



# Doctoral School in Economics and Finance

## Course ID      PhD Course: Topics in Inequality

### 1.      Course details

Semester:	1
Credit rating:	2 ECTS
Teaching units	30
Pre-requisite(s):	No background is required.
Lecturers:	Conchita D'Ambrosio
Administrator:	Roswitha Glorieux
Tutors:	None
Seminar times and rooms:	please see Point 3
Tutorial times and rooms:	None
Communications	It is important that students should regularly read their University e-mails, as important information will normally be communicated this way and on Moodle.
Mode of assessment:	Attendance/Presentation
Examination Periods:	TBA
Course WebPage:	Moodle.uni.lu

## 2. Aims and objectives

The course will focus on the measurement and interpretation of inequality, its effects on individual well-being, behaviour and socio-economic outcomes.

In the lectures I will give, the students will be trained with the basic knowledge necessary to the analysis of inequality and related concepts. We will focus on the distribution of income, and study phenomena such as poverty, inequality, and polarization. We will tackle multidimensionality in welfare, and consider issues such as multidimensional inequality, poverty, and social exclusion.

The main questions we will answer are the following: What does it mean to be well-off (or deprived), how can societies make judgements and decisions about welfare, how can we compare well-being across people, and across time, what is meant by poverty, inequality, polarization, and income mobility, why poverty and inequality matter, and what is social exclusion and deprivation?

This course will tackle both the theoretical as well as the empirical issues surrounding these concepts.

## 3. Plan of semester

The lectures will be given in the Belval Campus in October 2022, tentative dates:

21 September 14h30-17h30: MSA 2.210  
22 September 12h30-15h30: MSA 2.140  
28 September 14h30-17h30: MSA 2.230  
29 September 12h30-15h30: MSA 2.150  
5 October 14h30-17h30: MSA 2.140  
6 October 12h30-15h30: MSA 2.210  
12 October 14h30-17h30: MSA 2.150  
13 October 12h30-15h30: MSA 2.150

## 4. Course details

- Inequality: Basic principles
  - Examples of inequality indices
  - Orderings of distributions by inequality indices
- Inequality and welfare: Relative case
  - Interpretations of relative case
  - Absolute case
  - Interpretations of absolute case
  - Relate indices to social welfare functions
  - Dasgupta-Sen-Starrett theorems
- Generalized Lorenz curve
- Decomposition of inequality
- Poverty: Basic principles
  - Sen and extensions of Sen
  - Alternative indices (Censored income distributions)
  - Poverty orderings: Foster-Shorrocks
  - Poverty and time
- Polarization: Basic principles
  - Orderings of distributions by polarization indices
- Deprivation: Problem

## Indices

### Deprivation and income satisfaction (Interdependent preferences)

- Multidimensional Issues

Formulation of the problem: why multidimensionality

Social exclusion and deprivation

Atkinson, A.B. (1970): "On the Measurement of Inequality," *Journal of Economic Theory*, 2, 244-263.

Atkinson, A.B. (2003): "Multidimensional deprivation: contrasting social welfare and counting approaches" *Journal of Economic Inequality*, 1, 51-65.

Atkinson, A.B. and A. Brandolini:

[http://siteresources.worldbank.org/INTDECINEQ/Resources/1149208-1169141694589/Global\\_World\\_Inequality.pdf](http://siteresources.worldbank.org/INTDECINEQ/Resources/1149208-1169141694589/Global_World_Inequality.pdf)

Chakravarty, S.R. (1997): "Relative Deprivation and Satisfaction Orderings", *Keio Economic Studies*, 34, 17-31.

Chakravarty, S.R. (2009): *Inequality, Polarization and Poverty*, Springer.

D'Ambrosio, C. (2001) "Household Characteristics and the Distribution of Income in Italy: an Application of Social Distance Measures," *Review of Income and Wealth*, 47, 1, 43-64.

Dasgupta, P., A. Sen e D. Starrett (1973): "Notes on the Measurement of Inequality," *Journal of Economic Theory*, 6, 180-187.

Duclos, J-Y., J.M. Esteban and D. Ray (2004), "Polarization: Concepts, Measurement, Estimation," *Econometrica*, 72, 1737-1772.

Easterlin, R.A. (2001): *Income and Happiness: Towards a Unified Theory*," *Economic Journal*, 111, 465-484.

Esteban, J.M., e D. Ray (1994): "On the Measurement of Polarization," *Econometrica*, 62, 4, 819-851.

Hey, J.D. and P. Lambert (1980): "Relative Deprivation and the Gini Coefficient: Comment", *Quarterly Journal of Economics*, 95, 567-573.

Sen, A. (1997): *On Economic Inequality*, enlarged edition with a substantial annexe on Economic Inequality after a Quarter Century, J. Foster e A. Sen, Clarendon Press, Oxford.

Shorrocks, A.F, (1983): "Ranking Income Distributions," *Economica*, 50, 3-17.

Wolfson, M.C. (1994): "When Inequality Diverge," *American Economic Review Papers and Proceedings*, 84, 353-358.

Yitzhaki, S. (1979): "Relative Deprivation and the Gini Coefficient", *Quarterly Journal of Economics*, 93, 321-324, 1979.

## 5. Further information about assessment

Examination(s)

Weighting: 100%

Date:

TBA

Length:

Presentation

Structure:

Presentation of a topic of choice tdb