

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

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Economics 4626
Syllabus and Schedule
8 January 2008

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 level. 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 requires previous knowledge of calculus and economics.

¹ University policies regarding multiple final examinations on the same day are available at http://www.colorado.edu/policies/final_exam.html.

Two midterm examinations will each take 40 minutes, and be worth 40 points. They will take place on 12 February and 8 April unless class progress deviates significantly from expectations. Examinations will ordinarily consist of short essay questions addressing the material in lectures and readings. They may also include short computational exercises.

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. The cases will be available at the UMC Book Store. 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. If at all possible, these papers should be submitted electronically to the email address above. The Adobe .pdf format is preferable. The computers in the computer lab in the basement of the Economics Building can convert Word files into this format. Files in Word, WordPerfect, or other reasonable word-processing formats are also acceptable.

The first term paper will be due on 12 April. The second term paper will be due on 12 May. The final exam will be held on 12 June.

Tentative schedule:

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

15 January	1.	Introduction
17 January	2.	Simple inequality measures
22 January	3.	Lorenz curves and Gini coefficients

II. The Macroeconomics of Distribution

24 January	4.	The effects of growth on inequality
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Pritchett, Lani (1997) “Divergence, big time”, Journal of Economic Perspectives, Vol. 11, No. 3, Summer, 3-17.

12 February First midterm examination

III. The Microeconomics of Distribution

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

Card, David and Alan B. Krueger (1996) “School resources and student outcomes: An overview of the literature and new evidence from North and South Carolina”, Journal of Economic Perspectives, Vol. 10, No. 4, Fall, 31-50.

Hutchens, Robert M. (1989) “Seniority, wages and productivity: A turbulent decade”, Journal of Economic Perspectives, Vol. 3, No. 4, Fall, 49-64.

19 February 10. Intragenerational mobility

21 February 11. The inheritance of economic status, Intergenerational mobility and redistributive policy

Bowles, Samuel and Herbert Gintis (2002) “The inheritance of inequality”, Journal of Economic Perspectives, Vol. 16, No. 3, Summer, 3-30.

Grawe, Nathan D. and Casey Mulligan (2002) “Economic interpretations of intergenerational correlations”, Journal of Economic Perspectives, Vol. 16, No. 3, Summer, 45-58.

Solon, Gary (2002) “Cross-country differences in intergenerational earnings mobility”, Journal of Economic Perspectives, Vol. 16, No. 3, Summer, 59-66.

26 February 12. Local externalities, peer effects and inequality

Essay on American Outsourcing Harvard Business School Case No. 9-705-040 is due.

28 February 13. Inequality as an incentive

4 March 14. Wealth inequality

6 March

15. Health inequality

Smith, James P. (1999) "Healthy bodies and thick wallets: The dual relation between health and economic status", Journal of Economic Perspectives, Vol. 13, No. 2, Spring, 145-166.

3 April

21. Satisfaction

Kahneman, Daniel and Alan B. Krueger (2006) “Developments in the measurement of subjective well-being”, The Journal of Economic Perspectives

Fryer, Roland G. Jr. and Glenn C. Loury (2005) “Affirmative action and its mythology”, Journal of Economic Perspectives, Vol. 19, No. 3, Summer, 147-162.

² A summary is available at http://registrar.colorado.edu/regulations/ferpa_guide.html.

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

⁴ University policies regarding Sexual Harassment and Amorous Relationships are available at <http://www.colorado.edu/odh/>. The Office of Discrimination and Harassment can be reached by telephone at 303-492-2127. The Office of Judicial Affairs can be reached at 303-492-
