

Econ 133
Global Inequality and Growth

Spring 2017

Syllabus as of January 17th, 2017
([check online for updated versions](#))

Units: 4

Lectures: 3 hours per week

Sections: 1 hour per week

Professor: Prof. Gabriel Zucman

Email: zucman@berkeley.edu

Course website: <http://www.gabriel-zucman.eu/econ133>

Office Hours: Mondays 10am-12pm in 645 Evans

Graduate Student Instructors:

Juliana Londoño-Vélez (j.londonovelez@berkeley.edu):

Sections: Wednesday 6pm-7pm (in 185 Barrows)

Wednesday 7pm-8pm (in 185 Barrows)

Office hours: Wednesdays 9am-11am in 636 Evans

Jon Schellenberg (jschellenberg@berkeley.edu):

Sections: Thursdays 3.00pm-4.00pm (in 105 Latimer)

Thursdays 4.00pm-5.00pm (in 254 Sutardja Dai)

Office hours: Thursdays 12pm-2pm in 630 Evans

Course description:

This course provides an introduction to the analysis of economic inequalities and the interplay between inequality and economic growth. It deals with three sets of core questions: 1) How does inequality evolve over the path of development? 2) What are the theories that can explain the level of economic inequalities and its dynamic? 3) How do policies affect inequalities, and what types of policies can foster equitable growth? The course addresses these issues from a global and historical perspective.

Prerequisites:

Econ 1 or Econ 2.

Course Website:

All lecture notes, handouts, and announcements will be posted online at: <http://gabriel-zucman.eu/econ133>. Material related to the course will be tweeted on the Twitter accounts of Gabriel Zucman (@gabriel_zucman), Juliana Londoño-Vélez (@juliana_londono), and Jon Schellenberg (@schellenberg133), with hashtag #Econ133. Course material (including exams, solutions, grade statistics) from last year is available at http://gabriel-zucman.eu/econ133_2016/

Lectures:

Tuesdays 5.00pm-8.00pm, in Valley Life Sciences 2060

Enrollment:

The economics department relies completely on CalCentral for enrollment purposes. To add the course, check to see which sections have space and then access CalCentral. If you are already on the waiting list but want to change your section choice, access CalCentral and use the “swap” function. See GSI Coordinator Katarina Jensen (headgsi@econ.berkeley.edu) or an Econ Undergrad Advisor (539 Evans, ugrad@econ.berkeley.edu) for help.

Required readings:

There is no textbook that covers all the material that we will see in class, so to succeed in this course it is essential to attend all the lectures. Lecture notes will be posted on the course website, but these notes are not comprehensive, so it is critical to be attentive and to take notes during lectures. Lectures are key to doing well in this course. In addition to attending all lectures, the other requirement is to read the five texts below, which will be assigned over the semester:

- Thomas Piketty, Emmanuel Saez, and Gabriel Zucman (2016), “[Distributional National Accounts: Methods and Estimates for the United States](#)”, NBER working paper.
- David Autor (2014), “[Skills, education, and the rise of earnings inequality among the ‘other 99 percent’](#)”, *Science* 344(6186): 843-851.
- Gabriel Zucman (2014), “[Taxing Across Borders: Tracking Personal Wealth and Corporate Profits](#)”, *Journal of Economic Perspectives*, 28(4): 121-148.
- Branko Milanovic (2013), “[Global income inequality in numbers: in History and now](#)”, *Global Policy*, 4(2): 198-208.
- Anthony B. Atkinson (2015), “[Can we reduce inequality in OECD countries?](#)”, *Empirica*, 42: 211-223.

These five readings are compulsory. All the material seen in lectures and in these five compulsory readings is examinable. For each compulsory reading, you will be asked to hand in answers to a few short essay questions. For these short essays questions, group work is not permitted: each student must turn in his/her own answers for each of the five compulsory readings. Each of these five short essay questions will count for 3% of the final grade (hence 15% overall). Essays must be submitted before the due deadline via bCourses.

Optional reading:

In addition to the required readings above, I recommend you to purchase Thomas Piketty’s *Capital in the 21st Century* (2014, Harvard University Press). Piketty’s book can be used to review part of the material seen in lectures and to deal with a number of issues in depth. However, Piketty’s book does not cover all the material of this course, so it is, again, essential to attend all lectures.

i-clicker remotes

i-clicker remotes are required. They’re devices that allow you to respond to questions posed during lecture. New and used i-clicker remotes can be purchased or rented at the University Bookstore. **Register your i-clicker online within the first two weeks of class by going to <http://www.iclicker.com/registration>.** Complete the fields with your first name, last name, student ID, and i-clicker remote ID. The remote ID is the series of numbers and sometimes letters found on the bottom of the back of your i-clicker remote. To complete the registration you’ll need to respond to at least one question during the first two weeks of class. Your i-clicker will be used in every lecture,

and part of the grade depends on answering correctly to questions in lectures, so be sure to bring your i-clicker.

Course structure:

The course is organized into five parts and twenty-five topics (see list below). There will be one mid-term exam in class.

Sections structure:

- First, you will review the material seen in lectures.
- Second, you will critically discuss current newspaper articles related to inequality and growth, using the concepts seen in lectures. Juliana Londoño-Vélez (@juliana_londono), Jon Schellenberg (@schellenberg133), and Gabriel Zucman (@gabriel_zucman) will tweet one recent newspaper article with hashtag #Econ133 each week on Thursday evening. You must read these three short newspaper articles every week before attending sections. Part of the section will be devoted to discussing these articles. Once during the semester you will be asked to write an essay on one article and to lead the ensuing class discussion. This work will be done in groups of three, and 10% of the final grade will be based on this essay and the ensuing class discussion. In addition, 5% of the final grade will be based on regular participation during sections. There will be bonus points in the midterm and final for answering questions related to the newspaper articles twitted during the semester, so make sure to read them all!

Grading:

- Midterm (in class, February 28th, 5pm-6.30pm): 20%
- Final (May 12th, 11.30am-2.30pm): 45%
- Answering i-clicker questions accurately during lectures: 5%
- Short essay questions on the five compulsory readings: 15% (5 x 3%).
- Work in sections: 15%, decomposed as follows:
 - ✓ One essay on and class discussion of a newspaper article in groups of three students: 10%
 - ✓ Overall class participation: 5%.

Credit for the mid-term and final exams will be based on conceptual understanding of the ideas taught in the lectures. Both midterm and final will be closed-notes (class notes, books, and electronic devices are not allowed). Paper and pen only. Please bring your own paper and stapler if you don't use a blue book and need to staple separate sheets. The final will be cumulative and based on the full material covered in class, including material tested in the midterm. **Don't enroll in this course if you cannot attend the final exam on May 12th, 11.30am-2.30pm.**

Academic honesty policy:

In fairness to students who put in an honest effort, cheaters will be harshly treated. Any evidence of cheating will result in a score of zero (0) on that assignment. Cheating on a midterm or the final exam results in an "F" for the course. Cheating includes but is not limited to bringing written or electronic materials into an exam, using written or electronic materials during an exam, copying off another person's exam or assignment, allowing someone to copy off of your exam or assignment, having someone take an exam or assignment for you, and plagiarizing written materials. Incidence of cheating are reported to the Center for Student Conduct, which administers additional punishment. See also: <http://sa.berkeley.edu/conduct/students/standards>.

Special Accommodations:

If you require special accommodations for exams or lecture due to learning or other disability, if you have emergency medical information that you wish to share, or if you need special arrangements in case the building must be evacuated, please speak with your GSI by January 31st. You will ultimately need to obtain the evaluation form from Disabled Students' Program (<http://dsp.berkeley.edu>, 260 César Chávez Center) which they will send electronically to Professor Zucman. Exams for those needing accommodations are proctored by DSP's Proctoring Service, which requires notice of participants at least two weeks in advance of an exam. Request for exam accommodation must be received and acknowledged by your GSI at least two weeks before an exam.

PART I – Core Concepts

- **Compulsory reading:** Thomas Piketty, Emmanuel Saez and Gabriel Zucman (2016), "[Distributional National Accounts: Methods and Estimates for the United States](#)", NBER working paper.
- Short essay questions on this reading to be handed in on **January 26th**.
- Optional reading: Thomas Piketty (2014), *Capital in the 21st Century*, Introduction and Chapters 1 to 6.
 1. Introduction
 2. What is income?
 3. What is capital?
 4. Income growth in the long run
 5. Inequality between labor and capital
 6. Inequality between individuals: Measurement
 7. Inequality between individuals: Trends
 8. Inequality between individuals: The role of government

PART II – Labor Income Inequality

- **Compulsory reading:** David Autor (2014), "[Skills, education, and the rise of earnings inequality among the 'other 99 percent'](#)", *Science* 344(6186): 843-851.
- Short essay questions on this reading to be handed in on **Feb. 13th**.
- Optional reading: Thomas Piketty (2014), *Capital in the 21st Century*, Chapters 7, 8 and 9.
 9. Labor income inequality: the role of market forces
 10. Labor income inequality: the role of institutions

11. Gender inequality on the labor market
12. Top labor incomes

MIDTERM: February 28th, 5pm to 6.30pm.

PART III – Capital Inequality

- **Compulsory reading:** Gabriel Zucman (2014), "[Taxing Across Borders: Tracking Personal Wealth and Corporate Profits](#)", *Journal of Economic Perspectives*, 28(4): 121-148.
 - Short essay questions on this reading to be handed in on **Mar. 6th**.
 - Optional reading: Thomas Piketty (2014), *Capital in the 21st Century*, Chapters 10 and 11.
13. Wealth inequality across time and space
 14. Models of the wealth distribution
 15. $r > g$
 16. Inherited versus self-made wealth (1)
 17. Inherited versus self-made wealth (2)
 18. Offshore wealth

PART IV – Global Inequality

- **Compulsory reading:** Branko Milanovic (2013), "[Global income inequality in numbers: in History and now](#)", *Global Policy*, 4(2): 198-208.
 - Short essay questions on this reading to be handed in on **Apr. 3rd**.
 - Optional reading: Thomas Piketty (2014), *Capital in the 21st Century*, Introduction and Chapter 12.
19. The world distribution of income
 20. Global inequality and factor mobility
 21. Global inequality and trade

PART V – Regulating Inequality

- **Compulsory reading:** Anthony B. Atkinson (2015), "[Can we reduce inequality in OECD countries?](#)", *Empirica*, 42: 211-223.
- Short essay questions on this reading to be handed in on **Apr. 17th**

- Optional reading: Thomas Piketty (2014), *Capital in the 21st Century*, Chapters 13, 14 and 15.
22. Optimal labor income taxation
 23. Optimal capital taxation
 24. Taxation in a globalized world
 25. Review and conclusion

FINAL EXAM: May 12th, 11.30am to 2.30pm.