Economics 456: Income Distribution Seminar  
Spring 2009

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Office Hours: Mondays, 6 - 8
Wednesday, 2 – 3:30
and by appointment

Class: Tuesdays and Thursdays, 11:20 – 12:35, Griffin 2

Course Description: This course examines how income and wealth are distributed in the United States. We will discuss the following questions: How have wage inequality and the skill premium evolved over time? To what extent are these changes explained by skill-biased technical change, globalization, and institutions? How and why has the poverty rate changed over time? How much mobility is there across the income distribution, both within a person’s lifetime and across generations? How does income differ with race and gender? How do government programs change the distribution of income? Is wealth distributed more or less equally than income?

As a senior seminar, this course will also be a hands-on introduction to the process of economic research. You will develop skills in reading and evaluating empirical papers, and you will spend a substantial amount of time writing a paper that includes your own empirical research.

Course Policies

- Resources
  There is no textbook for this course. There are two readings packets, available in Weston Hall. One should be available immediately and the second should be ready in a few weeks. Additional materials (such as discussion questions and Stata guides) will be posted on the course Blackboard site.

- Class participation
  Your active participation in class is critical for the success of this course. It is essential that you have carefully read and thought about the material for each day. I will provide discussion questions in advance to help guide your reading.

- Office hours
  Do not be shy about making use of office hours, particularly as you work on your paper. My regularly scheduled office hours for this course are Monday evenings, 6 to 8, and Wednesday afternoons, 2 to 3:30. I am happy to make appointments to meet at other times. I expect to meet with each of you at least once before March 19 to discuss your paper proposal.

- Honor code
  All written work (response papers and each component of the research paper) must be your own work. You must provide citations for all sources. A document describing the citation style of the American Economic Association is on the course Blackboard site. If you have any questions regarding proper citation, please ask me.
Assignments and Grading: Your grade will be based on the following components:

- Short response papers (20%)
  You will write 8 short response papers, each two or three pages in length. You can choose among the articles marked with an asterisk on the reading list. Response papers are due at the beginning of the class in which we discuss the article (see the attached list for dates). Each response paper should begin with a very concise one-paragraph summary in which you state the research question, describe the empirical strategy the authors used to investigate this question, and state the major finding of the paper. The rest of your response paper should take one of the following forms:
  A. Critical evaluation
     Discuss the major strength and at least two weaknesses of the paper. You might consider some of the following questions: Why is the research question important? Does the empirical work adequately address that question? Are there potentially important omitted variables? Is the sample representative of the population of interest, and can the conclusions be extrapolated to similar populations? Is there an alternative, overlooked explanation of the findings? What might the authors have done differently to address your concerns?
  B. Follow-up research idea
     Describe a research question that builds on the assigned article. What is your hypothesized answer to this question? How would you go about testing this hypothesis? What data and empirical strategy would you use? What challenges would you need to be aware of?
  C. Discussion of related paper
     Use the Web of Science search engine to find an article that cites the one assigned for class. What is the major finding of the follow-up paper? How does the follow-up paper build on or argue against the paper assigned for class?

You must turn in at least one of each type of response paper over the course of the semester, but otherwise the allocation is up to you (i.e. you can turn in one critical evaluation, one discussion of a related paper, and six follow-up research ideas if you are feeling highly creative!).

- Class participation (10%)
  Twice during the semester you and one or two other students will be responsible for kicking off the day’s discussion. Prepare a 10 to 15 minute introduction in which you discuss the themes and most important conclusions of the day’s readings. Also prepare a list of 5 to 8 questions for discussion. Bring two copies of these questions to class—one for you to use during class, and one for me. Your kick-off assignments will be finalized in the second week of class. In addition, you should plan to speak at least once in each day’s discussion.

- Computer exercise (5%)
  One substantial empirical problem set will familiarize you with the basics of Stata.
• Research paper (55%)
The most important element of this course is the research paper you will write, on an income distribution topic of your choice. This paper should be 15 to 20 pages long, and should include some original empirical work. You will complete a number of steps building up to the final paper.
  o Description of research questions (ungraded), due March 3
    Identify 1-3 research questions you might like to investigate.
  o Detailed proposal and annotated bibliography (10%), due March 19
    Clearly state your research question, explain why it is interesting, and describe how you plan to go about investigating the question. What data set will you use? What empirical specification do you have in mind? You should meet with me during office hours prior to submitting this proposal.
  o Table of means (5%), due April 23
  o Presentation (10%), last two weeks of class
  o Rough draft (ungraded), due May 7
    Although ungraded this draft is very important. I will read it carefully and give you feedback by May 14. Two other students in the class will read it and write referee reports with additional suggestions.
  o Final paper (30%), due May 21

• Referee reports (10%), due May 14
You will write referee reports commenting on the rough drafts of two of your classmates. A referee report is a critical part of the peer-review process used by professional journals in economics. In it, the referee (usually a researcher who works on related questions) gives very specific advice about how a paper can be improved. I will show you some examples as we get closer to the end of the course.

Course Schedule and Readings
Note: I may make modifications as the semester unfolds.

Thursday, Feb 4: Introduction
  • Currie, Janet. 2003. “When Do We Really Know What We Think We Know?”
    Note: Pages 1-9 are the most important, and may be helpful as a reference throughout the course.

Tuesday, Feb 10: Relative supply/relative demand framework for explaining skill premium

Thursday, Feb 12: Skill-biased technological change
Tuesday, Feb 17: The role of international trade and immigration


Thursday, Feb 19: The role of institutions


Tuesday, Feb 24: Recent income concentration at the top of the distribution

- Piketty and Saez response to Reynolds

Thursday, Feb 26: Defining and measuring poverty


Tuesday, March 3: Poverty dynamics

- **Description of possible research questions due**

Thursday, March 5: Lifetime income mobility


Tuesday, March 10: Intergenerational income mobility

Thursday, March 12: Intergenerational income mobility, part II


Tuesday, March 17: Income differences by gender


Thursday, March 19: No class

- **Proposal and annotated bibliography due**

SPRING BREAK

Tuesday, April 7: Computer lab session

Thursday, April 9: Income differences by race


Tuesday, April 14: Effects of income inequality


Thursday, April 16: Government redistribution programs


Tuesday, April 21: Wealth distribution

Thursday, April 23: Entrepreneurship and wealth
  • **Table of means due**

Tuesday, April 28: Inequality in other measures of economic well-being

Thursday, April 30: Computer lab session

Tuesday, May 5: Research Presentations

Thursday, May 7: Research Presentations
  • **Rough drafts due**

Tuesday, May 12: Research Presentations

Thursday, May 14: Research Presentations
  • **Referee reports due**

**Thursday, May 21: Final papers due**