

SUP-206: The Causes and Consequences of Inequality

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Wednesday 4:15 – 7:00 PM
TF: Lena Shi
Office Hours (for both) TBD

Overview

This is a survey course about economic and social inequality. The goals of the course are to 1) provide you with a broad and balanced perspective on what social science has to say about the causes and consequences of inequality; 2) introduce positive and normative frameworks for discussions about the consequences of inequality; 3) understand how broad societal forces that are driving increasing inequality relate to specific policy choices at the Federal, state and local levels.

The course is offered weekly on Wednesday evenings. We will begin with two weeks of introductory lectures to set the stage. Then we will explore the relationship between long-run, macro forces of inequality and micro policy issues with a series of modules on particular topics. The class is lecture-based, but I will encourage guided discussion throughout and we will also pause for detailed group discussion of policy issues along the way.

Assignments

Quizzes

Every class after the first two will begin with a short multiple quiz to assess your knowledge of the readings. Quizzes will occur during the first 5 minutes of class and will be administered on the course webpage. There will be no makeup quizzes – students with excused absences will simply have their quiz grade averaged over the remaining weeks.

Final Paper

The final paper is your chance to take a much more detailed look at a course topic that interests you. The goal of the assignment is to help you develop substantive expertise in an important policy area. I want you to feel that you understand the “landscape” of a policy issue after having written your final paper. The paper should draw on relevant research evidence to reach substantive policy conclusions. No polemics, please - papers may come down on a particular “side” of an issue, but only if the conclusions follow from the arguments you make.

One model for a final paper is to take a broad look at an issue and offer some “framing” conclusions that guide policymaking. A good model for this is the policy brief written by members of the network [Economists for Inclusive Prosperity](#). Here are some example policy briefs that follow this format:

Confronting Rising Market Power
How to Think about Finance?
An Expanded View of Government's Role in Providing Social Insurance and Investing in Children

Another model is to write a more specific policy proposal. In this format, it is still important to explain how you arrived at your conclusion, but you can spend less time on the "overview" and more time on the policy details. [The Hamilton Project](#) policy proposals are a good guide for this type of final paper. Here are some examples:

[Increasing College Completion with a Federal Higher Education Matching Grant \(by me\)](#)
[Modernizing U.S. Labor Standards for 21st Century Families](#)
[Proposals for Improving the U.S. Pretrial System](#)

The American Enterprise Institute's *Economic Perspectives* series also provides some good examples:

[Reforming Medicare Payments for Part B Drugs](#)
[A Smarter Approach to Federal Assistance with State-Level Criminal Justice Reform](#)
[Toward a More Efficient Housing Safety Net](#)

The length of the final paper should be around 8-12 pages, not including tables, figures and references. While it is possible to write an excellent paper using only the material on the syllabus, many students will find it useful to consult other (reputable) sources.

We have built in a few checkpoints through the semester to ensure your steady progress toward an excellent final paper. You will receive feedback at each stage of this process.

A 1-2 paragraph paper proposal is due by 5 pm on **September 30th**. The proposal communicates your interest in a particular topic and outlines the argument(s) you plan to make.

A 2-3 page outline of the final paper is due by 5 pm on **November 11th**. The outline is the "skeleton" of the paper. It lays out the structure of the paper from start to finish. When I read your outline, I should be able to see exactly how the paper will develop. One way to see the underlying outline structure of a finished paper is by reading the topic sentence of every major paragraph. *Take the outline very seriously*. It is so much easier to write a good paper when you know where you are headed. I don't start writing until I have an outline that I like.

The final 8-12 page policy paper is due by 5 pm on **December 2nd**.

Final Exam

We will have a take home final exam (exact date and time TBD, but it will be after the last class and early during exam period). The exam will cover all course material and will be administered over a period of approximately 24 hours.

Grading and Course Logistics

Course grades will be based on the following components:

Quizzes 15%

Paper Outline:	15%
Final Paper:	25%
Final Exam:	35%
Class Participation:	10%

I have made two pedagogical choices for this course that are guided by research evidence. First, all lecture classes will begin with a very short multiple choice quiz that is designed to test your knowledge of the readings. While this may seem overly paternalistic, [research evidence](#) clearly [shows](#) that frequent quizzing increases learning. Second, in response to research evidence that they are [harmful for student learning](#), I have decided to ban laptops and other electronic devices from the lecture portions of class (you may use your laptops when working in groups). If you have a specific reason that you must use an electronic device in the classroom, please come see me and we can discuss it.

You must abide by the [HKS Academic code](#) and the university's policies on academic integrity.

Readings and Course Schedule

All readings will be made available electronically on the course website. Please note that you may need to log in to Hollis+ to view some of the readings. The readings for each module are required. I am happy to provide additional readings on any topic, or to help curate among the sources that you are considering for your final paper.

- 9/11 Overview – Inequality in the U.S. and around the World
- 9/18 Normative Dimensions of Inequality and Intergenerational Mobility
- 9/25 Education and Skills – Macro Perspective
- 10/2 Families, Children and Early Environments
- 10/9 K-12 and Postsecondary Education
- 10/16 Segregation and Neighborhoods
- 10/23 Race, Discrimination and Criminal Justice
- 10/30 Unions, Minimum Wage and Worker Bargaining Power
- 11/6 Globalization, International Trade and Immigration
- 11/13 The Top 1 Percent – Wealth Inequality, Taxation and Superstars
- 11/20 The Politics of Inequality – Elite Influence, Mass Media and Money in Politics
- 12/4 The Future of Inequality – A World Without Work?

Full disclosure – climate change and health care are two topics that I would love to cover, but just don't have the time or the expertise to do them justice.

Course Overview - Inequality in the U.S. and around the World

Please read the [series of articles for Slate by Timothy Noah on "The Great Divergence"](#) (this is a great and highly readable introduction to the issues we will be discussing throughout the semester.) This set of articles is very U.S. focused.

For a global and long-run perspective, please also read the following topic chapters from the truly fantastic website [Our World in Data](#):

[Max Roser \(2019\) - "Economic Growth". Published online at OurWorldInData.org.](#)

Max Roser and Esteban Ortiz-Ospina (2019) - "Global Extreme Poverty". Published online at [OurWorldInData.org](https://ourworldindata.org).

Max Roser (2019) - "Global Economic Inequality". Published online at [OurWorldInData.org](https://ourworldindata.org).

Normative Dimensions of Inequality and Intergenerational Mobility

Kasy, M. 2015. *Empirical Research on Economic Inequality*, Chapter 2 "Justice and Research".

Okun, Arthur M. *Equality and efficiency: The big tradeoff*. Brookings Institution Press, 2015 (NB – this link is to a short version with only key passages. I didn't want to assign an entire book – but you should really read the whole thing!)

Singer, Peter. "The Singer Solution to World Poverty", *New York Times Magazine*, September 5th, 1999.

Chetty, Raj, Nathaniel Hendren, Patrick Kline and Emmanuel Saez. 2014. "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the U.S." Executive 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." Executive Summary.

Education and Skills – Macro Perspective

Autor, David H. 2014. "Skills, Education, and the Rise of Earnings Inequality Among the 'Other 99 Percent.'" *Science*, 344(6186), 843–851.

Max Roser and Esteban Ortiz-Ospina (2019) - "Global Rise of Education". Published online at [OurWorldInData.org](https://ourworldindata.org).

Max Roser and Mohamed Nagdy (2019) - "Returns to Education". Published online at [OurWorldInData.org](https://ourworldindata.org).

Please watch Paul Romer's 2018 Nobel lecture, found [here](#). (It's about 30 minutes long, and the really interesting bits start around minute 7). Please also read these two short, related articles for additional context:

<https://voxeu.org/article/new-ideas-about-new-ideas-paul-romer-nobel-laureate>

<https://voxeu.org/article/ideas-aren-t-running-out-they-are-getting-more-expensive-find>

Families, Children and Early Environments

Almond, Douglas and Janet Currie. 2011. "Killing Me Softly: The Fetal Origins Hypothesis," *Journal of Economic Perspectives*, 25(3): 153-172.

Wisconsin IRP Summary of Heckman, James J and Pedro Carneiro. "Human Capital Policy," in *Inequality in America: What Role for Human Capital Policy?* MIT Press, 2003.

The full article can be found [here](#) if you want it for context.

Hendren, Nathaniel and Ben Sprung-Keyser. 2019. "A Unified Welfare Analysis of Government Policies." Executive Summary.

Explore the interactive tool accompanying the paper [here](#).

Read the accompanying [Wall Street Journal](#) article

K-12 and Postsecondary Education

Duncan, Greg J. and Richard J. Murnane. 2011. "Introduction: The American Dream, Then and Now," in *Whither Opportunity? Rising Inequality, Schools, and Children's Life Chances*.

Reardon, Sean. 2013. "No Rich Children Left Behind", *New York Times*.

Rich, Motoko, Amanda Cox and Matthew Bloch. 2016. "Money, Race and Success: How Your School District Compares". *New York Times*.

Badger, Emily and Kevin Quealy. 2017. "How Effective is Your School District? A New Measure Shows Where Students Learn the Most". *New York Times*.

Chetty, Raj, John Friedman, Emmanuel Saez, Nicholas Turner and Danny Yagan. 2018. "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility". Executive Summary.

Also read a [New York Times](#) summary by David Leonhardt and this [interactive tool](#) (look up your favorite college!)

Deming, David. The Economics of Free College. Policy brief for *Economists for Inclusive Prosperity*.

Also read my [Economic View](#) column on free college

Segregation and Neighborhoods

Card, David, Alexandre Mas and Jesse Rothstein. 2008. "Tipping and the Dynamics of Segregation," *Quarterly Journal of Economics*, 123(1): 177-218. (read Sections I, III, IV and VII only.)

Familiarize yourself with [this](#) application of the Schelling segregation model. Play around with different configurations (a tip – when the share of empty cells decreases, the model takes much longer to converge.) Plug in some of the estimated tipping points for major U.S. cities from the Card, Mas and Rothstein paper, and experiment with different white/nonwhite shares.

Chetty, Raj, John Friedman, Nathan Hendren, Maggie Jones and Sonya Porter. 2018. "The Opportunity Atlas: Mapping the Childhood Roots of Social Mobility." Executive Summary.

Also read the accompanying [New York Times](#) article

Billings, Stephen B., David J. Deming and Jonah Rockoff. 2014. "School Segregation, Educational Attainment and Crime: Evidence from the End of Busing in Charlotte-Mecklenburg," *Quarterly Journal of Economics*, 129(1): 435-476.

Race, Discrimination and Criminal Justice

Chetty, Raj, Nathan Hendren, Maggie Jones and Sonya Porter. 2018. "Race and Economic Opportunity in the United States." Executive Summary.

Also read the accompanying [New York Times article](#)

Travis, Jeremy and Bruce Western (eds.). 2014. *The Growth of Incarceration in the United States: Exploring Causes and Consequences*. National Academies Press (read the Summary from p.1-12 and Chapter 2 p.33-68 ONLY.)

Pager, Devah, Bruce Western and Bart Bonikowski. 2009. "Discrimination in a Low-Wage Labor Market: A Field Experiment," *American Journal of Sociology*, 74: 777-799.

[Interview with Devah Pager about the paper](#)

[New York Times obituary](#), which summarizes her work

Agan, Amanda and Sonja Starr. 2017. "Ban the Box, Criminal Records, and Racial Discrimination: A Field Experiment," *Quarterly Journal of Economics*, forthcoming.

[Short video interview with Amanda Agan about the paper](#)

[Economic View column by Sendhil Mullainathan about the paper](#)

Unions, Minimum Wage and Worker Bargaining Power

Farber, Henry, Daniel Herbst, Ilyana Kuziemko and Suresh Naidu. 2018. "Unions and Inequality over the 20th Century: New Evidence from Survey Data". NBER Working Paper No. 24587. (Read Sections 1, 2 and 8 carefully, skim sections 3-7 focusing on the results in Figures 1-10 and how they are interpreted)

[Accompanying New York Times Economic View column by Sue Dynarski](#)

Krueger, Alan B. and Alexandre Mas. 2004. "Strikes, Scabs and Tread Separations: Labor Strife and the Production of Defective Bridgestone/Firestone Tires," *Journal of Political Economy*, 112(2): 253-289.

Labor Market Monopsony: Trends, Consequences and Policy Responses. Council of Economic Advisers Issue Brief, October 2016.

Jardim, Ekaterina et al. 2017. "Minimum Wage Increases, Wages, and Low-Wage Employment: Evidence from Seattle," Executive Summary.

Dube, Arin. "Minimum Wage and Job Loss: One Alarming Seattle Study is Not the Last Word", *New York Times Upshot*, 2017.

Globalization, International Trade and Immigration

McDonald, Brad. "Why Countries Trade," *Finance and Development*, December 2009.

Krugman, Paul. "The Trouble with Trade," *New York Times*, December 29th, 2007.

Davis, Bob and Jon Hilsenrath. "How the China Shock, Deep and Swift, Spurred the Rise of Trump," *Wall Street Journal*, August 11th 2016.

Research on the China Shock - <http://chinashock.info/> - Read the overview paper:

Autor, David H., David Dorn and Gordon Hanson. 2016. "The China Shock: Learning from Labor Market Adjustments to Large Changes in Trade," *Annual Review of Economics*.

Hanson, Gordon, Chen Liu and Craig McIntosh. 2017. "The Rise and Fall of U.S. Low-Skilled Immigration." *Brookings Papers on Economic Activity*, Spring 2017. (Carefully read p. 83-100. Skim p.101-114 up to Section II.B, then carefully read the rest of Section II up to p.129. Skim section III, and then carefully read Section IV. Skim the comments at the end.)

The Top 1 Percent - Wealth Inequality, Taxation and "Superstars"

Zucman, Gabriel. 2019. "Global Wealth Inequality", *Annual Review of Economics*.

Leonhardt, David. 2017. "Our Broken Economy, in one Simple Chart". *New York Times*.

Piketty, Thomas, Emmanuel Saez and Gabriel Zucman. 2016. "Economic growth in the United States: A tale of two countries," Washington Center for Equitable Growth, Dec 6th 2016. (The blog post above is must-read. The underlying paper on Distributional National Accounts is optional background, but worth the effort.)

Alvaredo, Facundo, Anthony B. Atkinson, Thomas Piketty and Emmanuel Saez. 2013. "The Top 1 Percent in International and Historical Perspective," *Journal of Economic Perspectives*, 27(3): 3-20.

Rosen, Sherwin. 1982. "The Economics of Superstars," *The American Scholar*, 52(4): 449-460.

Mankiw, N. Gregory. 2013. "Defending the One Percent," *Journal of Economic Perspectives*, 27(3): 21-34.

Kaplan, Steven N. and Joshua Rauh. 2013. "It's the Market: The Broad-Based Rise in the Return to Top Talent," *Journal of Economic Perspectives*, 27(3): 35-56.

The Politics of Inequality – Elite Influence, Mass Media and Money in Politics

Bonica, Adam, Nolan McCarty, Keith T. Poole and Howard Rosenthal. 2013. "Why Hasn't Democracy Slowed Rising Inequality?", *Journal of Economic Perspectives*, 27(3): 103-124.

Martin, Gregory J. and Ali Yurukoglu. 2017. "Bias in Cable News: Persuasion and Polarization," *American Economic Review*, 107(9): 2565-2599. (can skip Section IV).

Skocpol, Theda and Alexander Hertel-Fernandez. 2016. "The Koch Network and Republican Party Extremism," *Perspectives on Politics*, 14(3): 681-699. (see also the Shifting Terrain website.)

Porter, Eduardo, and Karl Russell. 2018. "Migrants Are on the Rise Around the World, and Myths about them are Shaping Attitudes." *New York Times* (references this academic paper by Stefanie Stantcheva and coauthors)

The Future of Inequality: A World without Work?

Thompson, Derek. "A World Without Work," *The Atlantic*, July/August 2015.

Autor, David H. 2015. "Why are there still so many jobs? The history and future of workplace automation," *Journal of Economic Perspectives*, 29(3): 3-30.

Brynjolfsson, Erik and Andrew McAfee. 2015. "Will Humans Go the Way of Horses? Labor in the Second Machine Age". *Foreign Affairs*.

Miller, Claire Cain. "Why What You Learned in Preschool is Crucial At Work," *New York Times*, October 16, 2015.

Deming, David J. 2015. "The Growing Importance of Social Skills in the Labor Market," *Quarterly Journal of Economics*, 132(4): 1593-1640. (skip Section II, skim Section III, skim Sections IV and V focusing on the main results, and read Section V.)