

# EC 131 - Lecture 21

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Textbook readings: Chapter 20

## 1 Inequality

- Sources of inequality
  - Wage differences
  - Human Capital
  - Racism/gender/culture
  - Concentration of wealth
  - Taxes
  - Corruption
  - Transfers
- Lorenz Curve
- Gini coefficient
- Problems measuring inequality
  - Choice of index
  - Income mobility
- Philosophical arguments for and against intervention
  - Utilitarianism
  - Liberalism
  - Libertarianism

- Methods of income redistribution
  - Minimum wage laws
  - Welfare payments and in-kind transfers
  - Negative income tax
  - Public employment for the poor