

Econ 133
Global Inequality and Growth

Spring 2022

Syllabus as of January 18th, 2022
([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: Friday 4pm-5pm

Graduate Student Instructors:

Jakob Brounstein (jakob.brounstein@berkeley.edu):

Sections: Wednesday 9-10am, Thursday 10-11am; Friday 10-11am

Office hours: Wednesday 10-11am and Friday 11-12pm

Diego Villegas (diego_villegas_a@berkeley.edu):

Sections: Wednesday 12-1pm; Thursday 2-3pm; Friday 9-10am

Office hours: Wednesday 1.30-2.30pm and Thursday 3.30-4.30pm.

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:

Lecture notes will be posted online at: <http://gabriel-zucman.eu/econ133>. Section notes, assignments, and other material will be posted on bCourses. Articles related to the course will be tweeted on the Twitter accounts of Jakob Brounstein (@jakobbrounstein) and Diego Villegas (@Diego_VillegasA), with hashtag #Econ133. Lecture notes, exams, solutions, and grade statistics from previous years are available at http://gabriel-zucman.eu/econ133_2021/.

Lectures:

Tuesdays 5.00pm-8.00pm. As per campus instructions, the first lectures will be remote on Zoom. Recorded lectures will be available via bCourses.

Enrollment:

The professor has no control over enrollment; please do not contact him for questions related to enrollment. The economics department relies entirely 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. For help with enrollment, please contact head GSI John Wieselthier (headgsi@econ.berkeley.edu) or see an Econ Undergrad Advisor (539 Evans, ugrad@econ.berkeley.edu).

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:

- Emmanuel Saez, and Gabriel Zucman (2020), “[The Rise of Income and Wealth Inequality in America: Evidence from Distributional Macroeconomic Accounts](#)”, *Journal of Economic Perspectives*.
- [World Inequality Report 2022](#), chapter 2: “Global inequality from 1820 to now: the persistence and mutation of extreme inequality”
- Marianne Bertrand (2018), “[The Glass Ceiling.](#)” *Economica*, 85(338).
- Kevin Lang and Ariella Kahn-Lang Spitzer (2020), “[Race Discrimination: An Economic Perspective](#)”, *Journal of Economic Perspectives*, 34(2): 68-89.
- Thomas Piketty (2020), *Capital and Ideology*. Chapter 17: “Elements for a Participatory Socialism for the Twenty-First Century”.

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 essay questions, group work is not permitted: each student must turn in his/her own answers for each of the five compulsory readings. For more detail on the assignments corresponding to the readings please refer to the Instructions file available in bCourses. Three out of these five short essay questions will be randomly graded, and each graded essay will count for 10% of the final grade (hence 30% overall). Essays must be submitted before 11:59pm of the deadline date via the Gradescope extension in bCourses.

Optional readings:

In addition to the required readings above, here is a list of recommended books connected to the course:

- Claudia Goldin and Lawrence Katz: *The Race Between Education and Technology*
- François Bourguignon: *The Globalization of Inequality*
- Joseph Stiglitz: “Globalization and its discontents”

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:

- Sections will be devoted to article discussions led by students. During section you will critically discuss current articles related to inequality and growth, using the concepts seen in lectures. The GSIs will tweet one recent article with hashtag #Econ133 every Friday. You must read these two short articles before attending section. In groups of three or four, you will be asked to write an essay on one article and to lead the ensuing class discussion one time during the semester. 20% of the final grade will be based on this essay and the ensuing class discussion. In addition, a bonus of 5% of the final grade will be based on regular participation during sections and active engagement in other learning spaces such as office hours. There will be bonus points in the midterm and final for answering questions related to the articles twitted during the semester, so make sure to read them all! Please read the article discussion instructions document found in bCourses for further detail.

Grading:

- Midterm (in class, March 8th, 5pm-6.30pm): 20%
- Final (May 13th, 11.30am-2.30pm): 30%
- Essay questions on three compulsory readings: 30% (3 x 10%).
- One essay on and student-led class discussion of a newspaper article in groups of three: 20%
- Bonus for 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. The final will be cumulative and based on the full material covered in class, including material tested in the midterm. Midterms and final exams done remotely are strictly individual: any form of coordination or communication with anyone during the time of the exam is prohibited. Exams that are similar to each other will be severely penalized and may result in an "F" grade.

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 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 your, 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, please speak with your GSI by January 31st. If necessary, we will offer an alternate midterm and final on another time zone to accommodate students studying abroad.

Regrade policy:

Omissions or clerical errors on midterms/exams will be corrected upon request. Substantive re-grade requests for the midterm/exam must be submitted in writing to your GSI within one week of getting your graded midterm/exam back. Your entire exam

will be regraded—by a different GSI or by me—and your grade may go up or down. There will be no re-grades on essays.

PART I – Core Concepts

- **Compulsory reading:** Emmanuel Saez, and Gabriel Zucman (2020), "[The Rise of Income and Wealth Inequality in America: Evidence from Distributional Macroeconomic Accounts](#)", *Journal of Economic Perspectives*. Essay questions on this reading to be handed in on **Jan. 28th**.

1. Introduction
2. What is income?
3. What is capital?
4. Inequality between labor and capital
5. Inequality between individuals

PART II – Global Growth and its Distribution

- **Compulsory reading:** [World Inequality Report 2022](#), chapter 2. Essay questions on this reading to be handed in on **Feb. 18th**.

6. Inequality within countries
7. The United States in international perspective
8. Pre-tax vs. post-tax inequality
9. Inequality between countries
10. Global income inequality dynamics

PART III – Labor Income Inequality

- **Compulsory readings:**
 - Marianne Bertrand (2017), "[The Glass Ceiling.](#)" *Economica*. Essay questions on this reading to be handed in on **Mar. 4th**.
 - Kevin Lang and Ariella Kahn-Lang Spitzer (2020), "[Race Discrimination: An Economic Perspective](#)", *Journal of Economic Perspectives*, 34(2): 68-89. Essay questions on this reading to be handed in on **April 1st**.

11. Labor income inequality: the role of market forces
12. Labor income inequality: the role of institutions
13. Gender inequality in the labor market
14. Racial economic disparities

MIDTERM: March 8, 5pm to 6.30pm.

PART IV – Capital Inequality

15. Private and public capital
16. Global wealth inequality

SPRING BREAK

17. Models of the wealth distribution
18. $r > g$
19. Inherited versus self-made wealth

PART V – Regulating Inequality

- **Compulsory reading: Thomas Piketty, *Capital and Ideology*, Chapter 17.**
Essay questions on this reading to be handed in on **Apr. 22th**

20. Tax progressivity: a historical perspective
21. Optimal labor taxation
22. Optimal capital taxation
23. Global tax competition
24. Funding the social state
25. Review and conclusion

FINAL EXAM: May 13th, 11.30am to 2.30pm, location TBD