

POLI 6045
Politics of Global Inequality
FIRST SEMESTER, 2017-2018

Time: Mondays 6:30-9:30 pm

Location: CPD-LG.07

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Office Hours: M 2:00-4:00 pm and by appointment

Overview

This class explores several questions surrounding the importance of income inequality. Why have some countries grown rich while others have not? Why are some societies more equal than others? Is wealth inequality the only type of inequality? Why does inequality even matter? More broadly, what are the causes and consequences of income inequality? We explore these questions by drawing insights from a variety of disciplines including economics, political science, psychology, sociology, and others to examine the sources of inequality and what can be done about it.

Objectives

1. The first part of the course establishes the overall frameworks used to investigate the causes of inequality by examining how economics, politics, and society broadly impact inequality.
2. The next phase applies the earlier frameworks to specific issue areas of inequality.
3. The final part of the course have students work on original research that involve both presentations and a research paper.

Requirements

This course is designed to expose students to a systematic approach to analyzing how income inequality affects and is affected by our political, economic, and social environment. To this end, students will be asked to learn and evaluate theoretical frameworks as well as empirical data on issues related to income inequality. The application of this material will involve writing and/or analysis of both a theoretical and practical nature. The assignments will be done based

on teams of three but no more than four persons per group.¹ The course grade is broken down into the following categories:

1. Participation: 20 percent
Includes regular attendance and participation in class discussion.
2. Group Presentation: 30 percent
Consists of a literature review of your research paper topic. You are highly encouraged to use this review to frame your research topic.
3. Group Research Paper: 50 percent
The research paper consists of 5,500 to 6,000 words, including citations and references. It is due on December 11, 2017. This assignment is centered around two approaches:
 - (a) First approach: Investigate a specific issue area related to inequality and explore the origins of the problem and potential solutions.
 - (b) Second approach: Focus on a case study of a particular inequality-reducing policy in Hong Kong and evaluate its success and failure.

Whichever approach is chosen, the topic has to have final approval from the instructor by October 6.

Administrative Policies

All assignments must be submitted via Moodle. All assigned work are due on the date listed in the syllabus. Late assignments will receive a one-third grade deduction for every day that it is late from the assigned date. Assignments that are emailed to me *will not be accepted*, unless otherwise noted and authorized by me. You are also required to become familiar with Hong Kong University's policy on plagiarism (<http://www.hku.hk/plagiarism>). Cheating and plagiarism in any form will not be tolerated. To that end, all submitted work by students will be verified via Turnitin (<http://lib.hk/turnitin/turnitin.html>).

Required Texts

- Articles and selected readings chosen by the instructor (will be uploaded on Moodle).
- All listed readings are required except for the recommended and optional readings, which will be indicated by a *. Most of the recommended readings will also be available on Moodle except for when an entire book is recommended.

¹If there are extenuating circumstances that do not permit a student to join a group, then the assignment can be done individually. However, the workload will remain the same as the other groups.

Recommended Readings

These recommended readings are here for students interested in building an enhanced understanding of any particular part of the course material.

- Acemoglu, Daron and James A. Robinson. 2012. *Why Nations Fail*. Crown Publishing Group.
- Clark, Gregory. 2015. *The Son Also Rises: Surnames and the History of Social Mobility*. Princeton University Press.
- Deaton, Angus. 2013. *The Great Escape: Health, Wealth, and the Origins of Inequality*. Princeton University Press.
- Easterly, William. 2014. *The Tyranny of Experts: Economists, Dictators, and the Forgotten Rights of the Poor*. Basic Books.
- Kenworthy, Lane. 2008. *Jobs with Equality*. Oxford University Press.
- Piketty, Thomas G. 2015. *The Economics of Inequality*. Translation. Arthur Goldhammer. Cambridge: Belknap Press.
- Piketty, Thomas G. 2014. *Capital in the Twenty-First Century*. Translation. Arthur Goldhammer. Cambridge: Belknap Press.
- Polanyi, Karl. 2001. *The Great Transformation: The Political and Economic Origins of Our Time, 2nd ed.* Beacon Press.
- Stiglitz, Joseph E. 2012. *The Price of Inequality: How Today's Divided Society Endangers Our Future*. W. W. Norton & Company.
- Wilkinson, Richard and Pickett, Kate. 2011. *The Spirit Level: Why Greater Equality Makes Societies Stronger*. Bloomsbury Press.

Course Outline

Part I: Frameworks on Global Inequality

Week 1 (September 4): Introduction: Why Should We Study Inequality?

- Piketty, Thomas and Emmanuel Saez. 2014. "Inequality in the Long Run." *Science* 344(6186): 838-843.
- Wilkinson, Richard and Pickett, Kate. 2011. *The Spirit Level: Why Greater Equality Makes Societies Stronger*. Bloomsbury Press. Read "Note on Graphs" and chap. 2.
- Kenworthy, Lane. 2008. *Jobs with Equality*, Chapter 2: "Why Should We Care About Inequality."
- * Firebaugh, Glenn and Laura Tach. 2005. "Relative Income and Happiness: Are Americans on a Hedonic Treadmill?" Penn State University mimeo.

- * Marx, Karl. *The Communist Manifesto*, pp. 14-34.
- * Sands, Melissa L. 2017. "Exposure to inequality affects support for redistribution." *Proceedings of the National Academy of Sciences* 114(4):663-668.

Week 2 (September 11): Measurements and the Economics of Inequality

- "More or Less Equal," *The Economist* March 11, 2004.
- Clark, Gregory. 2015. *Son Also Rises: Surnames and the History of Social Mobility*. Read pp. 1-16.
- Piketty, Thomas. 2015. *The Economics of Inequality*. Translation. Arthur Goldhammer. Cambridge: Belknap Press. Read chapter 2.
- Ravillion, Martin. "Pro-Poor Growth: A Primer," *World Bank Policy Research Working Paper 3243*, pp. 1-22.
- * Barro, Robert J. 2003. "Determinants of Economic Growth in a Panel of Countries," *Annals of Economics and Finance* 4: 231-274.
- * Jones, Charles I. "Pareto to Piketty: The Macroeconomics of Top Income and Wealth Inequality," *Journal of Economic Perspectives* 29(1): 29-45.
- * Piketty, Thomas G. 2014. *Capital in the Twenty-First Century*. Translation. Arthur Goldhammer. Cambridge: Belknap Press. Read Chapters 1 and 2.
- * Kuznets, S. 1955. "Economic Growth and Income Inequality," *American Economic Review* 45(1): 1-28.

Week 3 (September 18): Institutions and the Politics of Inequality

- Acemoglu, Daron and James Robinson. 2012. *Why Nations Fail*. Read Chapter 3.
- Bueno de Mesquita, Bruce and Alastair Smith. 2012. *The Dictator's Handbook: Why Bad Behavior Is Almost Always Good Politics*. Read Chapter 1.
- Clark, Gregory. *Farewell to Alms*, pp. 218-225.
- Wantchekon, Leonard. 2008. "Democracy and African Development." Princeton University mimeo, pp. 1-5.
- Eichengreen, Barry. "The Political Economy of the Smoot-Hawley Tariff" in *International Political Economy: Perspectives on Global Power and Wealth*, ed. Jeffrey Frieden and David A. Lake. Read pp. 37-46.
- * Acemoglu, Daron and James Robinson. 2001. "A Theory of Political Transitions." *American Economic Review* 91(4): 938-963.
- * Acemoglu, Daron, James Robinson, and Simon Johnson. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review* 91(5): 1369-1401.
- * Scheve, Kenneth and David Stasavage. "Democracy, War, and Wealth: Lessons from Two Centuries of Inheritance Taxation," *American Political Science Review* 106 (1): 81-102.

Week 4 (September 25): Culture, Race, and Inequality

- Arrow, Kenneth J. “What Has Economics to Say About Racial Discrimination?” *Journal of Economic Perspectives* 12(2): 91-100.
- Hoff, Karla and Priyanka Pandey. “Discrimination, Social Identity, and Durable Inequalities,” *The American Economic Review* 96(2): 206-211.
- Lang, Kevin. 2007. *Poverty and Discrimination*. Princeton University Press, Chapter 10, pp. 265-282.
- Wong, Alia. “The Thorny Relationship Between Asians and Affirmative Action.” *The Atlantic* 3 August 2017.
- * Lang, Kevin and Jee-Yeon K. Lehmann. “Racial Discrimination in the Labor Market: Theory and Empirics.” *Journal of Economic Literature* 50(4): 1-48.
- * Marianne Bertrand and Sendhil Mullainathan. 2004. “Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination.” *The American Economic Review* 94(4): 991-1013.
- * Chen, Keith. 2013. “The Effect of Language on Economic Behavior: Evidence from Savings Rates, Health Behaviors, and Retirement Assets,” *American Economic Review* 103(2): 690-731.
- * Luttmer, Erzo F. P. and Monica Singhal. 2011. “Culture, Context, and the Taste for Redistribution,” *American Economic Journal: Economic Policy* 3(1): 157-179.
- * Nishi, Akihiro, Hirokazu Shirado, David G. Rand, and Nicholas A. Christakis. 2015. “Inequality and Visibility of Wealth in Experimental Social Networks.” *Nature* 526: 426-429.
- * Scheve, Kenneth and David Stasavage. 2006. “Religion and Preferences for Social Insurance,” *Quarterly Journal of Political Science* 1: 255-286. Read pp. 255-264 and 269-284.

Week 5 (October 2): No Class (Chung Yeung Festival)

***** Research paper topic proposal and approval due by October 6, 2017.**

Part II: Topics on Inequality

Week 6 (October 9): Gender and Inequality

- “Why We Are, As We Are,” *The Economist* 18 December 2008.
- “Schumpeter: A Nordic Mystery,” *The Economist* 15 November, 2014.
- Cohen, Rhaina. “What Programming’s Past Reveals About Today’s Gender-Pay Gap,” *The Atlantic* 8 September 2016.
- Saab, Maria. “The Surprising Countries with More Women in Corporate Leadership Than the U.S.—Or Even Scandanavia,” *Time* 12 June 2014.
- Campbell, Alexia Fernández. “Privilege Helps Men—but Not Women—Get Fancy Jobs.” *The Atlantic* 18 October 2016.
- * Blau, Francine D. and Lawrence M. Kahn. 2016. “The Gender Wage Gap: Extent, Trends, and Explanations.” *NBER Working Paper No. 21913*.

- * Brookman, David and Joshua Kalla. “Durably reducing transphobia: A field experiment on door-to-door canvassing.” *Science* 352(6282): 220-224.
- * Guiso, Luigi, Ferdinand Monte, Paolo Sapienza, and Luigi Zingales. 2008. “Culture, Gender, and Math.” *Science* 300: 1164-1165.
- * Levanon, Asaf, Paula England, and Paul Allison. “Occupational Feminization and Pay: Assessing Causal Dynamics Using 1950-2000 U.S. Census Data.” *Social Forces* 88(2): 865-891.
- * Reubena, Ernesto, Paola Sapienza, and Luigi Zingales. “How Stereotypes Impair Womens Careers in Science” *Proceedings of the National Academy of Sciences* 111(12): 4403-4408.
- * Rivera, Lauren A. and András Tilcsik. 2016. “Class Advantage, Commitment Penalty: the Gendered Effect of Social Class Signals in an Elite Labor Market.” *American Sociological Review* 81(6): 1097-1131.

Week 7 (October 16): No Class (Reading Week)

Week 8 (October 23): Inequality in Developing Economies I: the Growth Dilemma

- “How Do Mobile Phones Promote Economic Growth? A New Paper Provides a Vivid Example,” *The Economist* May 10, 2007.
- Chakraborty, Angshukanta. “Five Development Lessons Angus Deaton Can Teach Mr. Modi.” *DailyO* 12 October 2015.
- Drezner, Daniel. 2006. “The Race to the Bottom Hypothesis: An Empirical and Theoretical View.” The Fletcher School, Tufts University, mimeo. Read pp. 1-20.
- Moyo, Dambisa. “Globalization Needs to be All or Nothing.” *Quartz* 12 January 2017.
- * Dollar, David and Aart Kraay. 2004. “Trade, Growth, and Poverty,” *The Economic Journal* 114: F22-F49.
- * Deaton, Angus. 2003. “Health, Inequality, and Economic Development.” *Journal of Economic Literature* 41(March): 113-158.
- * Jensen, Robert. “The Digital Divide: Information (Technology), Market Performance, and Welfare in the South Indian Fisheries Sector,” *The Quarterly Journal of Economics* 122(3): 879-924. Read pp. 879-883 and 890-920.
- * Min, Brian. 2015. “Electrifying the Poor: Distributing Power in India.” *Working Paper*.

Week 9 (October 30): Inequality in Developing Economies II: Foreign Aid

- Brooks, Rosa. “Eat the Rich and Pay the Poor.” *Foreign Policy* 4 September 2015.
- Easterly, William and Tobias Pfutze. 2008. “Where Does the Money Go? Best and Worst Practices in Foreign Aid.” *Global Economy & Development Working Paper* 21. Read pp. 1-24.
- Sachs, Jeffrey. “The Case for Aid.” *Foreign Policy* 21 January 2014.

- Easterly, William. “Aid Amnesia.” *Foreign Policy*, 23 January 2014.
- Moyo, Dambisa. “Why Foreign Aid Is Hurting Africa,” *The Wall Street Journal*, March 21, 2009.
- * Birdsall, Nancy. 2004. “Seven Deadly Sins: Reflections on Donor Failings”, *Center for Global Development Working Paper 50*.
- * Easterly, William. 2009. “Can the West Save Africa?” *Journal of Economic Literature* 47(2).
- * Hanlon, Joseph, Armando Barrientos, and David Hulme. 2010. *Just Give Money to the Poor: the Development Revolution from the Global South*. Sterling, VA: Kumarian Press. Read pp. 69-81.
- * Kono, Daniel Y. and Gabriella Montinola. 2009. “Does Foreign Aid Support Autocrats, Democrats, or Both?” *Journal of Politics* 71(2): 704-718.
- * Nunn, Nathan and Nancy Qian. “U.S. Food Aid and Civil Conflict.” *American Economic Review*.

Week 10 (November 6): Inequality in Developed Economies I: Crises and Welfare Policies

- Kumhof, Michael and Romain Ranci re. 2010. “Leveraging Inequality,” *Finance and Development*: 28-31.
- Plumer, Brad. “‘Trickle-down consumption’: How rising inequality can leave everyone worse off,” *The Washington Post* March 27, 2013.
- Dorfman, Jeffrey. “The Seattle Minimum Wage Debate Where Both Sides Might Be Right.” *Forbes* 29 July, 2017.
- Scheiber, Noam. “How a Rising Minimum Wage Affects Jobs in Seattle.” *The New York Times* 26 June 2017.
- Matthews, Dylan. “Study: a Universal Basic Income Would Grow the Economy.” *Vox* 30 August 2017.
- * Bertrand, Marianne and Adair Morse. 2013. “Trickle-Down Consumption,” *NBER Working Paper 18883*.
- * Kumhof, Michael and Romain Ranci re. 2010. “Inequality, Leverages, and Crises,” *IMF Working Paper* 10 (268).
- * Jardim, Ekaterina, Mark C. Long, Robert Plotnick, Emma van Inwegen, Jacob Vigdor, and Hilary Wething. 2017. “Minimum Wage Increases, Wages, and Low-wage Employment: Evidence From Seattle.” *NBER Working Paper No. 23532*.
- * Schmitt, John. 2013. “Why Does the Minimum Wage Have No Discernible Effect on Employment?” *Center for Economic and Policy Research*.
- * Nikiforos, Michalis, Marshall Steinbaum, and Gennaro Zezza. 2017. “Modeling the Macroeconomic Effects of a Universal Basic Income.” *Roosevelt Institute Report*.

Week 11 (November 13): Inequality in Developed Economies II: Social Mobility

- Semeuls, Alana. “Severe Inequality Is Incompatible With the American Dream.” *The Atlantic* 10 December 2016.

- Thompson, Derek. “The Myth of American Universities as Inequality-Fighter.” *The Atlantic* 31 August 2017.
- Leonhardt, David. “College for the Masses,” *The New York Times* 24 April 2015.
- * Chetty, Raj, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez. 2014. “Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States.” *Quarterly Journal of Economics* 129(4): 1553-1623.
- * Chetty, Raj, David Grusky, Maximilian Hell, Nathaniel Hendren, Robert Manduca, Jimmy Narang. 2017. “The Fading American Dream: Trends in Absolute Income Mobility Since 1940.” *Science* 356 (6336): 398-406.
- * Goodman, Joshua, Michael Hurwitz, and Jonathan Smith. 2017. “Access to Four-Year Public Colleges and Degree Completion.” *Journal of Labor Economics* 35 (3): 829-867.

Week 12 (November 20): Final Group Presentations I

Week 13 (November 27): Final Group Presentations II

***** Final Research Paper Due by 11:59 pm, Sunday, December 11, 2017.**

THE UNIVERSITY OF HONG KONG
Master of International and Public Affairs
Grade Descriptors

Class presentation(s)

A+, A, A-	Address the main question(s) very clearly. Organization and logic is very clear. Show excellent understanding and application of concepts / theories in analysis. Show originality / creativity in research and presentation. Very well articulation with evidence and supporting information. Generate stimulating questions for discussion and class participation. Very effectively engage the audience and adhere to the time limit and other rules strictly.
B+, B, B-	Argumentative structure is logical and fits the topic well. Provide evidence and supporting information for arguments. Generally perceptive and critical engagement with the main issues and themes, but have some shortcomings in understanding of relevant concepts and theories. Raise some very interesting questions for class discussion and participation. Effective communication and largely adhere to the time limit and other rules.
C+, C, C-	By and large the content is relevant but the presentation does not clearly address the main question(s). Provide some useful arguments with limited evidence and supporting information. No interesting questions are raised for class discussion. Need improvement in understanding and application of concepts / theories. Communication skills and time management needs further improvement.
F	Not clear and poorly organized. Miss the main question(s). Argumentative structure is very weak and no relevant evidence or supporting information is provided. No relevant questions are raised for class discussion. Very poor preparation and no consistence. Very poor understanding and application of concepts / theories. Not observe the time limit and other rules for presentation.

Class Participation

A+, A, A-	Always actively participate in class discussion. Always well prepared for class activities. Ask stimulating questions and share views with peers. Make excellent contribution to class learning and teaching.
B+, B, B-	Not always participate in class discussion but can ask relevant questions and share views in class. Not always well prepared for class but can ask some good questions occasionally. Make some useful contribution to class debate and other activities.
C+, C, C-	Limited participation in class discussion. Only occasionally speak out or ask questions in class. Try to keep up with class discussion and other activities.
F	No effective class participation. Not prepared for class. Unwilling to speak or answer questions in class.

Term Papers

A+, A, A-	Identify and address important and thought-provoking questions. Very well structured and overall logic is very clear. Advance key arguments from important perspectives and always support arguments with sufficient evidence. Show excellent understanding and application of relevant concepts and theories. Demonstrate originality in research ideas and argumentation. Writing is very neat and clear. Carefully follow the format of academic writing and referencing.
B+, B, B-	Identify somewhat important research questions. Structure and writing is largely clear and coherent. Arguments are generally logical and clear but need improvement in presentation and articulation. Arguments are not always supported with evidence. Demonstrate good understanding of basic concepts and theories on the subject issue(s). Writing is in reasonably good format.
C+, C, C-	Research question(s) are relevant but not vigorous. Logical structure of the paper is fair. Some relevant arguments are made but lack sufficient and appropriate support. Writing is reasonably coherent but improvement is needed in the treatment and coverage of contents. Demonstrate basic understanding of the subject issue(s) and relevant concepts and theories. Not always follow the format of academic writing.
F	No clear and relevant research question(s) are identified and addressed. Very poor organization. No clear and relevant arguments are made or arguments lack any meaningful supporting evidence. Writing is not clear. Not follow the format of academic writing referencing. Demonstrate little understanding of basic relevant concepts and theories.

Examinations or Quiz

A+, A, A-	The answers are very well and clearly written. The content is well covered and coherent. Advance very clear and logical arguments with sufficient evidence and supporting material. Demonstrate excellent understanding of the issue(s) and relevant concepts and theories. Provide critical thinking in argumentation. Writing is very neat and clear.
B+, B, B-	The answers are well written and largely clear. The content is sufficiently covered and coherent. Advance somewhat logical arguments with evidence and supporting material. Demonstrate good understanding of the issue(s) and relevant concepts and theories. Writing is largely clear and coherent.
C+, C, C-	The answers are fairly written. The content is by and large relevant. Relevant arguments are made but lack appropriate support. Demonstrate basic understanding of the issue(s) and relevant concepts and theories. Improvement is needed in writing and argumentation.
F	The answers are poorly written. Miss the main issue(s) in the examination. Arguments are very weak or no clear arguments are made. Demonstrate little understanding of the issue(s) and relevant concepts and theories.