

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

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**Economics 4626
Syllabus and schedule
8 January 2021**

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 that arises when disadvantages are imposed through coercive denial of market opportunities.

This course will meet asynchronously online from 14 January through 29 April. I will hold regular office hours via Zoom between 2:00 p.m. and 3:30 p.m. on Tuesdays (Zoom meeting ID 925 1333 4408) and between 11:00a.m. and 12:30p.m. (Zoom meeting ID 916 3418 5325) on Wednesdays. 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. 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 excellent auditory comprehension in the English language. Much of the important course material is presented verbally in recorded formats. The ability to follow the discussion is essential for successful course completion.

This course requires excellent 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. Two thirds of the graded elements of the course require original composition.

Course requirements:

Performance in this course will be judged on the basis of four instruments.

Questions for each lecture

The first will consist of graded questions that occur after each of the 27 lectures following the first. Answers to each of these 27 questions will be due before the subsequent lecture can be accessed. Each answer will be worth 10 points. These questions, in total, will be worth 270 points, or 54% of the final numerical grade.

Students may cooperate with each other in analyzing the questions. However, each student must submit their own answer, in their own words. Answers that share any substantial common text with any other will receive scores of zero.

Final examination

The second instrument will be the final examination. It will cover the entire semester. It will require three hours and be worth 150 points, or 30% of the final numerical grade.

The final examination will take place on-line, monitored by Proctorio. It will be available for 48 hours, from 8:00a.m. MDT on Sunday, 2 May through 7:59a.m. MDT on Tuesday, 4 May. 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, the student will receive the grade of "F" for the course and will be reported to the Honor Code Council for cheating.

Term papers

Two papers complete the written course requirements. Each will analyze the issues presented in a case from the Harvard Business School, based on discussions in class and material in the readings.

The first term paper is a three-page discussion of American Outsourcing, Harvard Business School Case No. 705037-PDF-ENG. It will be due on Sunday, 14 February at 11:59p.m. MST. It will be worth 20 points, or 4% of the final numerical grade.

The second paper is a three-page discussion of Brazil Under Lula: Off the Yellow BRIC Road, Harvard Business School Case No. 707031-PDF-ENG. It will be due on Sunday, 4 April at 11:59p.m. MDT. It will be worth 30 points, or 6% of the final numerical grade.

Students may cooperate with each other in analyzing 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 student will receive the grade of "F" for the course and will be reported to the Honor Code Council for plagiarism.

Both cases may be purchased at <https://hbsp.harvard.edu/import/760191>. 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.

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 via Canvas in the Adobe .pdf format. Be certain 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.**

Final grades

The course as a whole is valued at 500 points. Slightly more than half of these points are assigned to the post-lecture questions. The two papers together contribute one-tenth of the total grade. The final examination constitutes three-tenths of the final grade. 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.

Assistance with regard to the material in this course is available in my office hours and by appointment. The Economics Department usually has a list of tutors who are available for private hire and who may be able to assist with this course. Its website is https://www.colorado.edu/economics/sites/default/files/attached-files/tutor_list.pdf.

Students in this course must adhere strictly to all standards of academic integrity. **Any** act of academic dishonesty will result in a failing grade 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](#).

I am happy to discuss any issues of individual or group treatment in office hours or by appointment.¹

Tentative course schedule and assigned readings:

All articles are from the Journal of Economic Perspectives. They are available as .pdf files in our Canvas website.

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

Week of 14 January	1.	Introduction
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Week of 19 January	2.	Simple inequality measures
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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.

	3.	Lorenz curves and Gini coefficients
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II. The Macroeconomics of Distribution

Week of 25 January	4.	The effects of growth on inequality
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Autor, David (2015) "Why are there still so many jobs? The history and future of workplace automation", Journal of Economic Perspectives, Vol. 29, No. 3, Summer, 3-30.

	5.	The effects of inequality on growth
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Week of 1 February	6.	Institutions and inequality
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Levine, Ross (2005) "Law, endowments and property rights", Journal of Economic Perspectives, Vol. 19, No. 3, Summer, 61-88.

¹ The University adheres to the standards for student privacy rights and requirements as stipulated in the Federal Rights and Privacy Act (FERPA) of 1974. A description is available at <http://www.colorado.edu/registrar/resources/family-educational-rights-and-privacy-act-ferpa>.

Svensson, Jakob (2005) "Eight questions about corruption", Journal of Economic Perspectives, Vol. 19, No. 3, Summer, 19-42.

7. Intertemporal inequality

Easterlin, Richard A. (2000) "The worldwide standard of living since 1800", Journal of Economic Perspectives, Vol. 14, No. 1, Winter, 7-26.

Lee, Ronald (2003) "The demographic transition: Three centuries of fundamental change", Journal of Economic Perspectives, Vol. 17, No. 4, Fall, 167-190.

Week of 8 February

8. Inter-country inequality

Pritchett, Lant (1997) "Divergence, big time", Journal of Economic Perspectives, Vol. 11, No. 3, Summer, 3-17.

Essay on American Outsourcing due at 11:59p.m. MDT on Sunday, 14 February.

III. The Microeconomics of Distribution

Week of 15 February

9. Investments in human capital: Schooling, training, experience and the value of life

Cullen, Julie Berry, Steven D. Levitt, Erin Robertson and Sally Sadoff (2013) "What can be done to improve struggling high schools?", Journal of Economic Perspectives, Vol. 27, No. 2, Spring, 133-152.

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.

Week of 22 February

11. Inequality as an incentive

12. The inheritance of economic status and children's welfare
- Corak, Miles (2013) "Income inequality, equality of opportunity, and intergenerational mobility", Journal of Economic Perspectives, Vol. 27, No. 3, Summer, 79-102.
- Duncan, Greg J. and Katherine Magnuson (2013) "Investing in preschool programs", Journal of Economic Perspectives, Vol. 27, No. 2, Spring, 109-132.
- Edmonds, Eric V. and Nina Pavcnik (2005) "Child labor in the global economy", Journal of Economic Perspectives, Vol. 19, No. 1, Winter, 199-220.
- Week of 1 March 13. Local externalities, peer effects and inequality
- Kremer, Michael and Dan Levy (2008) "Peer effects and alcohol use among college students", Journal of Economic Perspectives, Vol. 22, No. 3, Summer, 189-206.
14. Intragenerational mobility
- Week of 8 March 15. Income, earnings and wage inequality
- Acemoglu, Daron and James A. Robinson (2015) "The rise and decline of the general laws of capitalism", Journal of Economic Perspectives, 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", Journal of Economic Perspectives, Vol. 34, No. 4, Fall, 52-78.
16. Wealth inequality
- Kopczuk, Wojciech (2015) "What do we know about the evolution of top wealth shares in the United States", Journal of Economic Perspectives, Vol. 29, No. 1, Winter, 47-66.
- Week of 15 March 17. Equivalence scales
- Lundberg, Shelly, Robert A. Pollak and Jenna Stearns (2016) "Family inequality: Diverging patterns in marriage, cohabitation,

and childbearing”, Journal of Economic Perspectives, Vol. 30, No. 2, Spring, 79-102.

18. Consumption inequality

Attanasio, Orazio P. And Luigi Pistaferri (2016) “Consumption inequality”, Journal of Economic Perspectives, Vol. 30, No. 2, Spring, 3-28.

Week of 22 March

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.

Week of 29 March

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.

Essay on Brazil under Lula: Off the Yellow BRIC Road due at 11:59p.m. MDT on Sunday, 4 April.

IV. Evaluating inequality

Week of 5 April

21. Social welfare functions and societal choice

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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| Week of 12 April | <p>23. Race, ethnicity and the economics of identity</p> <p>24. The discriminatory instinct</p> |
| Week of 19 April | <p>25. Theories of discrimination</p> <p>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.</p> <p>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.</p> <p>26. Discrimination in labor markets</p> <p>Heckman, James (1998) " Detecting discrimination", <u>Journal of Economic Perspectives</u>, Vol. 12, No. 2, Spring, 101-116.</p> <p>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.</p> |
| Week of 26 April | <p>27. Housing segregation and its progeny: School busing, Fair Housing and environmental racism</p> <p>Ladd, Helen F. (1998) "Evidence on discrimination in mortgage lending", <u>Journal of Economic Perspectives</u>, Vol. 12, No. 2, Spring, 41-62.</p> <p>28. Profiling and incarceration</p> |
| 2-4 May | <p>Final examination.</p> |

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 policies on [classroom behavior](#) and the [Student Code of Conduct](#).

REQUIREMENTS FOR COVID-19

As a matter of public health and safety due to the pandemic, all members of the CU Boulder community and all visitors to campus must follow university, department and building requirements, and public health orders in place to reduce the risk of spreading infectious disease. Required safety measures at CU Boulder relevant to the classroom setting include:

- maintain 6-foot distancing when possible,
- wear a face covering in public indoor spaces and outdoors while on campus consistent with state and county health orders,
- clean local work area,
- practice hand hygiene,
- follow public health orders, and
- if sick and you live off campus, do not come onto campus (unless instructed by a CU Healthcare professional), or if you live on-campus, please alert [CU Boulder Medical Services](#).

Students who fail to adhere to these 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 policies on [COVID-19 Health and Safety](#) and [classroom behavior](#) and the [Student Code of Conduct](#). If you require accommodation because a disability prevents you from fulfilling these safety measures, please see the “Accommodation for Disabilities” statement on this syllabus.

All students who are new to campus must complete the [COVID-19 Student Health and Expectations Course](#). Before coming to campus each day, all students are required to complete the [Buff Pass](#).

Students who have tested positive for COVID-19, have symptoms of COVID-19, or have had close contact with someone who has tested positive for or had symptoms of COVID-19 must stay home. In this class, if you are sick or quarantined, please notify me so that we can ensure that you remain current in our course.

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 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 policy may include: 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 the Honor Code (honor@colorado.edu); 303-492-5550). Students found responsible for violating the academic integrity policy will be subject to nonacademic sanctions from the Honor Code as well as academic sanctions from the faculty member. Additional information regarding the Honor Code academic integrity policy can be found at the [Honor Code Office website](#).

SEXUAL MISCONDUCT, DISCRIMINATION, HARASSMENT AND/OR RELATED RETALIATION

The University of Colorado Boulder (CU Boulder) is committed to fostering an inclusive and welcoming learning, working, and living environment. CU Boulder will not tolerate acts of sexual misconduct (harassment, exploitation, and assault), intimate partner violence (dating or domestic violence), stalking, or protected-class discrimination or harassment by members of our community. Individuals who believe they have been subject to misconduct or retaliatory actions for reporting a concern should contact the Office of Institutional Equity and Compliance (OIEC) at 303-492-2127 or cureport@colorado.edu. Information about the OIEC, university policies, [anonymous reporting](#), and the campus resources can be found on the [OIEC website](#).

Please know that faculty and graduate instructors have a responsibility to inform OIEC when made aware of incidents of sexual misconduct, dating and domestic violence, stalking, discrimination, harassment and/or related retaliation, to ensure that individuals impacted receive information about options for reporting and support resources.

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, if your religious observance conflicts with the course schedule, please notify me so that we can ensure that you remain current. See the [campus policy regarding religious observances](#) for full details.