Assessing the effect of economic inequality

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Strategies to Reduce Inequality

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Abstract

The rise in income inequality over the past three decades has spawned a surge in research that examines the causes and consequences of this trend. Authors from a variety of disciplines have examined the impact of various measures of inequality on outcomes as diverse as mortality, health habits, self-reported health status, civic and voter participation, trust, marriage, crime, educational attainment, the size of local governments, self-reported happiness, and school spending. Regardless of the outcome, all research that tries to evaluate the causal impact of inequality empirically faces a common set of methodological issues. In this chapter, we attempt to catalog the most common of these issues and to describe how researchers have dealt with them. The topics we describe are by no means exhaustive, and because they are common issues, they will be familiar to many researchers.

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The effect of monetary policy on income inequality, the role of business cycle ... 35 Figure 11. The effect of monetary policy on income inequality, the role of labor earnings ... 36 Figure 12. (iii) assessing whether the effects of monetary policy shocks vary over time, depending on the type of the shocks (tightening versus expansionary monetary policy) and the state of the business cycle, and across countries depending on the initial level of inequality and the share of labor income to total income. In particular, an increase in policy rates can affect negatively economic activity and therefore reduce budget resources for distribution, which would produce larger estimates on net inequality. “Economic inequality” generally refers to the disparity of wealth or income between different groups or within a society. Often characterized by the aphorism “the rich get richer while the poor get poorer,” the phrase often refers more specifically to the gap in income or assets between the poorest and richest segments of an individual nation. [1]. Even though the basic concept has entered the public consciousness, the effects of highly concentrated wealth are hotly debated and poorly understood by observers. Research attributes advantages and disadvantages to pronounced levels of economic ineq... This paper assesses whether the socio-economic inequalities affect the survival of children under five years old. The study uses the Demographic and Health Surveys carried out in low- and middle-income countries to document the impact of household wealth and mother’s education on mortality under age five. The surveys are pooled together by region and at the world level to investigate if the regions experience differently the impact of socio-economic factors. In this study, it is assumed that household wealth has an impact on child health independent of the effect of mother’s education. The causes of socioeconomic inequalities in child health are clear (Wagstaff, 2004). A limited number of proximate determinants have been demonstrated to affect the health of children directly.