

Econ 133
Global Inequality and Growth

Spring 2020

Syllabus as of March 23, 2019
([check online for updated versions](#))

Units: 4

Lectures: 3 hours per week

Sections: 1 hour per week

Lectures:

Tuesdays 5.00pm-8.00pm, in 4 LeConte

Professor: Dr. Ludvig Wier

Email: ludvig.wier@berkeley.edu

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

Webpage: www.ludvigwier.com

Graduate Student Instructors:

Nina Roussille (nina_roussille@berkeley.edu):

Wednesday 1pm-2pm (in Hildebrand B51)

Wednesday 2pm-3pm (in Hildebrand B51)

Wednesday 3pm-4pm (in Etcheverry 3119)

Anton Heil (j.a.heil@berkeley.edu):

Monday 8.00am-9.00am (in Evans 70)

Monday 9.00am-10.00am (in Valley Life Sciences 2066)

Monday 10.00am-11.00am (in Etcheverry 3105)

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:

<https://www.ludvigwier.com/econ-133-global-inequality-and-grow> Material related to the course will be tweeted on the Twitter accounts of Anton Heil (@anton_heil), Nina Roussille (@NinaRoussille), and Ludvig Wier (@LudvigWier), with hashtag #Econ133.

Course material (including exams, solutions, grade statistics) from the last time this course was taught is available at <http://www.gabriel-zucman.eu/econ133>

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 Preston Mui (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 (2018), “[Distributional National Accounts: Methods and Estimates for the United States](#)”, *Quarterly Journal of Economics*.
- [World Inequality Report 2018](#), part II: “Trends in Global Income Inequality”
- Marianne Bertrand (2017), “[The Glass Ceiling](#),” *Economica*, forthcoming
- Gabriel Zucman (2014), “[Taxing Across Borders: Tracking Personal Wealth and Corporate Profits](#)”, *Journal of Economic Perspectives*, 28(4): 121-148.
- Lucy Page and Rohini Pande (2015), “[Ending Global Poverty: Why Money Isn’t Enough](#)”, *Journal of Economic Perspectives*, 32: 173-200.

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. Three out of these five short essay questions will be randomly graded, and each graded essay will count for 5% of the final grade (hence 15% overall). Essays must be submitted before the due deadline via bCourses.

In the tutorials you will, furthermore, be asked to find your favorite graph/analysis from the ambitious 2018 OECD report “[The Broken Social Elevator](#)”. It is not required that you read this report in its entirety and you may simply want to see the webinar presentation of the report instead of reading it [here](#).

Online resources:

Several interactive tools have been put available by leading researchers in inequality. You may want to check these out:

- Design your own tax policy and examine the distributional consequences here: <https://taxjusticenow.org/#/>
- Explore the opportunity atlas to see what the level of social mobility is in your neighbourhood here: <https://www.opportunityatlas.org/>

- Find out how much your country lose (or win) to tax havens here: <https://missingprofits.world/>
- Explore life across incomes, from the extremely poor to the wealthy, on dollar street: <https://www.gapminder.org/dollar-street/matrix>
- Check out where in the income distribution you are: <https://wid.world/>
- Check out “Our World in Data” to find out just about anything about the state of global development e.g. how the fight on extreme poverty is going: <https://ourworldindata.org/extreme-poverty>

Optional readings:

In addition to the required readings above, there are three books that are recommended optional readings:

- Emmanuel Saez and Gabriel Zucman’s “Triumph of Injustice” (2019, W.W. Norton & Co.
- Thomas Piketty’s *Capital in the 21st Century* (2014, Harvard University Press).
- The World Inequality Report 2018: <https://wir2018.wid.world>
- Anthony Atkinson’s *Inequality: What Can be Done?* (2015, Harvard University Press).

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. Nina Roussille (@NinaRoussille), Anton Heil (@anton_heil) and Ludvig Wier (@LudvigWier) will tweet one recent newspaper article with hashtag #Econ133 each week on Friday 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. At least 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 two or 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 tweeted during the semester, so make sure to read them all!

Grading:

- Midterm (in class, March 10th, 5pm-6.30pm): 20%
- Final (May 15th, 11.30am-2.30pm): 45%
- Answering i-clicker questions accurately during lectures: 5%
- Short essay questions on the five compulsory readings: 15% (3 x 5%).
- Work in sections: 15%, decomposed as follows:
 - ✓ At least one essay on and class discussion of a newspaper article in groups of two or 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 15th, 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 me. 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.

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:** Thomas Piketty, Emmanuel Saez and Gabriel Zucman (2018), "[Distributional National Accounts: Methods and Estimates for the United States](#)"
- Short essay questions on this reading to be handed in on **Feb. 3rd**.
 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 2018](#), part II: "Trends in Global Income Inequality"
- Short essay questions on this reading to be handed in on **Feb 17th**.
 6. Global income inequality dynamics
 7. Trends in inequality between countries
 8. Trends in inequality within countries
 9. The United States in international perspective

PART III – Labor Income Inequality

- **Compulsory reading:** Marianne Bertrand (2017), "[The Glass Ceiling](#)," *Economica*
- Short essay questions on this reading to be handed in on **Mar. 2nd**.
 10. Labor income inequality: the skill premium
 11. Gender inequality in the labor market
 12. Medicare 4 All
 13. Labor income inequality: the role of institutions

MIDTERM CANCELLED due to COVID-19: Weight shifted to final

PART IV – 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. 30th**.

14. Racial economic disparities
15. Private and public capital
16. Global wealth inequality
17. Drivers of wealth inequality ($r > g$, inheritance and savings)
18. Optimal labor taxation
19. Optimal capital taxation

PART V – Regulating Inequality

- **Compulsory reading:** Lucy Page and Rohini Pande (2015), "[Ending Global Poverty: Why Money Isn't Enough](#)", *Journal of Economic Perspectives*, 32: 173-200.
- Short essay questions on this reading to be handed in on **Apr. 21st**
 20. Taxation in a globalized world (x2)
 21. Tax evasion and inequality
 22. Ending global poverty
 23. Review and conclusion

FINAL EXAM: May 15th, 11.30am to 2.30pm.