Rutgers University
Department of Economics
Economics of Income Inequality & Discrimination (Econ. 440)
Syllabus - Spring 2027

Instructor: Arashk Afshar
Email: aa2129@**economics.rutgers**.edu
Office Hours: after class or by appointment

Class Hours: Tuesday, Thursday 5:40 pm - 7:00 pm
Classroom: Murray Hall - Room 213 (MU-213)

Exams:

Midterm - March 11^{th}, (5:40 - 7:00 pm)	**Final - May TBA** (May 6–12; time TBA)

Prerequisites:

- Intermediate Microeconomics Analysis (Econ. 320)
- Econometrics (Econ. 322 or 326)

Course Description:

This course examines economic inequality and discrimination through the lens of economics: what makes an unequal outcome *unjust*, how we measure inequality, what drives it, and which policies can reduce it. We begin with a philosophical question—which inequalities should society care about?—using the debate on equality of opportunity from Rawls and Dworkin to Sen and Roemer. We then build the tools to measure inequality, study its history and economic causes, and evaluate the main instrument of redistribution, taxation. The final part of the course studies labor market discrimination: its theories, the causal evidence, and the policies designed to end it. This course is built around a substantial research project in which you analyze a real policy and defend your own judgment about it.

Course Objectives:

By the end of the course, you will be able to judge inequality against clear normative frameworks (equality of opportunity, choice versus circumstance), measure inequality and explain the value judgments built into each measure, explain the economic forces behind rising inequality, evaluate taxation as a tool of redistribution, distinguish the main theories of discrimination and the evidence that tests them, and analyze a real policy end to end—its aims, mechanism, evidence, and trade-offs—and defend a reasoned verdict on it, in writing and out loud.

PLEASE NOTE

- Laptops and cell phones may not be used at any time, for any purpose, during lectures or exams.

Required Texts & Readings:

- Atkinson, A. B. *Inequality: What Can Be Done?* Harvard University Press, 2015. ISBN 978-0674504769. (Referred to below as **Atkinson**.)
- Saez, E., and G. Zucman. *The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay.* W. W. Norton, 2019. ISBN 978-1324002727. (Referred to below as **S&Z**.)

- One chapter from each of the following, available online through the Rutgers University Libraries: Rycroft, R. S., *The Economics of Inequality* (**Rycroft**); and Atkinson, A. B., and F. Bourguignon (eds.), *Handbook of Income Distribution*, Vol. 2A (**Handbook**). *You do not need to purchase these.*
- **Lecture slides.** The units on measuring inequality and on discrimination are taught from the instructor's slides, posted on Canvas. Optional references for these units: Cowell, F. A., *Measuring Inequality*, 3rd ed., Oxford University Press, 2011; and Ehrenberg, R. G., R. S. Smith, and K. F. Hallock, *Modern Labor Economics: Theory and Public Policy*, 14th ed., Routledge (ISBN 978-0367346973), Ch. 12.
- Additional readings—journal articles and short excerpts—are available through the Rutgers University Libraries; links will be posted on Canvas. *You are not expected to purchase these; access them through the library.*

Method of Evaluation:
Course grades will be determined as follows:

Midterm Exam	25%
Final Exam	25%
Engagement	10%
Project & Presentation	40%

Remark:

- **Exams:** In this course, you will have two exams, both of which are closed-book and closed-notes. Please note that there will be no extensions to this time; any delay in arriving at class will reduce the time available for the exam.
  Make-up exams will only be offered if you can provide valid medical documentation or evidence of an emergency, signed by a physician or the Dean's office. In such cases, you must notify me as far in advance as possible, or within 24 hours after the missed exam. If you do not inform me within this timeframe, you will receive a grade of zero for the missed exam.
- **Engagement:** Over the semester, each student is expected to take part in two short in-class conversations about the course material (roughly 2–3 minutes each). Credit is awarded for genuine engagement, whether or not your answer is correct—the goal is to think out loud and take part, not to be right. Absences are not penalized; students who miss a session will have other opportunities. Students who choose not to take part in either conversation forfeit the full engagement grade.
- **Project:** For your project, you will propose and explore a question related to a specific governmental policy and its effect on economic inequality or discrimination. You must focus on a recent policy implemented between January 2016 and December 2024. The chosen policy should be specific and demonstrate your insight into the analysis of inequality. Policies that address labor market discrimination (for example, pay-transparency or "ban-the-box" laws) are welcome. The following are **not acceptable**: *broad federal omnibus acts such as the CARES Act, the American Rescue Plan Act, and the Infrastructure Investment and Jobs Act (IIJA)*, and *state-wide minimum wage* changes—the policy you choose must be narrow enough to analyze.
  - **Phase 1 — Proposal (10 points).** Identify a specific policy and prepare a recorded proposal presentation (about 6 minutes) with a short written prospectus. You must establish why the policy matters, what it aims to do, how it is meant to work, and that a credible body of evidence on it exists. Your proposal must be approved before you proceed.
  - **Phase 2 — Final (30 points).** Once your proposal is approved, you will conduct independent research, locating and evaluating the evidence that addresses your question. You will then create a recorded presentation (about 10–12 minutes) and write a policy brief of **1800–2400 words**. This phase is worth 30 points: **presentation 25**, **written paper 5**.
    - Please keep in mind that the project's **primary focus is the presentation**: you will present

exactly what you have written, and you must be able to answer questions about it without assistance. (A detailed project handout and grading rubric will be provided separately.)

∗ **Featured projects:** I will invite a few outstanding projects, chosen for quality and variety of topics, to be presented live in our final class on April 29. Presenting is voluntary and does not affect your grade.

Project Timeline:

- Proposal Due: **February 18**
- Final Project Submission: **no later than April 20** (you are encouraged to submit earlier once your work is complete)

- **Use of AI:** You may use AI tools as an active assistant in preparing your work outside of class. All submitted work must be your own, and you must be able to explain and defend every part of it without assistance. AI and other devices may not be used in the classroom, where the emphasis is on live, active engagement. Specific guidelines will be discussed in class.

Course Schedule (Lecture Outline)

Date	Topic	Reading
Part I — Foundations: Which Inequalities Are Unjust?		
Jan 19	Introduction: course, expectations, project launch	—
Jan 21	Equality of opportunity I: Rawls and Dworkin	Handbook Ch. 4 (pp. 217–229); video
video	Sandel, M. Lecture 15 & 16: What's A Fair Start?	(Harvard *Justice* series)
Jan 26	Equality of opportunity II: from philosophy to economics (Sen, Roemer)	Handbook Ch. 4; Corak (2013)
	Corak, M. (2013), *Journal of Economic Perspectives* 27(3): 79–102.	
Jan 28	What do we mean by inequality?	Atkinson Ch. 1
Part II — Theory and Tools		
Feb 2	Measuring inequality I: axioms and the Lorenz ordering	Instructor's slides
Feb 4	Measuring inequality II: Lorenz consistency and the Gini coefficient	Instructor's slides
Feb 9	Measuring inequality III: inequality measures and social welfare	Instructor's slides
optional	Cowell, F. A. (2011). Measuring Inequality, 3rd ed. Oxford University Press.	
Feb 11	Learning from history: top incomes in the long run	Alvaredo et al. (2013)
	Alvaredo, F., Atkinson, A. B., Piketty, T., & Saez, E. (2013), *JEP* 27(3): 3–20.	
Feb 16	The economics of inequality I: skills, technology, and the labor market	Atkinson Ch. 3; Autor (2014)
	Autor, D. H. (2014), *Science* 344(6186): 843–851.	
Feb 18	The economics of inequality II: beyond supply and demand	Atkinson Ch. 3
Feb 18	**PROJECT PROPOSAL Due**	—
Part III — Redistribution: Taxation		
Feb 23	Proposals for action: Atkinson's proposals	Atkinson Ch. 4–8
Feb 25	Progressive taxation	Diamond & Saez (2011)
	Diamond, P., & Saez, E. (2011), *JEP* 25(4): 165–190.	
Mar 2	Income taxes and inequality	Rycroft Ch. 16
Mar 4	Progressive taxation and dynamic wealth inequality (instructor's research)	Instructor's slides
Mar 9	Income and taxes in America	S&Z Ch. 1–2

Date	Topic	Reading
Mar 11	**MIDTERM EXAM** (Parts I–II; Part III to Mar 9)	—
Spring Recess — No Class (Mar 13–21)		
Mar 23	How injustice triumphed	S&Z Ch. 3
Mar 25	Welcome to Bermuland	S&Z Ch. 4
Mar 30	The spiral	S&Z Ch. 5
Apr 1	How to stop the spiral; taxing the rich	S&Z Ch. 6–7
Apr 6	Beyond Laffer; a world of possibility	S&Z Ch. 8–9
Part IV — Discrimination		
Apr 8	Earnings differences and how to measure discrimination	Instructor's slides
optional	Ehrenberg, Smith & Hallock. Modern Labor Economics, 14th ed.	Ch. 12
Apr 13	Theories of discrimination: taste-based, statistical, and noncompetitive	Instructor's slides
Apr 15	Evidence I: race in hiring Bertrand, M., & Mullainathan, S. (2004), *AER* 94(4): 991–1013.	Bertrand & Mullainathan (2004)
Apr 20	Evidence II: gender Goldin, C., & Rouse, C. (2000), *AER* 90(4): 715–741.	Goldin & Rouse (2000)
Apr 20	**FINAL PROJECT Due**	—
Apr 22	Policy: federal anti-discrimination programs and "ban-the-box" Agan, A., & Starr, S. (2018), *QJE* 133(1): 191–235.	Instructor's slides; Agan & Starr (2018)
Apr 27	Synthesis and review	—
Apr 29	**Featured student projects**	—
May	**FINAL EXAM** (date TBA)	—

Disclaimer: I reserve the right to add or subtract topics as the course develops. Not all topics will be covered in the same detail. Time constraints may cause some topics to be omitted. Unless otherwise notified, students are responsible for all the topics noted in the lecture outline.

University Policies & Student Resources:

This course adheres to all University policies. Brief statements and official links follow; consult the linked pages for full detail. *(Instructor: verify all links before publishing.)*

- **Academic Integrity.** All work is governed by the Rutgers Academic Integrity Policy: `https://nbacademicintegrity.rutgers.edu/students`. In this course, the use of AI tools is governed by the "Use of AI" statement above rather than a blanket prohibition. When in doubt, ask.
- **Disability Accommodations.** Students seeking accommodations should register with the Office of Disability Services and share their letter with me as early as possible: `https://ods.rutgers.edu/`.
- **Mental Health & Wellness.** If you are struggling, please reach out. Counseling, ADAP & Psychiatric Services (CAPS) offers free, confidential support: Student Health Services.
- **Religious Observance.** Students who must miss a class session *or the midterm exam* for religious observance will not be penalized and will be given a fair opportunity to make up missed work; please notify me in advance. See: Absences for Religious Obligations.
- **Title IX & Sexual Misconduct.** Resources and reporting options are available through the Office of Student Affairs Compliance & Title IX: `https://nbtitleix.rutgers.edu/`. For a *confidential* advocate, contact VPVA at 848-932-1181. Like most faculty, I must and will report disclosures of sexual misconduct.

Key readings (full citations; access via the library):

i. Roemer, J. E., & Trannoy, A. (2015). Equality of Opportunity. In A. B. Atkinson & F. Bourguignon (eds.), *Handbook of Income Distribution*, Vol. 2A, Ch. 4. Elsevier. (Assigned: pp. 217–229.)

ii. Corak, M. (2013). Income Inequality, Equality of Opportunity, and Intergenerational Mobility. *Journal of Economic Perspectives* 27(3): 79–102. https://doi.org/10.1257/jep.27.3.79

iii. Alvaredo, F., Atkinson, A. B., Piketty, T., & Saez, E. (2013). The Top 1 Percent in International and Historical Perspective. *Journal of Economic Perspectives* 27(3): 3–20. https://doi.org/10.1257/jep.27.3.3

iv. Autor, D. H. (2014). Skills, Education, and the Rise of Earnings Inequality among the "Other 99 Percent." *Science* 344(6186): 843–851. https://doi.org/10.1126/science.1251868

v. Diamond, P., & Saez, E. (2011). The Case for a Progressive Tax: From Basic Research to Policy Recommendations. *Journal of Economic Perspectives* 25(4): 165–190. https://doi.org/10.1257/jep.25.4.165

vi. Bertrand, M., & Mullainathan, S. (2004). Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination. *American Economic Review* 94(4): 991–1013. https://doi.org/10.1257/0002828042002561

vii. Goldin, C., & Rouse, C. (2000). Orchestrating Impartiality: The Impact of "Blind" Auditions on Female Musicians. *American Economic Review* 90(4): 715–741. https://doi.org/10.1257/aer.90.4.715

viii. Agan, A., & Starr, S. (2018). Ban the Box, Criminal Records, and Racial Discrimination: A Field Experiment. *Quarterly Journal of Economics* 133(1): 191–235. https://doi.org/10.1093/qje/qjx028