The University of British Columbia  
Vancouver School of Economics  

Economics 317-002: Poverty and Inequality  

Professor Nicole M. Fortin  
Fall 2018  
Mon, Wed 11:30-13:00 Iona 301

Syllabus

I. Course Description and Objectives

This course provides an introduction to the measurement and analysis of poverty and inequality. The course will cast a wide view looking at poverty and inequality around the world, but it will take a closer look at inequality and the distribution of earnings in Canada. The course covers the measurement of poverty and inequality, facts and trends over time, the causes of poverty and inequality with a focus on those related to earnings and the labor market, and public policy toward poverty and inequality, covering both taxation and government expenditures and programs. The goal of this course, however, is not to resolve the issues of poverty and inequality but to demonstrate their complexity. By the end of the course, students will be stronger analytical and critical thinkers and will be much more adept at assessing the meaning and limits of arguments based on statistics.

By the nature of the material, the course is fairly statistical and quantitative; but prior knowledge of Excel is not required, as the necessary skills will be taught. Several sections make use of intermediate microeconomic concepts, as well as concepts from probability and statistics, so ECON 301 and ECON 327, or equivalent, are co-requisites.

II. Grading Scheme

The grading scheme for the course is as follows:

- Incoming Survey: 1%
- Online quizzes (6): 15%
- Empirical (Excel) assignments (3): 24%
- Midterm: 25%
- Final (comprehensive): 35%

Every other week, you will be asked to complete an on-line quiz on the material covered in class. These short questions will offer a good preparation for the exams, which will combine short questions with a few longer analytical questions. The quizzes will be posted on the Wednesday and you will have 48 hours to complete them. Submissions late by up to 24 hours will receive 50% of the points; submissions more than 24 hours late will receive no credit. When calculating your grade for the quizzes component, I will drop one quiz with your worst score.

The Midterm and Final exams will comprise a set of short questions, similar to those asked in the quizzes, and a set of longer analytical questions. The short questions are intended to test your overall
knowledge of subject matter covered in lectures and conceptual understanding of economics (not the mathematical derivations but a clear understanding of key economic concepts such as elasticities, price/income effect). The longer questions will test your understanding of the assigned readings and the ability to apply such understanding, as well as that of the key economic concepts to new material, for example, interpretation of tables and graphs.

The empirical assignments will teach you Excel skills needed to compute and evaluate measures of poverty and inequality. Groups of a maximum of 3 students can hand in a single assignment for the group. You are encouraged to use Excel given that the data and some templates for the exercise will be available on CANVAS. Tutorials explaining the Excel skills will be held in the week following the posting of the assignments.

**Academic Integrity**

As usual, there is a policy of zero tolerance towards academic dishonesty. The *minimum* penalty for any incident of academic dishonesty will be an automatic grade of zero in the relevant course requirement. At my sole discretion, you may have additional marks subtracted from your class grade, receive a grade of zero in the course, and be reported to the faculty for further disciplinary action.

**III. Office hours**

The following consultation times at the instructors’ offices in the Iona Building are provided exclusively for the students in this course:

Nicole Fortin, East Wing Office 202: Mondays, 1:30-3:30PM

For other arrangements, please see the instructor immediately after class or inquire by e-mail.

**IV. Expected Lecture Schedule**

This *tentative* schedule will be modified to follow the progression of the class. Topics may take more or less time than I anticipate, and I may decide to change the order in which we address various topics. Quizzes and exams will cover material that has been covered in the actual lectures regardless of whether we are ahead of or behind the projected schedule. Detailed information on the required readings for the tests will be posted on the course web site.

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<tr>
<td>Week 1 - Sept 5</td>
<td>Class organization and overview of inequality trends</td>
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<td>Week 2 - Sept 10</td>
<td>Overview of poverty trends and historical context</td>
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<td>Part I. Income Inequality and Poverty Measures</td>
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<td>Week 2 - Sept 12</td>
<td>Inequality Measures: Within-country Quiz #1</td>
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<td>Week 3 - Sept 17</td>
<td>Inequality Measures: Top Income Inequality</td>
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<td>Week 4 – Sept 24</td>
<td>Measuring Poverty: Overview, Poverty Lines, Incidence and Extent</td>
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<td>Week 4 – Sept 26</td>
<td>Measuring Poverty: International Comparisons</td>
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<td>Week 5 – Oct 1</td>
<td>Measuring Poverty: U.S. and Canadian Measures and Trends</td>
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<td>Week 5 – Oct 3</td>
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<td>Week 6 – Oct 8</td>
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**Part II. Explanations of Inequality and Poverty**

| Week 8 – Oct 22 | The Labor Force                                             |
| Week 8 – Oct 24 | Human Capital and Education                                 |
| Week 9 – Oct 29 | Explanations for Rising Earnings Inequality                |
| Week 9 – Oct 31 | Discrimination                                              |
| Week 10 – Nov 5 | Gender Inequality                                           |

**Part III. Public Policies to Reduce Poverty and Inequality**

| Week 10 – Nov 7 | Redistributinal Effects of Tax Policies                     |
| Week 11 – Nov 12| **Remembrance Day no class**                                |
| Week 11 – Nov 14| Public Policies: Government Interventions                   |
| Week 12 – Nov 19| Public Policies: Labour Market Policies                     |
| Week 12 – Nov 21| Public Policies: Targeted programs vs. Basic Income         |
| Week 13 – Nov 26| Behavioral approaches: Psychology of scarcity               |
| Week 13 – Nov 28| Behavioral approaches: Happiness Inequality                 |

**V. Textbook and Readings**

The required textbook for this course is available as e-book or hardcover. This textbook covers the main topics seen in class and more.


However, this text is very U.S. focused and is now almost ten years old. Thus, it will be supplemented by more recent material considering global and Canadian issues. The course slides plus the required readings, whose list will be posted before the quizzes and exams, will cover the material that you will be responsible for.

Other optional advanced and more in depth readings are denoted by the dagger †; they are offered as a guide to the literature for students wishing to pursue the topics in greater details.

Most of the readings are available in electronic form with UBC links using Google scholar for example. If you are connecting from off-campus you may need to use the UBC Library EZproxy server: [https://login.ezproxy.library.ubc.ca/login](https://login.ezproxy.library.ubc.ca/login). Additional information will be posted on the course website.
VI. Reading List

Note: *It is likely that the list of the readings below will be modified to follow the progression and needs of students.*

1. **Introduction**
   a. **Overview of inequality and poverty trends**
      Wolff, Chap. 2.2, 2.3, and 2.5 (Review the appendix on national accounts if needed)
   b. **Historical context of views on poverty and inequality**

2. **Part I. Income Inequality and Poverty Measures**

   2.a. **Measuring Income Inequality**
      a. **Within-Country Inequality**
         Wolff, Chap. 3.1-3.2 (except starred sub-sections)
      b. **International Comparisons including Top Incomes**
         Wolff, Chap. 3.4 (except starred sub-sections)
         *World Inequality Report 2018 Executive Summary - WID.world*, pp.1-9
      c. **The Gini Coefficient and the Kuznets Curve**
         Wolff, Chap. 3.3, 3.5 (except starred sub-sections)

3. **Measuring Poverty**
   Wolff, Chap. 4 (except starred sub-sections)
   + *World Bank Handbook on Poverty and Inequality: Measures of Poverty, Chapter 4*
   + *World Bank Handbook on Poverty and Inequality: Poverty Lines, Chapter 3*
   *Low Income Lines: What they are and how they are created*, Statistics Canada, 2016

4. **Wealth Inequality**
   Wolff, Chap. 5
5. **Intergenerational Mobility**
   Wolff, Chap 6.1, 6.4, 6.6

6. **Children and the Intergenerational Transmission of Poverty**

**Part II. Explanations of Inequality and Poverty**

7. **The Labor Force, Employment and Unemployment**
   Wolff, Chap 7

8. **Human Capital, and Education**
   Wolff, Chap.8 (except 8.7)

9. **Explanations for Changing Earnings Inequality**
   Wolff, Chap.11 (except 11.9 and 11.10)

10. **Discrimination**
    Wolff, Chap.12.1-12.3

11. **Gender Inequality**
    Wolff, Chap.14 (except 14.4)
Part III. Public Policies to Reduce Poverty and Inequality

12. Redistribution Effects of Tax Policies
   Wolff, Chap.16 (except 16.5)
   Fortin, Nicole, Green, David A., Lemieux, Thomas, Milligan, Kevin and W. Craig Riddell
   (2012) Canadian Inequality: Recent Developments and Policy Options. Canadian Public Policy,
   38(2), 121-145.
   † Alstadsaeter, Annette, Niels Johannesen, and Gabriel Zucman (2017) Who Owns the Wealth in
   Tax Havens? Macro Evidence and Implications for Global Inequality. NBER Working Paper
   23885

13. Transfers Programs and Pre-distribution Public Policies
   a. Price interventions: Minimum wages, rent control, and other policies
      Wolff, Chap.15.7
      Sen, Anindya, Kathleen Rybczynski, and Corey Van De Waal. Teen employment, poverty, and

   b. Transfers and Income Maintenance
      Wolff, Chap.15 (except 15.5)

14. Behavioral approaches: Psychology of Scarcity and Happiness Inequality
   Mani, Anandi, Sendhil Mullainathan, Eldar Shafir, and Jiaying Zhao (2017). Poverty impedes
   Chances. Presented at the 2015 AEA Meetings.
   † Graham, Carol and Sergio Pinto (2018) Unequal hopes and lives in the USA: Optimism, race,