

Inequality, Social Mobility and Public Policy

Independent Readings Course, Spring 2017

Inequality: Trends over Time

Week 1 (January 9-13)

- Atkinson, Anthony B, Thomas Piketty, and Emmanuel Saez. 2011. "Top Incomes in the Long Run of History." *Journal of Economic Literature*
- Thomas Piketty and Emmanuel Saez (2005), "Income Inequality in the United States, 1913 – 1998", *Quarterly Journal of Economics* 118(1), pp.1 – 39.
- CBO Congressional Budget Office, Oct. 2011, Trends in the Distribution of Household Income Between 1979 and 2007
- DeBaker et al. "Rising Inequality: Transitory or Persistent? New Evidence from a Panel of U.S. TaxReturns," *Brookings Papers on Economic Activity*, 2013.
- Bonica, Adam, Nolan McCarty, Keith T. Poole and Howard Rosenthal, "Why Hasn't Democracy Slowed Rising Inequality?" *Journal of Economic Perspectives*, Summer, 2013.

Inequality: Technology and Capital

Week 2 (January 16-20)

- Piketty, T. (2014) *Capital in the Twenty-First Century*, Harvard University Press, chap. 1
- Atkinson, A. (2014). After Piketty? *The British Journal of Sociology*, 65(4):619{638.
- Separating efficiency and equality, automation, and Piketty's theory of increasing capital share, *Contemporary Economic Policy*, July 2016, 34(3): 396-8.
- Peter A. DIAMOND, James A. MIRRLEES, Yew-Kwang NG and Ravi KUMAR (2016). Inequality: Comments, questions, and answers, *Contemporary Economic Policy*, July 2016, 34(3): 412-4.

Inequality: Wages and De-unionization

Week 3 (January 23-27)

- Goldin, Claudia, and Lawrence Katz, *The Race Between Education and Technology* (2010)
- Piketty, Thomas, *Capital in the 21st century* (Harvard University Press, 2014) [chapters 7 and 8]
- Autor, David, 2010 "The Polarization of Job Opportunities in the U.S. Labor Market: Implications for Employment and Earnings"
- Lawrence Mishel, John Schmitt, and Heidi Hierholz (2013), "Assessing the Job Polarization Explanation of Growing Wage Inequality", *Economic Policy Institute Working Paper*.
- Autor "Skills, education, and the rise of earnings inequality among the "other 99 percent", *Science* 2014

Week 4 (January 30 – February 3)

- Richard Freeman and James Medoff (1984), *What Do Unions Do?*, pp. 43-60 (Chapter 3), pp. 78-93 (Chapter 5) and pp. 150-161 (Chapter 10).
- Western, Bruce and Jake Rosenfeld. 2011. "Unions, Norms, and the Rise in U.S. Wage Inequality" *American Sociological Review* 4:513-537.
- Brady, David, Regina Baker, and Ryan Finnigan. 2013. "When Unionization Disappears: State-Level Unionization and Working Poverty in the United States." *American Sociological Review* 78:872-896
- Fortin, N. M. and Lemieux, T. (1997). Institutional changes and rising wage inequality: Is there a linkage? *The Journal of Economic Perspectives*, 11(2):pp. 75-96.
- Firpo, S., Fortin, N., and Lemieux, T. (2011). Decomposition methods in economics. *Handbook of Labor Economics*, 4:1-102.
- DiNardo and Lee (2004). "Economic Impacts of New Unionization on Private Sector Employers: 1984–2001"

Persistent Poverty

Week 5 (February 6-10)

- Duncan, Cynthia "Mil" 1996. "Understanding Persistent Poverty: Social Class Context in Rural Communities." *Rural Sociology* 61:103-124.
- Ludwig, Jens and Susan E. Mayer 2006. "Culture and the Intergenerational Transmission of Poverty: The Prevention Paradox." *The Future of Children* 16:175-196.
- Rank, Mark and Thomas A. Hirschl. 1999. "The Likelihood of Poverty Across the American Adult Life Span." *Social Work* 44:201-216
- Duncan, Greg J and Katherine Magnuson. 2011. "The Long Reach of Early Childhood Poverty." *Pathways*, p. 417-423, Grusky
- Holzer et al "The Economic Costs of Poverty in the U.S.: Subsequent Effects on Children Growing up Poor" Center for American Progress
- Chetty et al "The Effects of Neighborhoods on Children's Long Term Outcomes: Quasi-Experimental Evidence for the US"

The Top 1 Percent

Week 6 (February 20-24)

- Facundo Alvaredo, Anthony Atkinson, Thomas Piketty, and Emmanuel Saez, "The Top 1 Percent in International and Historical Perspective", *Journal of Economic Perspectives* Volume 27(3): pp. 3-20.
- Bakija, Cole, and Heim (2012). "Jobs and Income Growth of Top Earners and the Causes of Changing Income Inequality: Evidence from US Tax Return Data"
- Mankiw, N. Gregory, "Defending the One Percent" *Journal of Economic Perspectives*, Summer, 2013.
- Kaplan, Steven and Joshua Rah, "It's the Market: The Broad-Based Rise in the Return to Top Talent" *Journal of Economic Perspectives*, Summer, 2013.

- Bivens, Josh, and Lawrence Mishel, “The Pay of Corporate Executives and Financial Professionals as Evidence of Rents in Top 1 Percent Incomes” *Journal of Economic Perspectives*, Summer, 2013.
- Saez, Emmanuel, “Striking it Richer: The Evolution of Top Incomes in the United States” (Updated with 2012 data) 2013.

Intergenerational Mobility: Historical and Geographic Trends

Week 7 (February 27-March 3)

- Ferrie, Joseph P. 2005. “The End of American Exceptionalism? Mobility in the United States Since 1850.” *Journal of Economic Perspectives* 19:199-215.
- Saez, E. & Zucman, G. Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data, *Quarterly Journal of Economics*, forthcoming.
- Kopczuk, W., Saez, E., & Song, J. Earnings Inequality and Mobility in the United States: Evidence from Social Security Data since 1937, *Quarterly Journal of Economics*, 2010, 125(1), 91-128.
- The Fading American Dream: Trends in Absolute Income Mobility Since 1940 (with David Grusky, Maximilian Hell, Nathaniel Hendren, Robert Manduca, Jimmy Narang)
- Van Leeuwen and Maas “Historical Studies of Social Mobility and Stratification” *Annual Review of Sociology*

Week 8 (March 6-10)

- Hout, Michael Hout, Michael. 2015. “A Summary of What We Know about Social Mobility.” *Annals of the American Association of Political and Social Science* 657: 27-36.
- Is the United States Still a Land of Opportunity? Recent Trends in Intergenerational Mobility (with Nathaniel Hendren, Patrick Kline, Emmanuel Saez, and Nick Turner), *American Economic Review Papers and Proceedings* 104(5): 141-147, 2014
- Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States (with Nathaniel Hendren, Patrick Kline, and Emmanuel Saez), *Quarterly Journal of Economics* 129(4): 1553-1623, 2014
- The Effects of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects (with Nathaniel Hendren)
- The Effects of Neighborhoods on Intergenerational Mobility II: County Level Estimates (with Nathaniel Hendren)

Intergenerational Mobility: Inheritance

Week 9 (March 13-17)

- Kopczuk, W., What Do We Know About the Evolution of Top Wealth Shares in the United States? *Journal of Economic Perspectives*, 2015, 29(1), 47-66
- Bowles, Samuel and Herbert Gintis. 2002. “The Inheritance of Inequality.” *Journal of Economic Perspectives* 16: 3-30.

- Kopczuk, W. The Trick is to Live: Is the Estate Tax Social Security for the Rich? *Journal of Political Economy*, 2003, 111(6), 1318-1341.
- Kopczuk, W., Bequest and Tax Planning: Evidence from Estate Tax Returns, *Quarterly Journal of Economics*, 2007, 122(4), 1801-1854.
- Piketty, T. (1995) “Social Mobility and Redistributive Politics”, *Quarterly Journal of Economics*, 110(3), pp. 551–584

Intergenerational Mobility: Education and Opportunity

Week 10 (March 20-24)

- Beller, Emily and Michael Hout. 2006. “Intergenerational Social Mobility: The United States in Comparative Perspective.” *The Future of Children* 16: 19-36.
- Summers, Lawrence, “Economic Possibilities for our Children,” *NBER Reporter* 2013, #4.
- Lucas, Samuel. 2001. “Effectively Maintained Inequality: Education Transitions, Track Mobility, and Social Background Effects.” *American Journal of Sociology* 106:1642-1690.
- Jencks, Christopher, and Laura Tach. 2006. “Would Equal Opportunity Mean More Mobility?” in Stephen L. Morgan, David B. Grusky and Gary S. Fields (eds.) *Mobility and Inequality: Frontiers of Research in Sociology*. Stanford University Press, pp. 23-58.
- Black, S. and Devereux, P. (2011). Recent developments in intergenerational mobility. *Handbook of Labor Economics*, 4:1487{1541.

Public Policy: Minimum Wage

Week 11 (March 27-31)

- Congressional Budget Office, “The Effects of a Minimum-Wage Increase on Employment and Family Income,” February 2014
- Alan Manning, “To Raise, or Not to Raise, the Minimum Wage Again,” *Milken Review* 3rd qtr 2013.
- Jane Collins and Victoria Meyer, *Both Hands Tied: Welfare Reform and the Race to the Bottom in the Low-Wage Labor Market*
- National Employment Law Project (2014). “The Low-Wage Recovery: Industry Employment and Wages Four Years into the Recovery.”
- Dube “Designing Thoughtful Minimum Wage Policy at the State and Local Levels” *The Hamilton Project*.
- Dube et al “Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties” *Review of Economics and Statistics* 2010.
- Economic Policy Institute “Raising the federal minimum wage to \$10.10 would lift wages for millions and provide a modest economic boost,” 2013

Public Policy: Taxes at the Bottom/EITC

Week 12 (April 3-7)

- Kasy, M. (2014). Who wins, who loses? Tools for distributional policy evaluation. working paper.
- Newman, Katherine S. and Rourke L. O'Brien. 2011. "Taxing the Poor: How Some States Make Poverty Worse." Pathways, p 369-375, Grusky
- Eissa and Hoynes "Behavioral Responses to Taxes: Lessons from the EITC and Labor Supply," Tax Policy and the Economy Volume 20, pp. 74-110. MIT Press
- Using Differences in Knowledge Across Neighborhoods to Uncover the Impacts of the EITC on Earnings (with John Friedman and Emmanuel Saez), American Economic Review 103(7): 2683-2721, 2013
- Teaching the Tax Code: Earnings Responses to an Experiment with EITC Recipients (with Emmanuel Saez), American Economic Journal: Applied Economics 5(1): 1-31, 2013
- Hoynes and Patel "The Earned Income Tax Credit and the Distribution of Income"
- Eissa, N. and Hoynes, H. (2004) "Taxes and the Labor Market Participation of Married Couples: the Earned Income Tax Credit", Journal of Public Economics, Vol. 88, 2004, pp. 1931-1958
- Saez "Do Taxpayers Bunch at Kink Points?" AEJ Policy, August 2010.

Public Policy: Taxes at the Top

Week 13 (April 10-14)

- Ales, L. and Sleet, C., Taxing the Top, Carnegie Mellon working paper 2015
- Piketty, T., Saez, E. and Stantcheva, S., Optimal Taxation of Top Labor Incomes: A Tale of Three Elasticities, American Economic Journal: Economic Policy 2014
- Rothschild, C. and Scheuer, F., Optimal Taxation with Rent-Seeking, forthcoming, Review of Economic Studies
- Scheuer, F. and Werning, I., The Taxation of Superstars, NBER working paper 2015
- Moretti, E. & Wilson, D. The Effect of State Taxes on the Geographical Location of Top Earners: Evidence from Star Scientists, 2015, Mimeo: UC Berkeley
- Martin, I. (2013) Rich People's Movements: Grassroots Campaigns to Untax the One Percent, Oxford University Press.
- CBO, "The Distribution of Major Tax Expenditures in the Individual Income Tax System"

Week 14 (April 17-21)

- Cremer, H. and Pestieau, P., Wealth and Wealth Transfer Taxation: A Survey, IDEI working paper 2009
- Farhi, E. and Werning, I., Inequality and Social Discounting, Journal of Political Economy 2007
- Farhi, E. and Werning, I., Progressive Estate Taxation, Quarterly Journal of Economics 2009

- Piketty, T. and Saez, E., A Theory of Optimal Inheritance Taxation, *Econometrica* 2013
- Becker, J. (2008) *Inherited Wealth*, Princeton University Press.
- Scheve, K. and Stasavage, D. (2011) “Democracy, War and Wealth: Evidence from Two Centuries of Inheritance Taxation”, *American Political Science Review*, 106(1), pp. 81–102

Public Policy: Welfare Reform

Week 15 (April 24-28)

- Kail, Ben Lennox, and Marc Dixon** 2011. “The Uneven Patterning of Welfare Benefits at the Twilight of AFDC” *The Sociological Quarterly* 52:376-399
- Michael Tanner, “The American Welfare State: How We Spend Nearly \$1 Trillion a Year Fighting Poverty – And Fail,” *Policy Analysis* No. 694 (April 11, 2012)
- Paul Ryan: The War on Poverty, fifty years later
- David Frum: Paul Ryan’s obsolete thinking about poverty.
- Robert Greenstein, Ryan “Opportunity Grant” Proposal Would Likely Increase Poverty and Shrink Resources for Poverty Programs Over Time.
- Allard, S. (2009). Chapter 2 in *Out of Reach: Place, Poverty, and the New American Welfare State*. Yale University Press.

Public Policy: Looking Forward

Week 16 - Finals Week

- Saez, E. (2001). Using elasticities to derive optimal income tax rates. *The Review of Economic Studies*, 68(1):205-229.
- Rank, Mark and Thomas A Hirschl. 2002. “Welfare Use as a Life Course Event: Toward a New Understanding of the US Safety Net” *Social Work* 47:237-248.
- Report of the Commission on Inclusive Prosperity, Center for American Progress, January 2015
- Kuziemko, L., Norton, M., Saez, E. and Stantcheva, S. (2015) “How Elastic are Preferences for Redistribution?”, *American Economic Review*, 105(4), pp. 1478–1508
- Atkinson, A. B. (2015). *Inequality: What Can be Done?* Harvard University Press

Deliverables

- Student will create a blog and post weekly on the respective topics and if possible how they relate to Indiana.