

POLICY IMPLICATIONS OF RISING INEQUALITY

Over the past decades, many developed countries have experienced considerable increases in income and wealth inequality. The recent book by Piketty (2014) has sparked new interest in studying the origins and consequences of these dynamics. Various political and economic arguments for and against offsetting this rise in inequality have been put forward. In this seminar, we will discuss recent research that has (i) documented various aspects of the rise of economic inequality; (ii) illuminated the underlying economic mechanisms that have produced these trends, and (iii) explored potential institutional responses to growing inequality, such as—in particular—changes to tax policy.

This seminar is intended for Master-level students in economics. Our first meeting will take place on 2/1/2018 at 10am for an introduction and an allocation of topics among participating students. We will then meet on 2/14, 2/15 and 2/16/2018 for presentations and discussion (the precise times will be announced immediately after the introductory meeting). All meetings will take place in room KO2-F-155.

Each student will give a 40 minute presentation about his/her main topic, as well as a 10 minute discussion of another student's topic. Moreover, students will write a seminar paper about their topic (10-12 pages), which will be due on 3/30/2018. The final grade will be based on a weighted average of students' performance in their presentation (30%), their discussion as well as their overall participation in the seminar (20%), and their seminar essay (50%).

LIST OF TOPICS

Part A: Measuring Changes in Economic Inequality

1. Top Income Inequality

Piketty, T. and Saez, E., [Income Inequality in the United States, 1913-1998, *Quarterly Journal of Economics*, 118\(1\), 2003, 1-39](#)

Kopczuk, W., Saez, E., and Song, J., [Earnings Inequality and Mobility in the United States: Evidence from Social Security Data since 1937, *Quarterly Journal of Economics*, 125\(1\), 2010, 91-128](#)

2. Top Wealth Inequality

Kopczuk, W. and Saez, E., [Top Wealth Shares in the United States, 1916-2000: Evidence from Estate Tax Returns, short version *National Tax Journal*, 57\(2\), Part 2, June 2004, 445-487 \(long NBER Working Paper No. 10399, March 2004\)](#)

Saez, E. and Zucman, G., [Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data](#), *Quarterly Journal of Economics*, 131(2), 2016, 519-578

3. Top Wealth Inequality: Controversy

Bricker, J., Henriques, A., Krimmel, J. and Sabelhaus, J., [Measuring Income and Wealth Using Administrative and Survey Data](#), *Brookings Papers on Economic Activity*, Spring 2016, 261-331

Kopczuk, W., [What Do We Know About the Evolution of Top Wealth Shares in the United States?](#), *Journal of Economic Perspectives* 29(1), 2015, 47-66

4. Distributional National Accounts

Piketty, T., Saez, E. and Zucman, G., [Distributional National Accounts: Methods and Estimates for the United States](#), 2017, forthcoming *Quarterly Journal of Economics*

Auten, G. and Splinter, D., [Income Inequality in the United States: Using Tax Data to Measure Long-Term Trends](#), 2017, Mimeo, US Treasury

5. Wealth and Income Inequality Below the Top

Kuhn, M., Schularick, M. and Steins, U., [Wealth and Income Inequality in America 1949-2013](#), Mimeo, University of Bonn, 2017

6. The Role of Firms and Businesses

Bloom, N., Guvenen, F., Price, D., Song, J. and von Wachter, T., [Firming Up Inequality](#), Mimeo, Stanford University, 2016

Smith, M., Yagan, D., Zidar, O. and Zwick, E., [Capitalists in the 21st Century](#), Mimeo, UC Berkeley, 2017

7. The Role of the Lifecycle

Guvenen, F., Kaplan, G., Song, J. and Weidner, J., [Lifetime Incomes in the United States over Six Decades](#), Mimeo, University of Minnesota, 2017

8. The Case of Switzerland

Dell, F., Piketty, T. and Saez, E., [Income and Wealth Concentration in Switzerland over the 20th Century](#), CEPR Discussion Paper No. 5090, May 2005 published in A.B. Atkinson and T. Piketty eds., Oxford University Press, 2007

Foellmi, R. and Martinez, I., [Volatile Top Income Shares in Switzerland? Reassessing the Evolution Between 1981 and 2010](#), forthcoming *Review of Economics and Statistics*

9. Intergenerational Persistence of Inequality

Chetty, R., Hendren, N., Kline, P. and Saez, E., [Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States](#), *Quarterly Journal of Economics* 129(3), 2014, 1553-1623

Chetty, R., Friedman, J., Saez, E., Turner, N., Yagan, D., [Mobility Report Cards: The Role of Colleges in Intergenerational Mobility](#), NBER Working Paper No. 23618, July 2017

Part B: Driving Forces of Rising Inequality

10. Skill-Biased Technological Change

Acemoglu, D. and Autor, D., [Skills, Tasks and Technologies: Implications for Employment and Earnings](#), *Handbook of Labor Economics* Volume 4, 2011, Amsterdam: Elsevier, Orley Ashenfelter and David E. Card (eds.), 1043–1171.

11. Labor Market Polarization

Autor, D. and Dorn, D., [The Growth of Low-Skill Service Jobs and the Polarization of the U.S. Labor Market](#), *American Economic Review*, 2013, 103(5), 1553–1597.

Cortes, G., [Where have the middle-wage workers gone? A study of polarization using panel data](#), *Journal of Labor Economics*, 34(1), 2016, 63–105.

12. Automation

Acemoglu, D. and Restrepo, P., [The Race Between Man and Machine: Implications of Technology for Growth, Factor Shares and Employment](#), forthcoming, *American Economic Review*, June 2017

Hemous, D. and Olsen, M., [The Rise of the Machines: Automation, Horizontal Innovation and Income Inequality](#), Mimeo, University of Zurich, 2016

13. Robots and Labor Markets: US vs. Germany

Acemoglu, D. and Restrepo, P., [Robots and Jobs: Evidence from US Labor Markets](#), Mimeo, MIT, 2017

Dauth, W., Findeisen, S., Suedekum, J. and Woessner, N., [German Robots - The Impact of Industrial Robots on Workers](#), CEPR Discussion Paper 12306, 2017.

14. Artificial Intelligence

Aghion, P., Jones, B. and Jones, C., [Artificial Intelligence and Economic Growth](#), Mimeo, Stanford University, 2017

Acemoglu, D. and Restrepo, P., [Artificial Intelligence, Automation, and Work](#), Mimeo, MIT, 2018

15. Entrepreneurship and Top Income Inequality

Jones, C. and Kim, J., [A Schumpeterian Model of Top Income Inequality](#), 2017, forthcoming *Journal of Political Economy*

Part C: Policy Responses

16. Taxing Wealth

Brühlhart, M., Gruber, J., Krapf, M. and Schmidheiny, K., [The Elasticity of Taxable Wealth: Evidence from Switzerland](#), Mimeo, MIT, 2017

Jakobsen, K., Jacobsen, K., Kleven, H. and Zucman, G., [Wealth Taxation and Wealth Inequality: Evidence from Denmark, 1980-2014](#), Mimeo, Princeton University, 2017

17. Taxing Robots

Guerreiro, J., Rebelo, S. and Teles, P., [Should Robots be Taxed](#), 2017, Mimeo, Northwestern University

18. Taxing Superstars

Scheuer, F. and Werning, I., [The Taxation of Superstars](#), *Quarterly Journal of Economics* 132 (2017), 211-270.

Ales, L. and Sleet, C., [Taxing Top CEO Incomes](#), *American Economic Review*, 106(11), 2016, 3311-3366

19. Technological Change and Tax Policy

Ales, L., Kurnaz, M., and Sleet, C., [Technical Change, Wage Inequality and Taxes](#), *American Economic Review* 105(10), 2015, 3061-3101

20. Rent-Seeking and Tax Policy

Rothschild, C. and Scheuer, F., [Optimal Taxation with Rent-Seeking](#), *Review of Economic Studies* 83, 2016, 1225-1262.

Lockwood, B., Nathanson, C., and Weyl, G., [Taxation and the Allocation of Talent](#), *Journal of Political Economy*, 125(5), 2017, 1635-1682.

21. Fighting Tax Evasion

Altstadsaeter, A., Johannesen, N. and Zucman, G., [Tax Evasion and Inequality](#), 2017, Mimeo, UC Berkeley

Altstadsaeter, A., Johannesen, N. and Zucman, G., [Who Owns the Wealth in Tax Havens? Macro Evidence and Implications for Global Inequality](#), 2017, Mimeo, UC Berkeley