

# Inequality Seminar: Proposal for COI

Wojciech Kopczuk and Suresh Naidu

Currently we both teach economic inequality seminars with somewhat different emphases, but considerable overlap. Kopczuk's class is tilted toward work on top income/wealth inequality and policy responses, primarily through taxation; Naidu's class focuses on empirical measurement and normative issues in global inequality.

We are proposing a joint seminar, with double the enrollment of a normal seminar, that would also allow students to see a diversity of perspectives on inequality, disciplined by shared economic methodology. The class would include both international and domestic components. We have different perspectives on a number of topics and we expect that working through the reasons why it is so should add to the appeal of the class. At the very least, an experiment with this format would likely strengthen our respective classes in the future if we decided to go back to the previous setup in the following years.

We include below a very tentative outline of the topic that would be covered in class. Following the format of our existing classes, we expect students to (1) read papers in advance of the class (2) prepare brief reaction papers that have to be submitted in advance, with instructors' feedback before the class. Given enforceable readings, each class would involve a brief summary of the background reading, followed by discussion between instructors and students, facilitated by the questions/ideas that come up in response papers. We are considering having simple data exercises to encourage use of publicly available inequality related data sets.

**Course Title:** Economic Perspectives on Inequality

**Course Number:** [Course number will be assigned by the Curriculum and Faculty Affairs Director after COI approval.]

**Instructor:** Wojciech Kopczuk and Suresh Naidu

**Semester:** Fall 2022

**Meeting Date/s Times:** [SIPA courses are offered Monday-Thursday (only rarely on Friday). They meet for 1 hour and 50 minutes each week, and begin at 9am, 11am, 2:10pm, 4:10pm and 6:10pm. The Fall semester has 13 weeks of classes, and the Spring semester has 14 weeks. You can find the academic calendar online [here](#). ]

**Location:** [Determined by SIPA's Curriculum and Faculty Affairs Director.]

**Office Hours:** [Adjunct faculty must hold office hours on campus at least 1 hour per week. SIPA Academic Affairs (sipa\_academicaffairs@columbia.edu) handles the scheduling of shared office space for adjunct faculty.]

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**Credits: 3**

**Prerequisites:** Microeconomics and quantitative analysis (or equivalent)

**Grading:** Students will be graded on weekly responses to the readings, 1 empirical problem set, as well as a class paper.

**Week 1:** Introduction

**Week 2:** Measurement of inequality 1: U.S. data

Lemieux, et al. JEP article on inequality

Derenoncourt et al. Racial wealth gap 1860-2017

Kleven et al. AER P&P Child penalties across countries.

**Week 3:** Measurement of inequality 2: International data.

Jones and Klenow Beyond GDP. (American Economic Review 2016).

Carleton et al. "Valuing the Global Mortality Consequences of Climate Change Accounting for Costs and Benefits (QJE 2022)

Blanchet et al "Why Is Europe More Equal than the United States?", American Economic Journal: Applied Economics, 2022

**Week 4:** Top income and wealth inequality

Smith, Yagan, Zidar, Zwick "Capitalists in the Twenty-First Century", QJE, 2019

Alstadsæterter, A., Johannesen, N., and Zucman, G, AER 2019. Tax Evasion and Inequality.

**Week 5:** Normative status of economic inequality: Patterned ideas of justice.

Mankiw "The Optimal Taxation of Height: A Case Study of Utilitarian Income Redistribution"

Saez and Stancheva "Generalized Social Marginal Welfare Weights for Optimal Tax Theory", AER 2016

**Week 6:** Normative status of inequality: Non-patterned ideas of justice.

Roemer "Free to Lose" Chapter 5

Elizabeth Anderson “What is the point of equality”

**Week 7:** Equality of Opportunity and intergenerational mobility (1) education, neighborhoods, and families.

Chetty, R., Friedman, J. N., Saez, E., Turner, N., and Yagan, D. (2020). Income segregation and intergenerational mobility across colleges in the United States. *Quarterly Journal of Economics*.

Zimmerman, S. D. (2019). Elite colleges and upward mobility to top jobs and top incomes. *American Economic Review*, 109(1):1–47

Chetty, R., Hendren, N., Kline, P., and Saez, E. (2014). Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States. *Quarterly Journal of Economics*, 129(4):1553–1623

**Week 8:** Explanations: Institutions, firms, and market power

Farber, Herbst, Kuziemko, and Naidu: Unions and Inequality in the 20th century: New Evidence from Survey Data *Quarterly Journal of Economics* (2021).

De Loecker and Eckhout: “The Rise of Market Power and Macroeconomic Outcomes”

Card 2021 AER presidential address “Who set your wage”.

**Week 9:** Explanations: Technology and Trade

Autor, D. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. *Journal of Economic Perspectives*, 29(3):3–30

Gottlieb, J. D., Hémons, D., Hicks, J., and Olsen, M. (2019). The spillover effects of top income inequality. University of Chicago, mimeo

Autor, D. H., Dorn, D., and Hanson, G. H. (2016). The China shock: Learning from labor-market adjustment to large changes in trade. *Annual Review of Economics*, 8(1):205–240

**Week 10:** Policies to Address Domestic Inequality 1: Endowments

Almond, Douglas, Janet Currie, and Valentina Duque. 2018. "Childhood Circumstances and Adult Outcomes: Act II." *Journal of Economic Literature*, 56 (4): 1360-1446.

Hendren, Nathaniel, and Ben Sprung-Keyser. 2020. “A Unified Welfare Analysis of Government Policies.” *Quarterly Journal of Economics* 135 (3)

Feldman and Riskin Review of Paige Harden’s “The Genetic Lottery”:

<https://www.nybooks.com/articles/2022/04/21/why-biology-is-not-destiny-genetic-lottery-kathryn-harden/>

**Week 11:** Policies to Address Domestic Inequality 2: Redistribution

Kleven, H. J. (2014). How can Scandinavians tax so much? *Journal of Economic Perspectives*, 28(4):77–98

Jouko Verho, Kari Hämäläinen, Ohto Kanninen (2022) Removing Welfare Traps: Employment Responses in the Finnish Basic Income Experiment, *AEJ:Policy*

**Week 12:** State capacity and redistribution in low income countries

Begeron, Tourek, Weigel (2022), The State Capacity Ceiling on Tax Rates: Evidence from Randomized Tax Abatements in the DRC, mimeo

Bachas, Gadenne and Jensen (2022), "Informality, Consumption Taxes and Redistribution",

**Week 13:** Policies to Address International Inequality: migration, climate policy.

Glen Weyl "Migration and the Equality-Openness Trade-Off" (Economic Journal 2014)

Chancel and Piketty: Carbon emissions and inequality:from Kyoto to Paris