Welcome. I am Prof. Jeffrey S. Zax. This is Economics 4626, "The Economics of Inequality and Discrimination". This class requires previous completion of Economics 3070, our course in intermediate microeconomics. It will occasionally require the use of derivatives. Anyone uncertain with regard to their preparation should consult with me immediately.

This class will meet on Mondays, Wednesdays and Fridays from 1:00 p.m. until 1:50 p.m. throughout the semester in Economics 205. I will hold regular office hours between 2:00 p.m. and 3:00 p.m. on Mondays and Wednesdays in my office, Economics 111. Appointments can be made for meetings at other times, if these are inconvenient.

Performance in this class will be judged on the basis of several instruments. The final examination will be worth 180 points. The midterm examination will be valued at 50 points. It will take place on 8 March, unless class progress deviates from my current expectations. Four homework sets will be valued at 30 points each, or 120 points. The course as a whole is therefore valued at 350 points. The score attained by each student, evaluated relative to those of other students and to the score which would be attained by an intelligent student of economics at this level, will determine final letter grades.

The material to be mastered in this class is contained in the assigned readings and the lectures. The assigned readings will include Top Heavy: A Study of the Increasing Inequality of Wealth in America by Edward N. Wolff, The Economics of Discrimination, Second Edition by Gary S. Becker, and a variety of other articles and books to be identified as the course progresses. The tentative schedule of lectures is as follows:

This course has the following tentative schedule of topics:

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<th>Date</th>
<th>Lecture Number</th>
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<td>I. Inequality</td>
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<tr>
<td>17 January</td>
<td>1</td>
<td>Introduction</td>
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<tr>
<td>19 January</td>
<td>2</td>
<td>Lorenz curves and Gini coefficients</td>
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<td>22 January</td>
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<td>Inequality and poverty measures</td>
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<td>24 January</td>
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<td>Individuals, families and equivalence scales</td>
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<td>Wealth and income inequality</td>
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<td>29 January</td>
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<td>Earnings, wage and consumption inequality</td>
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<td>II. Distribution and macroeconomics</td>
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<tr>
<td>31 January</td>
<td>7</td>
<td>Dynamic theories of factor returns I</td>
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<td>2 February</td>
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<td>Dynamic theories of factor returns II</td>
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<td>5 February</td>
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<td>The effects of economic development on inequality</td>
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<td>7 February</td>
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<td>The effects of inequality on economic development</td>
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III. Microeconomic determinants of distribution
9 February 11. "The simple analytics of welfare maximization" I
12 February 12. "The simple analytics of welfare maximization" II
14 February 13. Investments in human capital I
16 February 14. Investments in human capital II
19 February 15. Allocation of labor within households
21 February 16. Asset ownership and intergenerational transmission of wealth
23 February 17. Assignment models and superstars

IV. Non-neoclassical theories of income and wealth distribution
26 February 18. The role of power

V. Microeconomic consequences of inequality
28 February 19. Inequality as an incentive
1 March 20. Inequality and local externalities
4 March 21. Social welfare functions
6 March 22. The economics of fairness

8 March Midterm examination

VI. Discrimination
11 March 23. The international dimensions of discrimination
13 March 24. The sociology and anthropology of discrimination
15 March 25. The economic prerequisites of discrimination
18 March 26. Partial equilibrium theories of labor market discrimination I
20 March 27. Partial equilibrium theories of labor market discrimination II
22 March 28. Statistical discrimination in labor markets
1 April 29. Labor market discrimination and local market power
3 April 30. Cooperative discrimination in labor markets
5 April 31. Measurements of wage discrimination
8 April 32. The evolution of discriminatory wage differentials I
10 April 33. The evolution of discriminatory wage differentials II
12 April 34. Employment segregation
15 April 35. Measurement of housing segregation
17 April 36. The evolution of housing segregation
19 April 37. The theory of housing segregation I
22 April 38. The theory of housing segregation II
24 April 39. Determinants of housing segregation
26 April 40. Housing and auto discrimination audits

VII. Policy
29 April 41. Progressive income taxation
1 May 42. The effects of property and sales taxes on inequality
3 May 43. Civil rights and Equal Employment opportunity
6 May 44. Affirmative action and comparable worth

9 May Final examination 7:30 a.m.-10:30 a.m.