University of Virginia
Spring Semester 2017

Economics 4440
Economic Inequality

Lecture

Tuesdays and Thursdays, 2:00-3:15
Monroe Hall 124

Instructor

Professor James Harrigan, james.harrigan@virginia.edu
http://people.virginia.edu/~jh4xd/
Monroe Hall Room 215

Office Hours

Tuesday and Thursday 3:30-5:00 and by appointment.

Teaching Assistant

Mr. Yubo Liu, yl2as@virginia.edu.

Prerequisites

Intermediate microeconomics (Econ 3010 or 3110) and introductory econometrics (Econ 3720) are *essential*. Familiarity with *Stata* is also required.

Required book& software

The Great Divergence, by Timothy Noah, 2012, available at UVa Bookstore.
Stata/IC, student pricing here.

Grading

- three exams (22% of course grade each)
- homework (10%)
- final paper (23%)
- fill out course evaluation (1%)

Introduction

One of the most contentious and important issues about the U.S. economy is the growth in income and wealth inequality since 1980. Over the same period, within-country inequality has grown in many countries around the world, even as global inequality has fallen.

Within the United States and many other countries, inequality has grown within the majority of the population (the proverbial "99 percent"), at the same time as the share of income going of the richest households (the "1 percent") has risen. Much of the course will be aimed at understanding these two distinct phenomena as well as the relationships between them.

Economic inequality is an inherently and unavoidably contentious topic, with deep connections to political debates. This is a course in economic analysis, not a primer in ideology, and we will strive for a balanced and objective approach to inequality while not shying away from controversy.

The course will introduce students to

- *measurement:* the facts about economic inequality, both in the U.S. and around the world, with an emphasis on the details of how inequality is measured.
- *theory*: the theoretical and empirical economics literature on the causes and consequences of income and wealth inequality.
- *policy*: the economic policy debate about what can and/or should be done about the growth of inequality, with an emphasis on the United States.

At the end of the course, successful students will have a broad knowledge of the facts about economic inequality, the economic and political causes of growing inequality, and the role of public policy in exacerbating and/or ameliorating inequality.

Schedule

The following tentative class schedule is subject to revision. Required and optional readings, as well as homework assignments, will be assigned as the course proceeds.

Part 1 Measuring inequality

7 lectures on measuring US and global inequality, January 19 to February 9.
Review Tuesday February 14
Exam 1 Thursday February 16

Part 2 Explaining inequality

7 lectures on theories of income and wealth inequality, including empirical evidence, February 21 to March 21.
Review Thursday March 23
Exam 2 Tuesday March 28

Part 3 Economic policy and inequality

7 lectures on the role of economic policy in increasing or decreasing income and wealth inequality, including empirical evidence, March 30 to April 20.
Review Tuesday April 25
Exam 3 Thursday April 27

Final paper due Tuesday May 9, 1:00-2:00pm, 215 Monroe Hall.

Course policies

Homework
Each assignment must be handed in at the beginning of the lecture (no later than 2pm) on the day that it is due. Homework handed in late will not be graded. Your lowest graded assignment will not be counted as part of your final homework grade.

You are encouraged to work together on your homework assignments, and up to two students may hand in and receive credit together for a given assignment. If students collaborate, both students must understand and contribute to all the work handed in. Copying homework from other students, or failing to fully collaborate on joint assignments, will be regarded as an honor violation.

Homework will be graded by the teaching assistant. Grades assigned by the TA are not subject to appeal unless an error was made by the TA (in other words, please don't argue about how many points you think you should have received on a given problem). Your work is expected to be neat and legible, and typing your answers is encouraged. If the TA finds your work too sloppy and/or illegible, it will not be graded, or points will be taken off.

Exams
Exams are non-cumulative, and cover only material since the previous exam.

Paper
The paper will be an original work of research on a current issue in inequality. Further details will be provided later in the semester. Late papers will not be accepted for any reason, so students are encouraged to plan to hand in their paper at least one day in advance of the deadline. Up to two students may collaborate on a paper, subject to the same guidelines as with homework assignments.

Lectures
Lecture notes/slides will be posted to *UVaCollab*, usually no later than the night before the lecture is delivered. You are strongly encouraged to print out a copy of the slides before coming to class, so you can follow along and take notes on your copies of the slides.

Posted lecture notes/slides do not contain all the material which will be discussed in class, and failure to attend all lectures means that you are guaranteed to miss important material. Attendance at all lectures is required. The use of electronic devices (laptop, tablets, phones, etc) during lectures is not permitted.

Honor policy

Professor Harrigan trusts every student in this course to fully comply with all of the provisions of the honor code, which is an institution that provides important benefits to all of us. On every exam and problem set, please write "Pledged", and sign your name. On exams, it is expected that you will neither receive nor give aid, nor access any material other than a non-programmed calculator. Your paper is expected to be original, non-plagiarized work.

All alleged honor violations brought to Professor Harrigan's attention will be forwarded to the Honor Committee. If, in his judgment, it is beyond a reasonable doubt that a student has committed an honor violation on an exam or homework assignment, that student will receive an immediate grade of zero for that exam or assignment, regardless of any subsequent action taken by the Honor Committee.

Exam and other accommodations

All students with special needs requiring accommodations should present the appropriate paperwork from the Student Disability Access Center (SDAC) to Professor Harrigan. It is the student's responsibility to present this paperwork in a timely fashion and follow up with the instructor about the accommodations being offered. Accommodations for test-taking (e.g., extended time) should be arranged with Professor Harrigan at least seven days before each exam.