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%
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.

Max Roser (2019) - "Global Economic Inequality". Published online at OurWorldInData.org.

**Normative Dimensions of Inequality and Intergenerational Mobility**


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!)


**Education and Skills – Macro Perspective**


Max Roser and Esteban Ortiz-Ospina (2019) - "Global Rise of Education". *Published online at OurWorldInData.org*.

Max Roser and Mohamed Nagdy (2019) - "Returns to Education". *Published online at OurWorldInData.org*.

Please watch Paul Romer’s 2018 Nobel lecture, found [here](https://voxeu.org/article/new-ideas-about-new-ideas-paul-romer-nobel-laureate). (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/ideas-aren-t-running-out-they-are-getting-more-expensive-find

**Families, Children and Early Environments**


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

- Explore the interactive tool accompanying the paper [here](#).
- Read the accompanying Wall Street Journal article

**K-12 and Postsecondary Education**


- 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**


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.

- Also read the accompanying New York Times article

Race, Discrimination and Criminal Justice


  Interview with Devah Pager about the paper
  New York Times obituary, which summarizes her work

  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


Globalization, International Trade and Immigration


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


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”


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


The Future of Inequality: A World without Work?


