

# ECON 412: Macroeconomics and Inequality

Syllabus

Winter 2023

Brian Greaney

## **Course Webpage**

<https://canvas.uw.edu/courses/1612393>.

## **Class Meetings**

Classes will be held on Tuesdays and Thursdays from 1:30-3:20 in MGH 217.

## **Office Hours**

Office hours will be held on Tuesdays and Thursdays from 10:00-11:00 in Savery 345. If you are unable to attend at these times, please email me to arrange an alternative time.

## **Course Description**

This course examines the determinants of the income and wealth distribution and how these distributions interact with the macroeconomy. Topics include the relationship between inequality and growth; the interaction between inequality and business cycles; gender, racial, and geographic income and wealth gaps; the effects of discrimination on inequality and growth; and the effects of policies designed to reduce inequality.

## **Learning Objectives**

1. Understand important facts about the income and wealth distribution
2. Use data and theory to identify the key determinants of the income and wealth distribution and understand how these interact with the macroeconomy
3. Assess the effects of policies that have important distributional effects

## **Prerequisites**

Econ 301. We will use concepts from calculus, probability, and statistics throughout the course.

## **Contact**

You can contact me at [bg385@uw.edu](mailto:bg385@uw.edu). Please include “ECON 412” in the subject line. Please only use email for straightforward questions (i.e. questions that can be answered in one or two lines). Please ask more complicated questions in class or office hours.

## **Course Requirements**

The requirements for this course include reading assignments, in-class discussions, problem sets, and two exams.

**Readings:** The only required book for this course is *House of Debt* by Amir Sufi and Atif Mian. All other readings are articles which I will post on Canvas. Please complete assigned readings before class. Many of the readings are difficult, so you should allow yourself plenty of time to complete them.

**Discussions:** We will discuss most required readings during class. As mentioned above, many of these readings are difficult and so these discussions are critical to achieve understanding. A primary goal of these discussions is to gain new perspectives and learn from each other. If you are unable to attend a lecture in person, please submit a brief (no more than 1 page) reflection before class. Your reflection should address the questions listed with the reading (you do not need to address all of them), and can include both questions and comments. The reason I ask for reflections before class is so that I can incorporate them into discussions. Reflections can be submitted on Canvas.

**Problem Sets:** Problem sets will be assigned throughout the quarter. You are allowed to collaborate in small groups of no more than three people to complete them. However, each student must write and submit their own solutions. If you do collaborate, write down the names of the people you worked with at the top of the assignment. Assignments are due before class on Canvas. In order to receive credit, you must show your work and it must be legible. I encourage you to collaborate with other students, both for problem sets and studying. If you are having trouble finding study partners, feel free to email me and I will be happy to put you in contact with other students who are in a similar situation. The grader for this course is Frida Yao. If you believe there

is an error in how a problem set was graded, please discuss it with her first. You should discuss the issue over email using [tianzyao@uw.edu](mailto:tianzyao@uw.edu) and carbon copy me on all correspondence. If you are unable to resolve the problem, please let me know and I will regrade the entire assignment.

**Exams:** There will be two in-class exams. Both exams are closed-book: no notes or outside contact of any kind are allowed. You may use a non-programmable calculator. In-person attendance is required for both exams. If you miss the first exam, its weight will be added to the final exam. If you miss the final exam, you will need to take a make-up exam next quarter.

### **Grading**

The final grade is a weighted average of participation, problem sets, and exams:

Participation: 10%

Problem Sets: 20%

Exam 1: 35%

Exam 2: 35%

### **Academic Conduct**

The University of Washington values the academic integrity of its students and faculty. For Student Academic Responsibility and the consequences of misconduct, see

<http://depts.washington.edu/grading/pdf/AcademicResponsibility.pdf>.

The following is the Economics Department policy on Academic Conduct: “Academic integrity is the cornerstone of the Department’s rules for student conduct and evaluation of student learning. Students accused of academic misconduct will be referred directly to the Office of Community Standards and Student Conduct for disciplinary action pursuant to the Student Conduct Code and, if found guilty, will be subject to sanctions. Sanctions range from a disciplinary warning, to academic probation, to immediate dismissal for the Department and the University, depending on the seriousness of the misconduct. Dismissal can be, and has been, applied even for first offenses. Moreover, a grade of zero can be assigned by the instructor for the course.” All assignments and exams will be checked for plagiarism or other cheating. Any cheating will result, at minimum, in a grade of zero and referral to the Office of Community Standards and Student Conduct.

## Accommodations

Washington state law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities.

The UW's policy, including more information about how to request an accommodation, is available at <https://registrar.washington.edu/staffandfaculty/religious-accommodationspolicy/>.

Accommodations must be requested within the first two weeks of this course using <https://registrar.washington.edu/students/religious-accommodationsrequest/>. Students with special needs should send me their documents as soon as possible. More information is available at <https://depts.washington.edu/uwdrs>.

## Preliminary Outline

Date	Topics
Tue, Jan 3	Introduction and Course Overview
Thu, Jan 5	History of Thought
Tue, Jan 10	Economic Concepts
Thu, Jan 12	Measuring Inequality
Tue, Jan 17	Facts about Inequality
Thu, Jan 19	Social Mobility
Tue, Jan 24	Skill-Biased Technological Change
Thu, Jan 26	No class
Tue, Jan 31	Power Laws
Thu, Feb 2	<b>Exam 1</b>
Tue, Feb 7	Top Income Inequality

<b>Thu, Feb 9</b>	The Labor Share
<b>Tue, Feb 14</b>	The Capital / Output Ratio
<b>Thu, Feb 16</b>	Growth 1: Facts
<b>Tue, Feb 21</b>	Growth 2: Discrimination and Growth
<b>Thu, Feb 23</b>	Financial Stability 1
<b>Tue, Feb 28</b>	Financial Stability 2
<b>Thu, Mar 2</b>	Policy
<b>Tue, Mar 7</b>	Additional Topics
<b>Thu, Mar 9</b>	<b>Exam 2</b>