

21:220:330:01 Economics of Inequality Fall 2020 Department of Economics,
Rutgers-Newark

Syllabus: Economics of Inequality Professor Julia Schwenkenberg Email:
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Scheduled Course Time Tuesday & Thursday 10-11:20am

Course Format:

This course will be in hybrid synchronous/asynchronous online format.

Required: ZOOM class meetings: Tuesdays 10-11:15am

Video lectures, readings, assignments, quizzes, and exams on Canvas.

Optional: ZOOM office hour: Thursdays 10-11:15am

Please see the course calendar for exceptions to the schedule and for assessment dates.

Canvas Site: <https://rutgers.instructure.com/courses/76728>

Description: The increase in income inequality in the past decades as well as the persistent socio-economic inequality between groups in the United States has been one of the most pressing issues in economics and in the current policy debate. The course covers the history of income distribution in the United States. It lays a theoretical foundation using insights from behavioral economics and Rawlsian economics. We learn how to measure and define inequality. We analyze the causes and consequences of economic inequality. Finally, we discuss the effects of government institutions and policy.

Learning Goals: • Learn how to define and measure inequality

- Understand the assumptions economists make about preferences and markets
- Learn about the income and wealth distribution in the US and changes to the distribution since 1900
- Become able to discuss the causes and consequences of the most recent increase in economic inequality
- Learn about racial inequality and understand the connection between segregation, income and wealth

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- Become able to analyze the interplay between economic outcomes and government policy
- Being able to contrast different interpretations of evidence and economic theory and understand resulting different views on economic policy
- Improve ability to understand past and present interrelationships among diverse political, social, racial/ethnic and/or gender groups

Grading: Quizzes: 30 %

Exams: 50 % Data project: 10% Attendance: 10 %

Grading scheme: 90-100 A 85-89 B+ 75-84 B 70-74 C+ 60-69 C 50-59 D 0-49 F

There is no extra credit

Academic

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- **Exams:** There are two exams, a midterm (October 27 during class time) and a final (University final exam period). These are held during the designed times on Canvas. Exams consist of a mix of short answer, open-ended long answer questions and calculations/ math problems based on the material and assignments covered.
- Make-ups are for emergencies only. If you are unable to attend one of the exams you **MUST** have a verifiable excuse (a doctor's note) and let me know **BEFORE** the exam takes place, otherwise you will get a 0% for the exam.
- **Quizzes:** There will be weekly/ biweekly quizzes, about 7-9, posted on Canvas. These are multiple choice or short answer and based on lectures, class discussions, readings, and assignments. Your lowest Quiz grade will be dropped. There are no make-ups.
- **Data Project:** For the project you will analyze data on the distribution of income for either a specific country, time period, or groups. Details will be discussed in class and posted on Canvas. You submit an excel file and a 1-2 page report.
- **Attendance:** is taken for required class meetings/ discussions usually scheduled on Tuesdays. Attendance for class time set aside for Q&A is not

mandatory, usually Thursdays. Mandatory dates are underlined below and noted on the Canvas course schedule.

- **Course outline** is subject to change. It is your responsibility to attend class meetings and check the **course site on canvas** regularly for course materials and announcements.

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Tentative Course Outlines — check Canvas for updates, readings, and deadlines!

Wk Dates Module/Topic

1 **T Sep. 1**

R Sep. 3 Introduction

2 **R Sep. 10** Preferences and Fairness

3 **T Sep. 15** R Sep. 17

Measurement of Economic Inequality in theory

4 **T Sep. 22** R Sep. 24

Measurement of Economic Inequality in practice

5 **T Sept. 29**

R Oct. 1 Income Distribution in the US

6 **T Oct. 6**

R Oct. 8 Wealth Distribution in the US

7 **T Oct. 13**

R Oct. 15 Top Incomes and Taxation

8 **T Oct. 20**

R Oct. 22 Geography of Opportunity

9 **T Oct. 27** **MIDTERM**

10 **T Nov. 3**

R Nov. 5 Segregation, Racism, and Opportunity

11 **T Nov. 10**

R Nov. 12 Inequity and Health

12 **T Nov. 17**

R Nov. 19 Education and Technology

13 **T Nov. 24** R Nov. 26

Data Projects Due THANKSGIVING

14 **T Dec. 1**

R Dec. 3 Globalization

15 **T Dec. 8**

R Dec. 10 Institutions and Policy

Final exam schedule tbd **FINAL EXAM**

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Bibliography

Atkinson, Anthony B., Thomas Piketty, and Emmanuel Saez. 2011. "Top Incomes in the Long Run of History." *Journal of Economic Literature*, 49(1): 3–71.

<https://eml.berkeley.edu/~saez/atkinson-piketty-saezJEL10.pdf> updated summary:
[Striking it richer](#)

Thomas Piketty, Emanuel Saez "Income Inequality in the United States, 1913-1998" *Quarterly Journal of Economics*, 118(1), 2003, 1-39 ([Longer updated version published in A.B. Atkinson and T. Piketty eds., Oxford University Press, 2007](#)) (Tables and Figures **Updated to 2017** in Excel format, March 2019)

Chetty, Raj, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez. 2014. "Where Is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States." *Quarterly Journal of Economics* 29 (4): 1553–1623. [Non-technical summary](#)
The Impacts of Neighborhoods on Intergenerational Mobility [Non-technical summary](#)

Chetty, Raj, David Grusky, Maximilian Hell, Nathaniel Hendren, Robert Manduca, and Jimmy Narang. 2016. "The Fading American Dream: Trends in Absolute Income

Mobility Since 1940.” NBER Working Paper No. 22910. [Non-technical summary](#)

Chetty, Raj, Michael Stepner, Sarah Abraham, Shelby Lin, Benjamin Scuderi, Nicholas Turner, Augustin Bergeron, and David Cutler. 2016. “The Association Between Income and Life Expectancy in the United States, 2001-2014.” *Journal of the American Medical Association* 315 (16): 1750–66. [Non-technical summary](#).

Noah, Timothy, *The Great Divergence: America's Growing Inequality Crisis and What We Can Do about It*, Bloomsbury Press; Reprint edition (January 29, 2013)
<https://www.bloomsbury.com/us/the-great-divergence-9781608196357/>

Rothstein, Richard, *The Color of Law: A Forgotten History of How Our Government Segregated America*, First edition. New York ; London: Liveright Publishing Corporation, a division of W.W. Norton & Company, 2017
<https://wwnorton.com/books/The-Color-of-Law/>

Saez, Emanuel, and Gabriel Zucman, *The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay*, First edition. New York, NY : W.W. Norton & Company, 2019 <https://taxjusticenow.org/#/>

Online

Resources:

Core Econ: Drawing Lorenz Curves and calculating the Gini in Excel:
<https://www.core-econ.org/doing-economics/book/text/05-01.html>

Distributional national accounts:
<http://gabriel-zucman.eu/usdina/>

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Geography of Opportunity:
<https://www.opportunityatlas.org>

Nelson, Robert K. , LaDale Winling, Richard Marciano, Nathan Connolly, et al.,

“Mapping Inequality,” American Panorama, ed.

<https://dsl.richmond.edu/panorama/redlining/#loc=5/39.1/-94.58>

Segregated by design VIDEO

<https://www.segregatedbydesign.com>

World Inequality Databases:

<https://www.wider.unu.edu/project/wiid-world-income-inequality-database> Visualization: <https://www4.wider.unu.edu>

<https://wid.world>