

Research Statement

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As a PhD Candidate in Economics, my primary research interests include development economics, growth, and international finance. In particular, I focus on the impacts of macroeconomic variables on income inequality. My initial motivation for my dissertation was the well-known Kuznets' hypothesis, which claims that income growth worsens income inequality in the short-run but has an equalizing effect on the distribution of income in the long-run. From the experience I have gained in modeling and economic relationships and analyzing data independently, I hope to contribute positively to the field of development economics.

However, despite Kuznets' hypothesis, increased income inequality has been documented in various publications in the United States in the past few decades. It is imperative to understand to what extent this rise in inequality is related to a change in economic performance. Therefore, my Ph.D. thesis analyzes the effects of income growth on income disparity to assess if these effects are asymmetric in nature. To further investigate this relationship, my advisor and I have explored the potential of other determinants of income distribution.

My active research agenda is evidenced by my first published paper, "Inequality and Growth in the United States: Is there Asymmetric Response at the State Level?", which is forthcoming in *Applied Economics*. In this paper, we study asymmetric responses of income inequality to the change in real income in 50 U.S. states, as well as in aggregated data for the U.S. We repeated the empirical approaches by Pesaran et al. (2001) and Shin et al. (2014) to revisit the Kuznets inverted-U hypothesis and examine the effects of economic upturn and downturn on income inequality. Annual data of U.S. states for the period of 1945-2013 were considered. The results showed a positive long-run relationship between growth and inequality in most of the states. Also, significant long-run asymmetric effects revealed that in 28 states both an increase and a decrease in real income have worsened income inequality.

To further expand upon the previous research, we investigated the asymmetric impacts of the real exchange rate on income inequality and published our findings in the *Journal of Economic Asymmetries* in the forthcoming paper, "On the Value of the Dollar and Income Inequality: Asymmetric Evidence from State Level Data in the U.S". In the literature, the assumption is that wages do not adjust fully to inflationary effects of currency depreciation.

Therefore, a depreciation could transfer income from workers to producers, which could worsen income inequality. When we tested this hypothesis using a standard linear ARDL model, we found no long-run support for the hypothesis in any of the 50 states of the U.S. However, when we applied recent advances in formulating nonlinearity and introduced nonlinear adjustment of the real effective exchange rate of the dollar, we found significant short-run and long-run asymmetric effects in almost half of the U.S. states. In most states, dollar depreciation was found to have un-equalizing effects on income inequality, consistent with theory.

My most recent work includes the paper entitled “On the Effects of Income Volatility on Income Distribution: Asymmetric Evidence from State-Level Data in the U.S.” An implicit assumption in the income inequality-volatility nexus is that increased volatility worsens income distribution in the U.S., which implies that decreased volatility should reduce inequality. In this study, we combined the bounds testing approach to cointegration (Auto Regressive Distributed Lag (ARDL) models), proposed by Pesaran et al. (2001) and non-linear ARDL methodology proposed by Shin et al. (2014). We demonstrated that both increased volatility and decreased volatility worsen inequality in 16 U.S. states. However, this result did not yield significant asymmetric effects across the entire nation.

In my future scholarly endeavors, I am excited to continue research on income inequality in the United States. For example, I am currently studying the effect of economic policy uncertainty (EPU) on income inequality. Policy uncertainty affects different economic decisions and reduces investment and unemployment. As a result, income inequality could be affected by policy uncertainty.

Engaging in research in income inequality allows me to combine research in both microeconomics and macroeconomics. This strengthens my future in research as I can conduct studies in both fields, in order to best contribute to the literature and advance the study of economics.