Message to Congress," January 11, 1944. <http://www.presidency.ucsb.edu/ws/?pid=16518>

Attitudes

Alberto Alesina, Edward Glaeser; Bruce Sacerdote *Why Doesn't the United States Have a European-Style Welfare State?* Brookings Papers on Economic Activity, Vol. 2001, No. 2. (2001), pp. 187-254

Lars Osberg and Tim Smeeding, (2006) “Fair” Inequality? Attitudes to Pay Differentials: The United States in Comparative Perspective” American Sociological Review, Vol. 71 (450–473) June 2006

Lars Osberg and Insa Bechert (2017) *Social values for equality and preferences for state intervention: Is the USA “Exceptional”?* paper presented at Seventh ECINEQ Meeting New York City - July 17, 2017 http://www.ecineq.org/ecineq_nyc17/FILESx2017/CR2/p89.pdf

Keith Banting and John Myles (2016) *Framing the New Inequality: The Politics of Income Redistribution in Canada* Pages 509-540 in *Income Inequality: The Canadian Story*, edited by David A. Green, W. Craig Riddell and France St-Hilaire. The Institute for Research on Public Policy, Montreal

Policies

A.B. Atkinson, (2014) “After Piketty” *British Journal of Sociology* 2014, Volume 65, Issue 4, Pp. 619-638

[or read the book: *Inequality: What Can Be Done?* Harvard University Press, 2015]

David A.Green, W. Craig Riddell and France St-Hilaire (2016) `What More can be done` Pages 41-67 in *Income Inequality: The Canadian Story*, edited by David A. Green, W. Craig Riddell and France St-Hilaire. The Institute for Research on Public Policy, Montreal 2016

Gosta Esping-Andersen and John Myles (2009) “Economic Inequality and the Welfare State” Chapter 25, Pages 639-663 in *The Oxford Handbook of Economic Inequality*, edited by Wiemer Salverda, Brian Nolan, and Tim Smeeding, Oxford University Press, Oxford, 2009

Peter H Lindert.(2003) WHY THE WELFARE STATE LOOKS LIKE A FREE LUNCH
Working Paper 9869 <http://www.nber.org/papers/w9869> NATIONAL BUREAU OF ECONOMIC RESEARCH 1050 Massachusetts Avenue Cambridge, MA 02138 July 2003

Lars Osberg (2015) “How Much Income Tax could Canada’s Top 1% pay?” Canadian Centre for Policy Alternatives, Ottawa, October 2015
<https://www.policyalternatives.ca/publications/reports/how-much-income-tax-could-canadas-top-1-pay>

The Essay

1. The essay outline is due October 1st . It should be 2 pages or less but it should say:

(1) What question your essay will try to answer.

- Note: If you are clear about what question you are asking, your answer is far more likely to be intelligible. Do **not** just provide a vague promise to “discuss” or “analyze” some general issue. Tell me specifically what question you will try to answer .

(2) How you will try to answer that question.

- Note: A general statement of methodology is all that is required -- what do you need to know in order to answer question (1) above? How will you attempt to find this information?

(3) Which references and data sources you will consult.

- Note: Since at this point you will have not yet written the final version of the essay, I do not expect a full list - just some evidence that you have started thinking about the topic and some indication of the type of sources you will use.

2. Writing the essay

Useful References on Writing Economics Essays

1. *Writing Economics*. Robert Neugeboren with Mireille Jacobson. @2001 The President and Fellows of Harvard University (minor revisions in Jan. 2005)
<http://www.economics.harvard.edu/files/WritingEconomics.pdf>
2. *A Guide to Writing in Economics* Paul Dudenhefer, Duke University, December 2009
<http://lupus.econ.duke.edu/ecoteach/undergrad/manual.pdf>

Some students may be familiar with the ‘debate’ format in which authors argue one side of an issue and use data selectively to try to convince their audience of something they somehow ‘knew’ to be ‘true’, even before they started writing the essay. This is not that sort of essay – i.e. your essay should not be just an advocacy document. Instead, your essay should use evidence to provide as true an answer as is possible to an interesting and important question. To do that in a reasonable way, you have to know what evidence is relevant to the issue, find it and evaluate its credibility and then assess its implications and the quality of alternative arguments. Key to this process is being clear in your own mind, from the first, as to what question you wish to answer. Write out the central organizing question which you are trying to answer. Revise it when necessary but always keep a clear focus on the main question. You will find that referring back to the central question that you want to answer is an enormous help in deciding which issues, facts and interesting items are in fact relevant.

Your essay should have:

(a) A short introduction which says explicitly:

- What question does this essay try to answer?
- Why is this question interesting and important?
- How will the essay try to answer it?

(b) Main body of argument which:

- develops a clear, logical arguments to answer the question identified in (a)
- uses evidence to support assertions made

(c) Conclusion:

- summarizes points made
- States clearly: What is the answer to the question posed?
- suggests significance and implications of results

The main body of your paper should have a clear logical structure and provide careful evidence for any claims made. All sources should be cited and properly footnoted. This means that each specific assertion should be documented by reference to both the page number within each source and the publication details of the source. (It is, for example, no help at all to the reader to be told the data source is “Statistics Canada”. BE SPECIFIC AND BE PRECISE).

Please remember that economics is a quantitative discipline, and that numbers can be a wonderful discipline for the mind. Support your arguments with appropriate statistics wherever possible. Avoid vague terms like “many”, “most” or “some” whenever a numerical estimate is possible. Define important terms explicitly and be exact wherever you possibly can be. Use data from reputable statistical sources and footnote those sources exactly.

Some useful web sites are:

<https://www.wider.unu.edu/project/wiid-world-income-inequality-database>

<https://ourworldindata.org/incomes-across-the-distribution>

<http://www.worldbank.org/en/topic/poverty>

<http://povertydata.worldbank.org/poverty/home/>

<http://stats.oecd.org/Index.aspx?DataSetCode=IDD>

<http://www.oecd.org/social/inequality.htm>

<http://inequality.org/>

<http://www.lisdatacenter.org/>

<http://www.rich-bastards.com/default.htm>

<https://www150.statcan.gc.ca/n1/en/type/data>

Remember that although the Internet is a great research tool, there is a good deal of garbage out there as well as much useful information. In providing footnotes to reference material downloaded from the Internet, you must provide the exact URL where you found the information, when it was downloaded and enough detail on whose web site it is to enable the reader to judge the credibility of the source.

Special Note: Due to its vulnerability to partisan editing by interested parties, **Wikipedia is NOT acceptable as a data source.**

All papers should follow a consistent style for footnotes and bibliography. Refer to a guide such as Kate L. Turabian, *A Manual for Writers of Term Papers, Theses, and Dissertations*. Because the purpose of footnotes is to guide the reader to the original source, it is not good enough to provide a vague reference like Smith (2001). If you are quoting a source you must provide the exact page number – e.g. Smith (2001; page 99).

Your essay must be typewritten - and since all word processing packages now include a SPELL CHECK option, you should use it.

BE SURE TO FOOTNOTE PROPERLY ALL SOURCES – PLAGIARISM IS A SERIOUS ACADEMIC OFFENCE

You must submit both an electronic copy and a print version of your essay.

If you are, at any point, tempted to take the ‘easy road’ and copy text from an already published source without attribution, please remember that Internet technology now makes it very easy for your professor to find exactly where any suspicious bits of text really came from. Plagiarists will be caught and will be reported to the Academic Integrity Officer of the Faculty of Science.

Evaluation of your essay will consider:

1. Presentation/style (e.g. spelling, grammar, proper use of footnotes and bibliography, figures and tables with clearly labelled titles and references)
2. Originality and economic content – in both theory and empirical data.
3. Use of reference material (i.e., non-textbook, non-lecture material such as books, papers, statistical evidence)
4. Logical development of ideas (Think carefully about how you organize the ideas you assemble.)