

# ECON 256: Poverty, Growth & Inequality

---

Jack Rossbach

# How Would You Define Poverty

---

Variety of answers given, that cover most of what people typically think of

- Most popular answer was lacking life necessities
- Statistical: percentile of the income distribution or have income less than a certain amount
- Lack of opportunities or inability to improve ones circumstances

# How Would You Define Poverty

---

Variety of answers given, that cover most of what people typically think of

- Most popular answer was lacking life necessities
- Statistical: percentile of the income distribution or have income less than a certain amount
- Lack of opportunities or inability to improve ones circumstances

## How to measure?

- Income based measurements
- Questions based on specific living conditions, nutritional intake, or health
- Subjective based (people are poor if they identify as such)

# How Would You Define Poverty

---

## Comments

- Answers given here largely cover the commonly held views
- Show that there are many facets to poverty and many ways to measure it

# Why Does Poverty Exist

---

There was less variation in the answers for this question

- Most popular answers by far: Greed and Inequality
- Others: Capitalism, corruption, inefficiency

# Why Does Poverty Exist

---

There was less variation in the answers for this question

- Most popular answers by far: Greed and Inequality
- Others: Capitalism, corruption, inefficiency, lack of resources

## **Can we eliminate it? Is it worth it?**

- Fairly evenly split between whether we could or could not eliminate it
- Most people agreed it was worth trying regardless

# Why Does Poverty Exist

---

## Comments

- Greed is a tricky answer, since it's not clear how it can be changed. Also, some think that greed can be harnessed for good (e.g. you innovate so you can get rich, but your innovation improves the world).
- We will discuss more concrete and changeable reasons for poverty in this class, but multifaceted

# Why Does Poverty Exist

---

## Comments

- Biggest changes, historically, is whether poverty can be changed and should be changed

“Everyone but an idiot knows that the lower classes must be kept poor or they will never be industrious” -Arthur Young, 1771

“Our dream is a world free of poverty” -Motto of World Bank since 1990

- Relatively recent in history that people have viewed poverty as something that can and should be eliminated. How to do it isn't always clear, but much more hope than in past.



# Inequality in Outcomes or Opportunities

---

Unanimous agreement that we should care more about inequality in opportunities

- Seen as the key driver of inequality in outcomes
- Seen as all that is morally or righteously due

**Comments:** I think most people care most about inequality of opportunity, still

- Easier to measure outcomes, how to measure opportunity exactly?
- Can be fuzzy to draw the line between opportunity and outcome
- We can potentially design systems where winner takes all vs more equitable sharing

# Economic Progress and Those Left Behind

---

About even split whether it does matter or does not matter

- Answers given for why not are usually utilitarian (majority matters) or inevitability
- Similarly about even split about whether it matters if the losers are middle class/poor or not

## Comment

- Purpose of this question is to show how much disagreement there is in how economic progress should proceed
- We will later talk about creative destruction, which is a hypothesis that growth needs to be or is typically destructive (requires losers)

# Should we care more about Poverty in our Own Country

---

About even split between yes and no

## **Yes Reasons**

- Our duty is to our own country first
- Pragmatic, that is where we can do the most good or need to start somewhere

## **No Reasons**

- Most dire poverty is in other countries
- Borders are arbitrary
- World is connected, so it may spill over to our own country