

# Poverty and Inequality Midterm Review Outline

Romich – Fall 2003

## Articles

Conceptual readings to review and think about: Kawachi et al, Folbre, Oliver & Shapiro, Krugman, Gilder, Murray, Anders, Duncan & Brooks-Gunn. More specifically, if you can summarize their key arguments in a few sentences and have thought about whether you agree or disagree, you will be in good shape. It's also good to be familiar with the two readings from the first day (Eherenreich and Kozol)

## Outline

This outline, taken from class lecture slides, contains the basic concepts that may be tested on the midterm. Think about the context and use of concepts – not just definitions.

### Types of surveys

- Longitudinal
- Cross-sectional
- Panel

### Issues in evaluating surveys

- Instruments
- Sampling
- Response

### Current Population Survey

### Common descriptive statistics

- Mean – arithmetic average
- Median – mid-point
- Percentiles / deciles / quintiles – location in rank
- Percentage – number per 100 in given state

### Other demographic concepts

- Aggregate
  - Level
  - Trend
- Changes in composition
  - Individual
  - Spell
  - Changes in individual status

### Federal Poverty Line

- FPL history - Mollie's legacy
- What it includes / excludes
- Critiques and critics

## Alternative poverty lines

Cost-of-living-based - Ex: Self-sufficiency standard

Relative measures - Ex: 50% of median area income

## Other ways to describe the demographics of poverty

Duration of poverty

Depth of poverty

Consumption

Wealth

Social indicators

## Poverty rate vs. percentage of the poor

Poverty rate = # poor / all

Percentage of poor = # in group / all poor

## Inequality measures

Gini coefficient

Robin Hood Index

Share of income earned by bottom of distribution

## Ever-on versus point-in-time

Paradox: most people who are ever poor are poor for a short time, but most of the poor at any given time are long-term poor

Why does this matter?

## Market economies

Pure capitalism - an economic system based on private ownership of capital

*laissez faire government*

*"the invisible hand"*

Opposite of capitalism: statism

What do we have?

## Inequality

Why do we put up with it?

Trade-off between equality and efficiency

Motivation of the market

Notions of social justice