

ECON GU4913: Causes and Consequences of Inequality

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Fall 2019

Class meetings Wednesdays 6:10-8:00 PM

Office hours Tuesdays 11:00-12:00 PM 1131 IAB

Overview This seminar will discuss the economic causes and consequences of inequality, with a particular focus on top income and wealth inequality. We will discuss the relative role of technology, financial markets, and institutions in driving the recent rise in inequality. Seminar students are expected to actively participate in class discussions, make an in class presentation of selected readings and of original work and write a term paper on an agreed upon topic.

Prerequisites Economics 3412 (econometrics) (or STAT 1201 or equivalent) are prerequisites for this course

Grading There are four components to your grade in this class.

1. Class Participation: 20% You are expected to come to class, pay attention to lecture and presentations, and participate in discussion.
2. Presentation on an Existing Paper (in pairs): 30% You will form pairs and give a 30-minute presentation on an existing paper in the literature on inequality
3. Research Paper and Work-in-Progress Presentation: 50% You will write a research paper that addresses a well-defined economics question. This paper is due at the end of finals week. Prior to that, you will give a presentation about your progress on your paper in the last few weeks of class.

Class Participation Cell phone use is not allowed. Laptops are fine for taking notes, but please respect your classmates by limiting yourself to class-related activities.

You will be expected to have read the readings prefixed with an asterisk before the respective class meeting. The discussions in class will be much more meaningful if the required papers have been looked at in advance.

Presentation on an Existing Paper Please form yourselves into pairs of students. Each pair will give a presentation on an existing paper in the literature. I will provide a list of papers that are appropriate. We will have three presentations per class. Each presentation should be 30 minutes long.

Research Paper The primary goal of this class is for you to write a research paper that addresses a well-defined economics question. A short proposal of your project will be due November 8th by 11:59pm.

Each of you will give a very short presentation on your progress on your paper during the last three weeks of class. Each presentation should be about 15 minutes long. Your research paper is due at the end of finals week, i.e. December 20th by 11:59pm.

There is a TA to assist you with programming and data issues. He will hold weekly office hours: Thursdays, 5:30 - 7:30 in 1027 IAB. In addition, there is some STATA and R programming information on the website - Computing and Data Resources Page.

TextBooks and Additional Readings There will be no required textbooks for this course, and lecture notes will be posted on Canvas. Some weeks we will cover papers that are directly available through Columbia Library.

Statement on Academic Dishonesty As members of an academic community, each of us has a responsibility to participate in scholarly discourse and research in a manner characterized by intellectual honesty and scholarly integrity, and plagiarism is a very serious violation. While I encourage you to discuss the course readings and assignments with your classmates, all work that you turn in, both for assignments and on exams, must be your own. Any suspected case of plagiarism will be reported to the university, and students who breach their intellectual responsibility in this regard should anticipate being asked to leave Columbia.

Statement on Disabilities Accommodations If you are a student with a disability and have a DS-certified 'Accommodation Letter' please come to my office hours to confirm your accommodation needs. If you believe that you might have a disability that requires accommodation, you should contact Disability Services at 212-854-2388 and disability@columbia.edu.

Course Outline

Week 1 Introduction (*September 4*)

*Thomas Piketty, Emmanuel Saez, and Gabriel Zucman. “Distributional national accounts: methods and estimates for the United States”. In: *The Quarterly Journal of Economics* 133.2 (2017), pp. 553–609 (Section 1-3)

Week 2 Income Inequality: Technology and Trade (*September 11*)

*Daron Acemoglu. “Technical change, inequality, and the labor market”. In: *Journal of economic literature* 40.1 (2002), pp. 7–72 (Section 1-3)

H David and David Dorn. “The growth of low-skill service jobs and the polarization of the US labor market”. In: *American Economic Review* 103.5 (2013), pp. 1553–97

Daron Acemoglu and Pascual Restrepo. “Robots and jobs: Evidence from US labor markets”. In: *NBER working paper* w23285 (2017)

H David, David Dorn, and Gordon H Hanson. “The China syndrome: Local labor market effects of import competition in the United States”. In: *American Economic Review* 103.6 (2013), pp. 2121–68

David H Autor, David Dorn, and Gordon H Hanson. “Untangling trade and technology: Evidence from local labour markets”. In: *The Economic Journal* 125.584 (2015), pp. 621–646

David Autor et al. *Importing political polarization? The electoral consequences of rising trade exposure*. w22637. National Bureau of Economic Research Cambridge, MA, 2016

Erik Loualiche, Matthew Plosser, Julien Sauvagnat, et al. *Import Competition and Household Debt*. Tech. rep. CEPR Discussion Papers, 2017

Week 3 Income Inequality: Superstars (*September 18*)

*Sherwin Rosen. “The economics of superstars”. In: *The American economic review* 71.5 (1981), pp. 845–858 (Introduction)

Xavier Gabaix and Augustin Landier. “Why has CEO pay increased so much?” In: *The Quarterly Journal of Economics* 123.1 (2008), pp. 49–100

Florian Scheuer and Iván Werning. “The taxation of superstars”. In: *The Quarterly Journal of Economics* 132.1 (2017), pp. 211–270

Week 4 Income Inequality: Institutions (*September 25*)

*Marianne Bertrand and Sendhil Mullainathan. “Are CEOs rewarded for luck? The ones without principals are”. In: *The Quarterly Journal of Economics* 116.3 (2001), pp. 901–932 (Section I, II)

Brian J Hall and Kevin J Murphy. “The trouble with stock options”. In: *Journal of economic perspectives* 17.3 (2003), pp. 49–70

Thomas Piketty, Emmanuel Saez, and Stefanie Stantcheva. “Optimal taxation of top labor incomes: A tale of three elasticities”. In: *American economic journal: economic policy* 6.1 (2014), pp. 230–71

José Azar, Ioana Marinescu, and Marshall I Steinbaum. *Labor market concentration*. Tech. rep. National Bureau of Economic Research, 2017

Week 5 Wealth Inequality (*October 2*)

*Emmanuel Saez and Gabriel Zucman. “Wealth inequality in the United States since 1913: Evidence from capitalized income tax data”. In: *The Quarterly Journal of Economics* 131.2 (2016), pp. 519–578

Thomas Piketty. *Capital in the twenty-first century*. Harvard University Press, 2017

Matthieu Gomez. “What Drives the Recent Rise in Inequality?” Working Paper. 2016

David Dorn et al. “Concentrating on the Fall of the Labor Share”. In: *American Economic Review* 107.5 (2017), pp. 180–85

Week 6 Mobility (*October 9*)

*Raj Chetty et al. “Where is the land of opportunity? The geography of intergenerational mobility in the United States”. In: *The Quarterly Journal of Economics* 129.4 (2014), pp. 1553–1623

Wojciech Kopczuk, Emmanuel Saez, and Jae Song. “Earnings inequality and mobility in the United States: evidence from social security data since 1937”. In: *The Quarterly Journal of Economics* 125.1 (2010), pp. 91–128

Kerwin Kofi Charles and Erik Hurst. “The correlation of wealth across generations”. In: *Journal of political Economy* 111.6 (2003), pp. 1155–1182

Week 7 No Class (*October 16*)

Week 8 Empirical Methods (*October 23*)

Week 8 (Make up class) Students Presentation (*October 25*)

1. Claudio Lucifora and Rob Simmons. “Superstar effects in sport: Evidence from Italian soccer”. In: *Journal of Sports Economics* 4.1 (2003), pp. 35–55 (Ifechukwude Onyejebose Udeh, Abheek Sudipto Ghatak)

2. Ulrike Malmendier and Geoffrey Tate. “Superstar ceos”. In: *The Quarterly Journal of Economics* 124.4 (2009), pp. 1593–1638 (Liam Collins, Douglas Henze)
3. Germán Gutiérrez and Thomas Philippon. “Fading Stars”. In: *AEA Papers and Proceedings*. Vol. 109. 2019, pp. 312–16 (Cesur Kilic, Hilary Song)

Week 9 Students Presentation(October 30)

1. David Autor et al. *Importing political polarization? The electoral consequences of rising trade exposure*. w22637. National Bureau of Economic Research Cambridge, MA, 2016 (Jamie Sahay Peltomaa)
2. Atif Mian, Amir Sufi, and Francesco Trebbi. “Resolving debt overhang: political constraints in the aftermath of financial crises”. In: *American Economic Journal: Macroeconomics* 6.2 (2014), pp. 1–28 (Priya Mishra)
3. Thomas Piketty. “On the long-run evolution of inheritance: France 1820–2050”. In: *The quarterly journal of economics* 126.3 (2011), pp. 1071–1131 (Louisa Liu)

Week 10 Students Presentation (November 6)

1. Thomas Piketty, Li Yang, and Gabriel Zucman. *Capital accumulation, private property and rising inequality in China, 1978-2015*. Tech. rep. National Bureau of Economic Research, 2017 (Hannah Ko, Angela Jang)
2. Ian Appel and Jordan Nickerson. “Pockets of Poverty: The Long-Term Effects of Redlining”. In: *Available at SSRN 2852856* (2016) (Shreya Thakkar, Clara Monk)
3. Francine D Blau and Lawrence M Kahn. “The gender wage gap: Extent, trends, and explanations”. In: *Journal of Economic Literature* 55.3 (2017), pp. 789–865 (Toni Woods Maignan, Hannah Adeoye)

Week 11 Students Presentation: Work-in-Progress (November 13)

Week 12 Students Presentation: Work-in-Progress (November 20)

Week 13 Students Presentation: Work-in-Progress (December 4)