

**University of Colorado at Boulder**  
**Department of Economics**

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Economics 4626  
Syllabus and schedule  
11 January 2023

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 inequality arises. We complete this discussion with an examination of discrimination: inequality that arises when disadvantages are imposed through coercive denial of market opportunities.

**Course structure:**

This course will meet from 12:30p.m to 1:45p.m. on Tuesdays and Thursdays in Economics 117. Classes will consist of lectures and discussions of course material, discussions of assignments and midterm examinations. You should expect every class, including the first class, to occupy the entire scheduled time. You should expect to attend every class. If you miss any of the first three classes, on January 17, 19 and 24, without an excuse from me, you will be dropped from the course. This requirement applies to all students, regardless of when they enroll in the course.

I will hold regular office hours between 10:30 a.m. and 12:00 p.m. on Tuesdays and 12:30p.m.-2:00p.m. on Wednesdays in my office, Economics 111 and via Zoom (<https://cuboulder.zoom.us/my/jeffreyzax>). Appointments may be made for meetings at other times, if these are inconvenient. Course information will be posted on Canvas as needed. Notifications will be posted there as well, or sent via Canvas email or campus email. It is your responsibility to monitor both.

### **Course prerequisites:**

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

This course requires good auditory comprehension in the English language. Most of the important course material is presented verbally. The ability to follow the discussion is essential for successful course completion.

This course requires good reading comprehension in the English language. The remaining course material is presented in journal articles that are written for a general but well-prepared audience. While these articles are relatively short, they are also relatively dense. The ability to understand their content and extract what is most important is essential.

Finally, the ability to write effectively in the English language is very important. All of the graded elements of the course require original composition. Most of it is in the form of short responses of up to six sentences. However, one three-page and one five-page essay are also required.

### **Course requirements:**

Performance in this course will be judged on the basis of five graded assignments. Three of the assignments are examinations. They will ordinarily consist of short essay questions addressing the material in lectures and readings. They may also include short computational exercises.

#### Midterm examinations

Two graded assignments are midterm examinations. They will take place on 14 February and 6 April unless class progress deviates significantly from expectations. These examinations will take place in class. Each will take 40 minutes. Each will be worth 40 points, or 13.3% of the course total.

These examinations will be strictly closed-note and closed-book. No cooperation of any kind will be permitted. If an exam displays any evidence of outside assistance, either from resources or other individuals, the submitting student will receive the grade of "F" for the course and will be reported to the Honor Code Council for violating our standards of academic integrity. Students who assist others in violation of these requirements will also receive the grade of "F" for the course and will be reported to the Honor Code Council for violating our standards of academic integrity.

These examinations will consist of short answer essay questions. The first midterm examination will address the material in lectures 2 through 8. The second midterm examination will address the material in lectures 9 through 21.

### Papers

Two graded assignments are papers. Each will analyze the issues presented in a case from the Harvard Business School, based on our course material. 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 formats, will be penalized.

These papers must be submitted electronically through the course Canvas website in the Adobe .pdf format. 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.

The first term paper is a three-page discussion of Inequality and Globalization, Harvard Business School Product No. 705040-PDF-ENG. It will be due on 28 February unless class progress deviates significantly from expectations. It will be worth 20 points, or 6.6% of the course total.

The second paper is a five-page discussion of Brazil Under Lula: Off the Yellow BRIC Road, Harvard Business School Product No. 707031-PDF\_ENG. It will be due on 25 April unless class progress deviates significantly from expectations. It will be worth 50 points, or 16.7% of the course total.

Papers that are submitted after the associated deadline without my approval will be assessed a penalty of one point for each day or partial day beyond the deadline. Papers submitted more than ten days late without my approval will receive a score of zero. If you anticipate difficulty meeting either of these deadlines, discuss your situation with me **in advance**.

Students may cooperate with each other in preliminary analysis of the cases. However, each student must submit their own paper, in their own words. If a paper shares any substantial common text with any other source, the submitting student will receive the grade of "F" for the course and will be reported to the Honor Code Council for violating our standards of academic integrity.

Both cases may be purchased at <https://hbsp.harvard.edu/import/987910>. You will need to register at the website in order to obtain access. It will provide you with .pdf copies of the cases which you can save and print. The cases each cost \$4.25.

### Final examination

The final graded assignment will be the final examination. It will take place on Saturday, 6 May, from 1:30 p.m. until 4:00 p.m. in Economics 117. The examination itself will take the full 2.5 hours, or 150 minutes. It will be worth 150 points, or 50% of the course total. Approximately half of the final examination will address lectures 22 through 28. The remaining half of the final examination will revisit the material in lectures 2 through 21.

Any student who has three or more final examinations scheduled on 6 May has the right to reschedule all exams following the first two. Any student wishing to invoke this right must do so by 24 March.<sup>1</sup>

This examination will be strictly closed-note and closed-book. No cooperation of any kind will be permitted. If an exam displays any evidence of outside assistance, either from resources or other individuals, the submitting student will receive the grade of "F" for the course and will be reported to the Honor Code Council for violating our standards of academic integrity. Students who assist others in violation of these requirements will also receive the grade of "F" for the course and will be reported to the Honor Code Council for violating our standards of academic integrity.

### Final grades

The course as a whole is valued at 300 points. The score attained by each student, evaluated relative to those of other students and to the score that would be attained by an intelligent student of economics at this level, will determine final letter grades.

### **Course conduct:**

Excuses for the course assignments will be granted only under extraordinary circumstances. If granted, the excused points will be reallocated to subsequent assignments.

Attendance at lectures is essential to success in this course. Students who do not intend to attend all lectures should not enroll. All personal needs, such as the filling of water bottles and visits to restrooms, should be addressed prior to the beginning of each class or after class ends. If this is impracticable, please consult with me.

Electronic devices such as laptops and cell phones may be used during class, but only for course purposes. Improper use may be penalized by dismissal from the lecture, grade penalties or both.

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<sup>1</sup> University policies regarding multiple final examinations on the same day are available at <http://www.colorado.edu/policies/final-examination-policy>.

All students must adhere strictly to all standards of academic integrity. This requires that you submit papers that consist largely of your own words, with proper attribution for text that originates from any other source. All methods of composition that rely in any way on artificial intelligence are prohibited. If I suspect that artificial intelligence has been employed in the composition of any paper, it will be the student's responsibility to demonstrate the contrary in order to avoid sanctions.

**Any** act of academic dishonesty will result in a grade of "F" for the course and referral to the Honor Code Office for possible non-academic sanctions. Information regarding the Honor Code academic integrity policy can be found at the [Honor Code Office website](#).

### **Course resources:**

All assigned articles are from the [Journal of Economic Perspectives](#). They are available as .pdf files on our Canvas website.

### **Tentative course schedule and assigned readings:**

#### Lecture schedule

<u>Date</u>	<u>Lecture number</u>	<u>Lecture title, readings and assignments</u>
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#### **I. The Measurement of Inequality**

Tuesday, January 17      1.    **Introduction**

Thursday, January 19    2.    **Simple inequality measures**

Banerjee, Abhijit and Esther Duflo (2008) "What is middle class about the middle classes around the world?", [Journal of Economic Perspectives](#), Vol. 22, No. 2, Spring, 3-28.

Tuesday, January 24    3.    **Lorenz curves and Gini coefficients**

## II. The Macroeconomics of Distribution

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|----------------------|---|---|
| Thursday, January 26 | 4. <b>The effects of growth on inequality</b> | 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, 3-30.   |
| Tuesday, January 31  | 5. <b>The effects of inequality on growth</b> |   |
| Thursday, February 2 | 6. <b>Institutions and inequality</b>         | Levine, Ross (2005) "Law, endowments and property rights", <u>Journal of Economic Perspectives</u> , Vol. 19, No. 3, Summer, 61-88.<br><br>Svensson, Jakob (2005) "Eight questions about corruption", <u>Journal of Economic Perspectives</u> , Vol. 19, No. 3, Summer, 19-42.  |
| Tuesday, February 7  | 7. <b>Intertemporal inequality</b>            | Easterlin, Richard A. (2000) "The worldwide standard of living since 1800", <u>Journal of Economic Perspectives</u> , Vol. 14, No. 1, Winter, 7-26.<br><br>Lee, Ronald (2003) "The demographic transition: Three centuries of fundamental change", <u>Journal of Economic Perspectives</u> , Vol. 17, No. 4, Fall, 167-190. |
| Thursday, February 9 | 8. <b>Inter-country inequality</b>            | Pritchett, Lant (1997) "Divergence, big time", <u>Journal of Economic Perspectives</u> , Vol. 11, No. 3, Summer, 3-17.  |
| Tuesday, February 14 |   | First midterm examination   |

### III. The Microeconomics of Distribution

- Thursday, February 16 9. **Investments in human capital: Schooling, training, experience and the value of life**

Deming, David J. (2022) "Four facts about human capital", Journal of Economic Perspectives, Vol. 36, No. 3, Summer, 75-102.

- Tuesday, February 21 10. **Health inequality**

Currie, Janet and Hannes Schwandt (2016) "Mortality inequality: The good news from a county-level approach", Journal of Economic Perspectives, Vol. 30, No. 2, Spring, 29-52.

Cutler, David M., Edward L. Glaeser and Jesse M. Shapiro (2003) "Why have Americans become more obese?", Journal of Economic Perspectives, Vol. 17, No. 3, Summer, 93-118.

- Thursday, February 23 11. **Inequality as an incentive**

- Tuesday, February 28 12. **The inheritance of economic status and children's welfare**

Aizer, Anna, Hilary Hoynes and Adriana Lleras-Muney (2022) "Children and the US social safety net: Balancing disincentives for adults and benefits for children", Journal of Economic Perspectives, Vol. 36, No. 2, Spring, 149-174.

Corak, Miles (2013) "Income inequality, equality of opportunity, and intergenerational mobility", Journal of Economic Perspectives, Vol. 27, No. 3, Summer, 79-102.

Flood, Sarah, Joel McMurry, Aaron Sojourner and Matthew Wiswall (2022) "Inequality in early care experienced by US children", Journal of Economic Perspectives, Vol. 36, No. 2, Spring, 199-222.

Essay on Inequality and Globalization due at 11:59p.m. MDT.

March 2	13. <b>Local externalities, peer effects and inequality</b>	Kremer, Michael and Dan Levy (2008) "Peer effects and alcohol use among college students", <u>Journal of Economic Perspectives</u> , Vol. 22, No. 3, Summer, 189-206.
Tuesday, March 7	14. <b>Intragenerational mobility</b>	
Thursday, March 9	15. <b>Income, earnings and wage inequality</b>	Acemoglu, Daron and James A. Robinson (2015) "The rise and decline of the general laws of capitalism", <u>Journal of Economic Perspectives</u> , Vol. 29, No. 1, Winter, 3-28.  Hoffmann, Florian, David S. Lee and Thomas Lemieux (2020) "Growing income inequality in the United States and other advanced economies", <u>Journal of Economic Perspectives</u> , Vol. 34, No. 4, Fall, 52-78.
Tuesday, March 14	16. <b>Wealth inequality</b>	Kopczuk, Wojciech (2015) "What do we know about the evolution of top wealth shares in the United States", <u>Journal of Economic Perspectives</u> , Vol. 29, No. 1, Winter, 47-66.
Thursday, March 16	17. <b>Equivalence scales</b>	Lundberg, Shelly, Robert A. Pollak and Jenna Stearns (2016) "Family inequality: Diverging patterns in marriage, cohabitation, and childbearing", <u>Journal of Economic Perspectives</u> , Vol. 30, No. 2, Spring, 79-102.
Tuesday, March 21	18. <b>Consumption inequality</b>	Attanasio, Orazio P. And Luigi Pistaferri (2016) "Consumption inequality", <u>Journal of Economic Perspectives</u> , Vol. 30, No. 2, Spring, 3-28.



Thursday, March 23      19.    **Poverty**

Hoynes, Hilary W., Marianne E. Page and Ann Huff, (2006) "Poverty in America: Trends and explanations", Journal of Economic Perspectives, Vol. 20, No. 1, Winter, 47-68.

Page, Lucy and Rohini Pande (2018) "Ending global poverty: Why money isn't enough", Journal of Economic Perspectives, Vol. 32, No. 4, Fall, 173-200.

Tuesday, April 4      20.    **Well-being**

Kahneman, Daniel and Alan B. Krueger (2006) "Developments in the measurement of subjective well-being", Journal of Economic Perspectives, Vol. 20, No. 1, Winter, 3-24.

Deaton, Angus (2008) "Income, health, and well-being around the world: Evidence from the Gallup poll", Journal of Economic Perspectives, Vol. 22, No. 2, Spring, 53-72.

Thursday, April 6      Second midterm examination

#### **IV. Evaluating inequality**

Tuesday, April 11      21.    **Social welfare functions and societal choice**

Thursday, April 13      22.    **Preferences for redistribution and feasible redistribution**

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

Bonica, Adam, Nolan McCarty, Keith T. Poole 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

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|--------------------|-----|--|
| Tuesday, April 18  | 23. | <b>Race, ethnicity and the economics of identity</b>   |
| Thursday, April 20 | 24. | <b>The discriminatory instinct</b>   |
| Tuesday, April 25  | 25. | <b>Theories of discrimination</b><br><br>Lang, Kevin and Ariella Kahn-Lang Spitzer (2020) "Race discrimination: An economic perspective", <u>Journal of Economic Perspectives</u> , Vol. 34, No. 2, Spring, 68-89.<br><br>Small, Mario L. and Devah Pager (2020) "Sociological perspectives on racial discrimination", <u>Journal of Economic Perspectives</u> , Vol. 34, No. 2, Spring, 49-67.<br><br>Essay on <u>Brazil Under Lula: Off the Yellow BRIC Road</u> due at 11:59p.m. MST. |
| Thursday, April 27 | 26. | <b>Discrimination in labor markets</b><br><br>Heckman, James (1998) " Detecting discrimination", <u>Journal of Economic Perspectives</u> , Vol. 12, No. 2, Spring, 101-116.<br><br>Fryer, Roland G. Jr. and Glenn C. Loury (2005) "Affirmative action and its mythology", <u>Journal of Economic Perspectives</u> , Vol. 19, No. 3, Summer, 147-162.   |
| Tuesday, May 2     | 27. | <b>Housing segregation and its progeny: School busing, Fair Housing and environmental racism</b><br><br>Ladd, Helen F. (1998) "Evidence on discrimination in mortgage lending", <u>Journal of Economic Perspectives</u> , Vol. 12, No. 2, Spring, 41-62.   |
| Thursday, May 4    | 28. | <b>Profiling and incarceration</b>   |
| Saturday, May 6    |     | Final examination, 1:30p.m.-4:00p.m.   |

### **Additional policy statements**

- The University adheres to the standards for student privacy rights and requirements as stipulated in the Federal Rights and Privacy Act (FERPA) of 1974.<sup>2</sup>
- I am available to discuss any issues of individual or group treatment in office hours or by appointment.
- The following pages present the University's required "Syllabus Statements", which apply to this course in their entirety.

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

# SYLLABUS STATEMENTS

## CLASSROOM BEHAVIOR

Both students and faculty are responsible for maintaining an appropriate learning environment in all instructional settings, whether in person, remote or online. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, political affiliation or political philosophy. For more information, see the [classroom behavior](#) policy, the [Student Code of Conduct](#), and the [Office of Institutional Equity and Compliance](#).

## REQUIREMENTS FOR COVID-19

As a matter of public health and safety, all members of the CU Boulder community and all visitors to campus must follow university, department and building requirements and all public health orders in place to reduce the risk of spreading infectious disease. CU Boulder currently requires COVID-19 vaccination and boosters for all faculty, staff and students. Students, faculty and staff must upload proof of vaccination and boosters or file for an exemption based on medical, ethical or moral grounds through the MyCUHealth portal.

The CU Boulder campus is currently mask-optional. However, if public health conditions change and masks are again required in classrooms, students who fail to adhere to masking requirements will be asked to leave class, and students who do not leave class when asked or who refuse to comply with these requirements will be referred to Student Conduct and Conflict Resolution. For more information, see the policy on classroom behavior and the Student Code of Conduct. If you require accommodation because a disability prevents you from fulfilling these safety measures, please follow the steps in the “Accommodation for Disabilities” statement on this syllabus.

If you feel ill and think you might have COVID-19, if you have tested positive for COVID-19, or if you are unvaccinated or partially vaccinated and have been in close contact with someone who has COVID-19, you should stay home and follow the further guidance of the Public Health Office ([contacttracing@colorado.edu](mailto:contacttracing@colorado.edu)). If you are fully vaccinated and have been in close contact with someone who has COVID-19, you do not need to stay home; rather, you should self-monitor for symptoms and follow the further guidance of the Public Health Office ([contacttracing@colorado.edu](mailto:contacttracing@colorado.edu)). If you must miss any classes or assignment due dates because of illness, please inform me via email as quickly as possible.

## ACCOMMODATION FOR DISABILITIES

If you qualify for accommodations because of a disability, please submit your accommodation letter from Disability Services to your faculty member in a timely manner so that your needs can be addressed. Disability Services determines accommodations based on documented disabilities in the academic environment. Information on requesting accommodations is located on the [Disability Services website](#). Contact Disability Services at 303-492-8671 or [dsinfo@colorado.edu](mailto:dsinfo@colorado.edu) for further assistance. If you have a temporary medical condition, see [Temporary Medical Conditions](#) on the Disability Services website.

## PREFERRED STUDENT NAMES AND PRONOUNS

CU Boulder recognizes that students' legal information doesn't always align with how they identify. Students may update their preferred names and pronouns via the student portal; those preferred names and pronouns are listed on instructors' class rosters. In the absence of such updates, the name that appears on the class roster is the student's legal name.

## HONOR CODE

All students enrolled in a University of Colorado Boulder course are responsible for knowing and adhering to the [Honor Code](#). Violations of the Honor Code may include, but are not limited to: plagiarism, cheating, fabrication, lying, bribery, threat, unauthorized access to academic materials, clicker fraud, submitting the same or similar work in more than one course without permission from all course instructors involved, and aiding academic dishonesty. All incidents of academic misconduct will be reported to Student Conduct & Conflict Resolution ([honor@colorado.edu](mailto:honor@colorado.edu)); 303-492-5550). Students found responsible for violating the [Honor Code](#) will be assigned resolution outcomes from the Student Conduct & Conflict Resolution as well as be subject to academic sanctions from the faculty member. Additional information regarding the Honor Code academic integrity policy can be found on the [Honor Code website](#).

## SEXUAL MISCONDUCT, DISCRIMINATION, HARASSMENT AND/OR RELATED RETALIATION

CU Boulder is committed to fostering an inclusive and welcoming learning, working, and living environment. University policy prohibits sexual misconduct (harassment, exploitation, and assault), intimate partner violence (dating or domestic violence), stalking, protected-class discrimination and harassment, and related retaliation by or against members of our community on- and off-campus. These behaviors harm individuals and our community. The Office of Institutional Equity and Compliance (OIEC) addresses these concerns, and individuals who

believe they have been subjected to misconduct can contact OIEC at 303-492-2127 or email [cureport@colorado.edu](mailto:cureport@colorado.edu). Information about university policies, [reporting options](#), and support resources can be found on the [OIEC website](#).

Please know that faculty and graduate instructors have a responsibility to inform OIEC when they are made aware of any issues related to these policies regardless of when or where they occurred to ensure that individuals impacted receive information about their rights, support resources, and resolution options. To learn more about reporting and support options for a variety of concerns, visit [Don't Ignore It](#).

## RELIGIOUS HOLIDAYS

Campus policy regarding religious observances requires that faculty make every effort to deal reasonably and fairly with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. In this class, please inform me in advance, either in person or via email, of any conflicts between course requirements and religious observances.

See the [campus policy regarding religious observances](#) for full details.