

# Economics of Inequality (BC3027y)

Barnard College, Columbia University

Spring 2017

Instructor: Aboozar Hadavand (ahadavan@barnard.edu)

Class Time: MW 4:10 - 5:25

Office Hours: TBD

Class Location: TBD

Office Location: LeFrak Room 243

Teaching Assistant: Sarah Thomas (sthomas@barnard.edu)

Teaching Assistant Office Hours: TBD



## Course Description

This course introduces students to measurement, analysis, causes, and implications of income inequality. We first discuss why inequality is important from a philosophical and political point of view. We then turn to the question of how to measure income inequality and the trend in income inequality in the United States, other countries, and the world. As it turns out, individuals' perception of inequality is different than the officially reported measures. We discuss why such discrepancy exists. Lastly, we turn to the question of inequality of opportunity in relation to inequality of outcome and argue some main theories related to that.

The focus of the course is both theoretical and empirical. For instance, parallel to discussing political philosophy of inequality I discuss evidence that shows the relationship between economic growth and income inequality across countries. This course, therefore, is a combination of analytics (such as calculating the Gini coefficient) and theory (philosophical arguments about inequality). Basic knowledge of calculus and statistics is required for this class. You are required to have taken Intermediate Macroeconomics OR Intermediate Microeconomics.



## Learning Objectives

In this course you will:

- understand key concepts of inequality such as inequality of income versus wealth inequality, income versus consumption inequality, inequality of outcome versus opportunity, personal versus household inequality, actual versus perceived inequality, etc.
- think critically about economic inequality by using multiple kinds of texts, evidence, and conceptual approaches.
- learn how to measure income inequality through different techniques and understand the trends in income inequality in the United States and the world.
- articulate well-defined research questions and conduct independent research using economic reasoning and evidence.



## Suggested Readings

Most of the material in the course will be from the following books. In addition to these books, we will have weekly reading from popular and academic publications that will be posted on Courseworks beforehand.



The Economics of Inequality by Thomas Piketty (Belknap Press). Piketty is a well-known scholar of inequality known for his book *Capital in the Twenty-First Century*. Although both books are similar in nature, the one assigned for this class is shorter and accessible by a broader audience. Pages 10-37 and 85-148



Measuring Inequality by Frank Cowell (Any edition, London School of Economics). This book is one of the best sources of comparison of different measures of inequality. We will cover most of the book. Pages 1-38 and 103-152.



Global Inequality: A New Approach for the Age of Globalization by Branko Milanovic (Harvard University Press). Milanovic's book is one of the few sources on the trends in global inequality. In this recent book, he presents the dynamic that drives inequality in a global scale. Pages 46-154.



## Courseworks

I use Courseworks (powered by Canvas) to communicate with you outside the classroom. It is your responsibility to make sure you have access to the course page. Otherwise, you will need to notify me and the registrar office. Please check the website regularly for notifications. I will post assignments, answers to assignments, sample exams, your grades, as well as, important announcements such as exam dates on Courseworks.



## Grading Policy

Evaluations for this class are determined as follows. Grades will be curved at the end of the semester.

Class participation: 10%  
Assignments: 20%  
Two Essays and Presentation: 30%  
Final: 40%



## Class Participation

Class participation is 10% of your final grade. During class time, I will call on students and ask questions about the lecture. We'll also have pop quizzes from time to time, which are usually from the material covered in the same class. Quiz grades will go toward your class participation grade. Quizzes are open-note. Use of phones for any purpose in the class is forbidden (with the exception of emergency cases), but you may use your computer or tablet for the purpose of taking notes.



## Assignments

Homework assignments are given on a regular basis. The assignments are posted on Courseworks. There will be a total of 5 assignments and each worth 4 points. Assignments are a combination of multiple choice and short essays.

I will not accept late homework under ANY circumstance since enough time is given to complete them. You are not allowed to work on homework assignments together and you are required to submit your own version. No credit will be given to assignments that are exact replicas of others.



## Midterm/Final Exams

The final exam is cumulative and covers any of the material presented during the semester. The final exam time will be on XX. Exams for this course require a calculator. You are responsible for bringing your own to the exam. Use of phones, computers, tablets, or notes is strongly prohibited. Exams are open book.

If you know in advance that you have a conflict with the final exam date, either due to religious beliefs or other reasons, please see me during the first two weeks of class. Unless scheduled in advance, no make-up exam will be provided for the final, except in the case of an emergency, documented with either a doctor's note or a letter from Barnard College. There will be no make up for in-class quizzes unless there is a conflict with your other academic responsibilities and you notify me in advance.



## Essays and Presentation

The due dates for the two essays will be announced in the beginning of the semester. I will provide a list of topics among which you can choose the one you are interested in. If you have an interesting topic in mind you can choose it instead after consulting with me. You will be given 15 minutes to present your second essay that is due at the end of the semester. The paper should include an introduction, description and statistical summary of your data and their interpretation (in case your paper is empirical), and a conclusion. You also need to cite any sources you use at the end of your paper. I will provide more detail about the papers and your presentation in the class.



## Accommodations

If you are a student with a documented disability and require academic accommodations, you must visit the Office of Disability Services (ODS) for assistance. Students requesting eligible accommodations in their courses will need to first meet with an ODS staff member for an intake meeting. Once registered, students are required to visit ODS each semester to set up new accommodations and learn how to notify faculty. Accommodations are not retroactive, so it is best to register with ODS early each semester to access your accommodations. If you are registered with ODS, please see me to schedule a meeting outside of class in which you can bring me your faculty notification letter and we can discuss your accommodations for this course. Students are not eligible to use their accommodations in this course until they have met with me. ODS is located in Milbank Hall, Room 008.



## Barnard College Honor Code

We, the students of Barnard College, resolve to uphold the honor of the College by engaging with integrity in all of our academic pursuits. We affirm that academic integrity is the honorable creation and presentation of our own work. We acknowledge that it is our responsibility to seek clarification of proper forms of collaboration and use of academic resources in all assignments or exams. We consider academic integrity to include the proper use and care for all print, electronic, or other academic resources. We will respect the rights of others to engage in pursuit of learning in order to uphold our commitment to honor. We pledge to do all that is in our power to create a spirit of honesty and honor for its own sake.



## Wellness Statement

It is important for undergraduates to recognize and identify the different pressures, burdens, and stressors you may be facing, whether personal, emotional, physical, financial, mental, or academic. We as a community urge you to make yourself—your own health, sanity, and wellness—your priority throughout this term and your career here. Sleep, exercise, and eating well can all be a part of a healthy regimen to cope with stress. Resources exist to support you in several sectors of your life, and we encourage you to make use of them. Should you have any questions about navigating these resources, please visit these sites:

<http://barnard.edu/primarycare>  
<http://barnard.edu/counseling>  
<http://barnard.edu/wellwoman/about>  
Stressbusters Support Network



## Course Schedule

The schedule of topics below is tentative and may change:

1. Why do we care about inequality? Political economy of inequality
  - 1.1. Philosophers and inequality
  - 1.2. Consequences of inequality
    - 1.2.1. Inequality and growth
    - 1.2.2. Inequality and social order
    - 1.2.3. Inequality and justice
    - 1.2.4. Inequality and opportunity
  
2. How do we measure inequality?
  - 2.1. The principles of measures of inequality
  - 2.2. Absolute or relative inequality? Income or consumption?
  - 2.3. Gini coefficient, Lorenz curve, Theil index, other measures
  - 2.4. Sources of inequality data
  
3. Perception of inequality
  - 3.1. Is individuals' perception of inequality the same as reality?
  - 3.2. Why are perceptions different (wrong)?
  - 3.3. Problems with data
  - 3.4. The idea of reference groups
  
4. Trends of income inequality in the US (and the rest of the world)
  - 4.1. Has inequality gone up in the past three decades?
  - 4.2. Kuznet vs. Piketty vs. Milanovic
  - 4.3. Trends of inequality within subgroups of the population in the US: causes and consequences
  
5. Global inequality
  - 5.1. Is global inequality important?
  - 5.2. Data, measurement, results
  - 5.3. Introduction to global distributive justice
  
6. Inequality of Opportunity
  - 6.1. Rawls: The theory of justice
  - 6.2. Roemer: Justice and opportunity