

University of Colorado at Boulder
Department of Economics

Prof. Jeffrey S. Zax
zax@colorado.edu
303-492-8268
<http://www.colorado.edu/Economics/Zax>

Economics 4626
Tentative syllabus and schedule
4 January 2016

Welcome. I am Prof. Jeffrey S. Zax. This is Economics 4626, The Economics of Inequality and Discrimination.

Course description:

The purpose of this course is to investigate the extent of inequality, its causes and its consequences. This investigation occurs at both the macroeconomic and microeconomic levels. At the macroeconomic level, we discuss the relationship between inequality and growth and the effects of different national institutions on this relationship. At the microeconomic level, we discuss inequality in multiple dimensions. We analyze the individual choices from which and economic contexts in which it arises. We complete this discussion with an examination of discrimination: inequality which arises when disadvantages are imposed through coercive denial of market opportunities.

This course requires previous completion of Economics 3070, Intermediate Microeconomic Theory, or its equivalent. This prerequisite will be enforced. In addition, previous completion of Economics 3080, Intermediate Macroeconomic Theory, or its equivalent, is helpful. Anyone uncertain with regard to their preparation should consult with me immediately.

This course will meet on Tuesdays and Thursdays from 12:30 p.m. until 1:45 p.m. throughout the semester in Economics 1191. I will drop any student who is enrolled at the beginning of the semester and who misses more than one of the first three classes on 12, 4 and 19 January. I

The final examination will take place on Sunday, 1 May, from 7:30 p.m. until 10:00 p.m. It will require the full 2.5 hours and be worth 150 points. Any student who has three or more final examinations scheduled on 1 May has the right to reschedule all exams following the first two. Any student wishing to invoke this right must do so by 18 March.¹

Two midterm examinations will each take 40 minutes, and be worth 40 points. They will take place on 9 February and 5 April unless class progress deviates significantly from expectations.

Two papers complete the course requirements. Each will analyze the issues presented in a case from the Harvard Business School, based on discussions in class and the material in readings. Both papers must be type-written, double-spaced, with conventional margins. Papers that exceed the maximum lengths, either in physical length or because of compressed format, will be penalized. These papers must be submitted electronically to the email address above in the Adobe .pdf format. The computers in the computer lab in the basement of the Economics Building can create .pdf files from Word files. Make sure that you arrange to convert your papers to .pdf format before the deadline for submission. Speak with me in advance if you anticipate difficulty with this requirement. Only .pdf files will be accepted.

The first term paper is a three-page discussion of inequality and Globalization, Harvard Business School Case No. 9705-040. It will be due on 23 February unless class progress deviates significantly from expectations. It will be worth 20 points. The second paper is a five-

The tentative schedule of lectures below also includes the list of assigned readings. All articles are from the Journal of Economic Perspectives. They are available as .pdf files through the University Library's website. From any University computer, follow this protocol:

1. Access the library website at <http://ucblibraries.colorado.edu/>.
2. Click on "Title" in "search Chinook Classic".
3. Enter "journal of economic perspectives" in the adjacent field.
4. Click on "Journal of Economic Perspectives (Online)".
5. Click on "Full-text available from AEA".
6. Locate the desired article.

Additional readings may be assigned at my discretion.

Tentative course schedule:

<u>Date</u>	<u>Lecture number</u>	<u>Lecture title, readings and assignments</u>
I. The Measurement of Inequality		
12 January	1.	Introduction
14 January	2.	Simple inequality measures Banerjee, Abhijit and Esther Duflo (2008) "What is middle class about the middle classes around the world?", <u>Journal of Economic Perspectives</u> , Vol. 22, No. 2, Spring, 28.
19 January	3.	Lorenz curves and Gini coefficients
II. The Macroeconomics of Distribution		
21 January	4.	The effects of growth on inequality Autor, David (2015) "Why are there still so many jobs? The history and future of workplace automation", <u>Journal of Economic Perspectives</u> , Vol. 29, No. 3, Summer, 30.
26 January	5.	The effects of inequality on growth

28 January

6. Institutions a

Solon, Gary (2002) Cross-country differences in intergenerational earnings mobility", Journal of Economic Perspectives, Vol. 16 No. 3, Summer, 596.

23 February

12. Local externalities, peer effects and inequa

15 March

18. Consumption inequality

Jorgenson, Dale W. (1998) "Did we lose the war

12 April

23. Preferences for redistribution and feasible redistribution

Diamond, Peter and Emmanuel Sæz (2011) "The case for a progressive tax: From basic research to policy recommendations", Journal of Economic Perspectives, Vol. 25, No. 4, pp 165-190.

Bonica Adam, Nolan McCarty, Keith T. Pede and Howard Rosenthal (2013) "Why hasn't democracy slowed rising inequality?", Journal of Economic Perspectives, Vol. 27, No. 3, Summer, 103-124.

V. Discrimination and anti-discrimination policies

14 April

24. Race, ethnicity and the economics of identity

19 April

25. The discriminatory instinct

Essay on Inequality and the American Model, Harvard Business School Case No. 9703-025, is available.

21 April

26. Discrimination in labor markets: Models, measurement and policy

Darity, William A. J. and Patrick L. Mason (1998) "Evidence on discrimination in employment: Codes of color, codes of gender", Journal of Economic Perspectives, Vol. 12, No. 2 Spring, 63-90.

Blau, Francine D and Lawrence M Kahn (2000) "Gender differences in pay", Journal of Economic Perspectives, Vol. 14, No. 4, pp 25-46

Hedman, James (1998) "Detecting discrimination", Journal of Economic Perspectives, Vol. 12, No. 2 Spring, 101-116.

Fryer, Roland G. J. and Glenn C. Loury (2005) "Affirmative action and its mythology", Journal of Economic Perspectives, Vol. 19 No. 3, Summer, 147-176

26 April

27. Housing segregation and its progeny: School busing, Fair Housing and environmental racism

Ladd, Helen F. (1998) "Evidence on discrimination in mortgage lending", Journal of Economic Perspectives, Vol. 12, No. 2 Spring, 41-62.

28 April

28. Discrimination in automobile and other markets

Yinger, John (1998) "Evidence on discrimination in consumer markets", Journal of Economic Perspectives, Vol. 12, No. 2 Spring, 23-40.

1 May

Final examination 7:30p.m.-10:00m.

University policies:

The University adheres to the standards for student privacy rights and requirements as stipulated in the Federal Rights and Privacy Act (FERPA) of 1974.² Campus policy regarding disabilities requires that faculty adhere to the recommendations of Disability Services. In addition, campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly accommodate all students who, because of religious obligations, have conflicts with scheduled examinations, assignments or required attendance. Any student eligible for and needing academic adjustments or accommodations because of disability or religious practice should arrange to meet with me immediately. Those with disabilities should immediately submit a letter from Disability Services describing appropriate adjustments or accommodations.³

Students and faculty share responsibility for maintaining an appropriate learning environment. All are subject to the University's policies on Sexual Harassment and Amorous Relationships.⁴ Students who fail to adhere to appropriate behavioral standards may be subject to discipline. Faculty have the professional responsibility to treat students with understanding, dignity and respect, to guide classroom discussion and to set reasonable limits on the manner

² A description is available at <http://www.colorado.edu/registrar/resources/family-educational-rights-and-privacy-act-ferpa>.

³ University policies regarding religious practice are available at <http://www.colorado.edu/policies/observance-religious-holidays-and-absences/classesandorexams>. University policies regarding disabilities are available at <http://disabilityservices.colorado.edu>. Disability Services can be contacted by telephone at 303-492-8671, or in person at Wilard 322.

⁴ University policies regarding Sexual Harassment and Amorous Relationships are available at <http://www.colorado.edu/policies/sexual-harassment-and-amorous-relationships>.

in which students express opinions⁵ I am happy to discuss any issues of individual or group treatment in office hours or by appointment.

All students of the University of Colorado at Boulder are responsible for knowing and adhering to this institution's policy regarding academic integrity. Cheating, plagiarism, fabrication, lying, bribery, threatening behavior and assistance to acts of academic dishonesty are examples of behaviors that violate this policy. Ordinarily, a student engaged in any act of academic dishonesty will receive a failing grade for the course. In addition, all incidents of academic misconduct shall be reported to the Honor Council.