Course ID Number: ADC 7010

Course Title: Inequality and Poverty: Measurement and Applications

No. of Credits: 1

Graduate School of International Relations
International University of Japan

Term: Fall 2011

Instructor: Takahiro Akita
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Office: 313
Phone: 414

Course Introduction

This course is a one-credit course, designed to introduce some measures of inequality and poverty and present their meaning and applications. Topics covered in the course include: growth-inequality-poverty relationships, Kuznets hypothesis, meaning of inequality (income homogeneity, population homogeneity, and transfer principle), Lorenz curves and Lorenz comparisons, Lorenz-consistent inequality measures and decomposable inequality measures, Gini coefficient and its decomposition by factor components, generalized entropy class of measures (e.g., Theil indices) and their decomposition by population sub-groups, Theil indices and the Kuznets process, measurement of regional income inequalities, and measures of poverty such as the Foster-Greer-Thorbecke (FGT) index. Some STATA commands are introduced to conduct inequality and poverty analyses with household survey data. All the students are responsible for the lecture materials and the required readings. But, many
Inequality and Poverty: Measurement and Applications

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Professor Takahiro Akita (akita@iuj.ac.jp; 025-779-1414; office room 313)

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All the students are responsible for the lecture materials and the required readings. But, many of the readings (papers and book chapters) listed in the Course Schedule and Suggested Readings are just for your reference. Some homework sets will be assigned. Additionally, a short research paper will be required. The research paper should be written by a group of 2 or 3 students. The research paper should be no longer than 10 1.5-spaced, type-written pages including figures and tables (using the font Times New Roman 12 points).

The general policies of the Graduate School of International Relations apply. This means that all students are expected to attend class regularly. Personal illness or family emergency, but not placement activities, are considered grounds for excused absences. Penalties for unexcused absences will be reflected in the class participation component of the course grade.

Course Evaluation

In determining your course grade, your work will be evaluated approximately in accordance with the following weights:

- Term paper 60%
- Homework assignments (and presentation) 30%
- Class participation (constructive) 10%

Office Hours

My regular office hours will be as follows:

- Tuesday 16:30-17:30; Wednesday 14:30-15:30 (if there is no faculty meeting)

You may come to my office anytime other than these time periods, but it should be done by prior appointment.
Recommended Texts

   You can download an electronic version of this book at the following site.
   The following homepage site provides some household survey data and STATA commands (STATA ado files) used in the Haughton and Khandker book.
   http://mail.beaconhill.org/~j_haughton/povertymanual.html

Course Schedule and Suggested Readings

(*) indicates that the papers are very technical.

**Week 1 (October 4, Tuesday: 2:40-4:10)**

**Growth, Inequality, and Poverty**


**Measuring Economic Inequality and Poverty: Introduction**

Week 2 (October 11, Tuesday: 2:40-4:10)

Meaning of Inequality

Measuring Economic Inequality 1: Lorenz Curves and Lorenz Comparisons

Week 3 (October 18, Tuesday: 2:40-4:10)

Measuring Economic Inequality 2: Lorenz-consistent Inequality Measures and Decomposable Inequality Measures

Week 4 (October 25, Tuesday: 2:40-4:10)

Measuring Economic Inequality 3: Gini Coefficient and its Decomposition by Income Sources
- (Anand 1983) Appendix B: The Gini Coefficient, pp.311-326. (*)

Week 5 (November 1, Tuesday: 2:40-4:10)

Measuring Economic Inequality 4: Generalized Entropy Class of Measures (e.g., Theil Indices) and Their Decomposition by Population Sub-groups
- (Anand 1983) Appendix C: The Decomposition of Three Inequality Measures, pp.327-332. (*)
Econometrica, 48, pp.613-625. (*)


**Week 6 and 7 (November 8, Tuesday and November 15, Tuesday: 2:40-4:10)**

Measuring Economic Inequality 5: Gini Coefficients and Its Applications


Measuring Economic Inequality 6: Theil Indices and Their Applications


**Week 8 (November 22, Tuesday: 2:40-4:10)**

Measuring Economic Inequality 7: Weighted Coefficient of Variation, Theil Indices, and Their Applications to the Measurement of Regional Income Inequalities


**Week 9 (November 29, Tuesday: 2:40-4:10)**

**Measuring Poverty 1: Head Count Ratio and Foster-Greer-Thorbecke (FGT) Index**
- (Fields 2001) Chapter 4: The Measurement of Poverty, pp.73-94.

**Week 10 (December 6, Tuesday: 2:40-4:10)**

**Measuring Poverty 2: Foster-Greer-Thorbecke (FGT) Index and Its Applications**