

Date: January 15, 2019

SUP 204 – GROWTH, INEQUALITY, AND THE INCOME OF HOUSEHOLDS
SPRING 2019

LECTURES: M/W, Location: Rubenstein 304: 8:45 a.m. - 10:00 a.m.

Professor: Jason Furman

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Office hours: Wednesday 1:45-2:45 p.m. & additional variable times. Sign up:

<https://calendly.com/jasonfurman/office-hours>

Teaching Team:

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COURSE DESCRIPTION

Since the 1970s households in the United States and other advanced economies have seen their income growth slow as a result of slower overall economic growth and rising inequality—compounded in many countries by men withdrawing from the workforce. In China and many emerging economies, households have seen substantial income gains—as fast overall economic growth has outweighed the rise in inequality. This course will analyze the ways in which growth, inequality, and labor force participation shape the incomes of typical households, focusing on the United States, other advanced economies, and, to a lesser degree, developing economies. The course will consider the causes of the changes in growth and inequality as well as their relationship—asking questions like whether higher growth inevitably entails higher inequality and whether inequality can be bad for growth. In addition, we will consider the positive and normative evaluation of policies that entail tradeoffs between growth and inequality.

The course will draw on a variety of areas of economics including macroeconomics, public finance, labor economics and industrial organization. We will also consider policy applications and evaluation.

PREREQUISITES

There are no formal prerequisites but familiarity with economics and elementary statistics is strongly recommended. Students lacking this background may find the material challenging.

ASSIGNMENTS AND GRADE INFORMATION

The course assignments are a combination of preparing for class, individual work, group projects, and participation in class. Every component is essential—including preparing for class, which, based on research showing that more frequent testing helps with learning, will be assessed with simple quizzes on the reading given before nine pre-specified lectures. *Additional information on all of these assignments will be available on Canvas as the course progresses.*

Assignment 1: Descriptive Memo on a Chosen Country: 3-5 pages, including charts, tables and about 1,500 words by a pair of students (14% of final grade). Write a memo describing the major stylized facts and their interrelationship about growth and inequality in a country *other than the United States*. You may draw on data from the Wealth and Income Database, the OECD, the World Bank, and the Penn World Tables. Your write-up can cover household incomes, growth, inequality and their relationship. It should not just list a series of facts but explain their context and relationship, potentially both over time and compared with other countries. The memo, however, need not include explanations of these facts and should not include policy recommendations. *Due February 13*

Assignment 2: Policy Proposal on Growth and/or Inequality: Either a solo op-ed (750-1,000 words) or a presentation testimony by a pair of students (14% of final grade). You will be randomly assigned to either (a) write an op-ed or (b) give a PowerPoint presentation in the form of testimony to a legislature or international organization. In either format, you will be advancing and defending a policy of your choice affecting growth and/or inequality. See [this](#) for some tips on writing an effective op-ed. *Due March 11*

Assignment 3: Policy Proposal on Inequality and/or Labor Force Participation: Either a solo op-ed (750-1,000 words) or a presentation by a pair of students (14% of final grade). You will do the opposite format of what you did in Assignment 2, either (a) an op-ed or (b) a PowerPoint presentation in the form of testimony. If you focused on growth for Assignment 2 then you can choose either inequality or labor force participation for this assignment but if you focused on inequality for Assignment 2 then you should focus on labor force participation for this assignment. *Due April 22*

Preparation for Class: Quizzes (11% of final grade). Quizzes will be given in nine pre-specified classes and cover the material since the last quiz, including the reading for the day of the quiz. These quizzes will be designed to verify that you have done the assigned reading to prepare for lecture. The two lowest scores will be dropped in computing your final grade. Absences will be scored as a zero.

Participation in Class: Discussions in lecture and presentations of relevant assignments (11% of final grade). Classes and lectures will entail participation and discussion. Attendance at office hours and participation in the class discussion board on Canvas can also contribute to your participation grade.

Final Exam: Assesses the material covered in the course and its interconnections (36% of final grade). The exam will be closed book during finals period.

ACADEMIC INTEGRITY AND OTHER EXPECTATIONS

You are expected to abide by the University policies on academic honesty and integrity as given in the HKS [Academic Code](#). Violations of these policies will not be tolerated and are subject to severe sanctions up to and including expulsion from the University. That includes using proper citations, including quotation marks for any quotes, and not re-using any work from other courses without prior permission of the instructor.

Laptops and other electronic devices cannot be used in class—with the exception of taking the multiple choice quizzes which will be administered through Canvas. If you would like an exception you can talk to the instructor about your reasons and possible accommodations.

Grades on late assignments will be reduced by a full grade for each day late and will not be accepted more than two days after the due date. If you want to contest any aspect of a grade, the entire assignment or test will be regraded.

COURSE SCHEDULE OVERVIEW

DAY	DATE	TOPIC
OVERVIEW: GROWTH, INEQUALITY, AND HOUSEHOLD INCOMES		
Fri	Jan 25	Shopping Day
Mon	Jan 28	A Global Perspective
Wed	Jan 30	Trends in the United States and Other Advanced Economies
Mon	Feb 4	*Normative Perspectives
PART 1 – GROWTH		
Wed	Feb 6	Does Growth Matter for Incomes?
Mon	Feb 11	*Do Incomes Matter for Happiness?
Wed	Feb 13	Growth Theory and Empirics (<i>Assignment 1: Descriptive memo</i>)
Mon	Feb 18	HOLIDAY – PRESIDENT’S DAY
Wed	Feb 20	*A Longer-term Perspective on Growth
Fri	Feb 22	The Productivity Slowdown (<i>class available on video if you cannot attend</i>)
PART 2 – INEQUALITY		
Mon	Feb 25	*Facts
Wed	Feb 27	Competitive Explanations
Mon	Mar 4	*Non-competitive Explanations
Wed	Mar 6	Guest: Heather Boushey (Washington Center for Equitable Growth)
Mon	Mar 11	Student presentations (<i>Assignment 2: Memo or presentation</i>)
Wed	Mar 13	Student presentations of factual memo
Mon	Mar 25	NO CLASS
Wed	Mar 27	Trade (guest lecture by Robert Lawrence)
PART 3 – LABOR FORCE PARTICIPATION		
Mon	Apr 1	*Men
Wed	Apr 3	Women
Mon	Apr 8	*Robots
PART 4 – GROWTH AND INEQUALITY: TRADEOFF OR COMPLEMENT?		
Wed	Apr 10	Microeconomic Channels
Mon	Apr 15	*Macroeconomic Channels
Wed	Apr 17	Guest Lecture: Michael Strain (American Enterprise Institute)
Mon	Apr 22	Student Presentations (<i>Assignment 3: Memo or presentation</i>)
Wed	Apr 24	Student Presentations
PART 5 – POLITICS		
Mon	Apr 29	Public Perception
Wed	May 1	*The Political System

*Indicates a quiz day

READING LIST

The following is a list of required readings. In some cases a longer, more technical version of the paper is also provided as an option—wherever possible I would encourage you to read those in addition to or instead of the associated required reading.

Recommended Books (Optional)

The following books cover a number of the major ideas in the course and you may be interested in reading them before, during, or after the course.

Acemoglu, Daron, and James A. Robinson. *Why Nations Fail: The Origins of Power, Prosperity and Poverty*. New York: Crown Publishers.

Atkinson, Anthony B. 2015. *Inequality – What Can be Done?* Cambridge, MA: Harvard University Press.

Deaton, Angus. 2013. *The Great Escape: Health, Wealth, and the Origins of Inequality*. Princeton: Princeton University Press.

Gordon, Robert J. 2016. *The Rise and Fall of American Growth: The U.S. Standard of Living Since the Civil War*. Princeton: Princeton University Press.

Milanovic, Branko. 2011. *The Haves and the Have-Nots: A Brief and Idiosyncratic History of Global Inequality*. New York: Basic Books.

Okun, Arthur. 1975. *Equality and Efficiency, the Big Tradeoff*. Washington, DC: The Brookings Institution.

OVERVIEW: GROWTH, INEQUALITY, AND HOUSEHOLD INCOMES

A Global Perspective (January 28)

Deaton, Angus. 2013. “Introduction: What this Book is About.” In *The Great Escape: Health, Wealth, and the Origins of Inequality*. Princeton: Princeton University Press.

Milanovic, Branko. 2013. “Global Income Inequality in Numbers: History and Now.” *Global Policy* 4(2): 198-208.

Lakner, Christoph, and Branko Milanovic. 2014. “Global Income Distribution: From the Fall of the Berlin Wall to the Great Recession.” *VoxEU*, May 27. (<https://voxeu.org/article/global-income-distribution-1988>).

Trends in the United States and Other Advanced Economies (January 30)

Furman, Jason. 2015. "A Brief History of Middle-class Economics: Productivity, Participation, and Inequality in the United States." *VoxEU*. February 20. (<http://voxeu.org/article/brief-history-middle-class-economics>).

Chetty, Raj, et al. 2016. "The Fading American Dream: Trends in Absolute Income Mobility since 1940." Executive Summary. December. (Optional full version: Chetty, Raj, et al. 2017. "The Fading American Dream: Trends in Absolute Income Mobility since 1940." *Science* 356(6336): 398-406.)

Cox, W. Michael, and Richard Alm. 2008. "How are We Doing?" *The American* 2(4): 26-31.

Eberstadt, Nicholas N. 2017. "Our Miserable 21st Century." *Commentary* 143(3): 15-22.

Case, Anne and Angus Deaton, 2015. "Rising Morbidity and Mortality in Midlife among White non-Hispanics Americans in the 21st Century." *Proceedings of the National Academy of Sciences of the United States of America* 112(49): 15078-15083.

Organisation for Economic Co-operation and Development (OECD). 2015. "Growth and Income Inequality: Trends and Policy Implications." OECD Economics Department Policy Notes No. 26. April.

Normative Perspectives (February 4)

Okun, Arthur. 1975. "Chapter One: Rights and Dollars." In *Equality and Efficiency, the Big Tradeoff*. Washington, DC: Brookings Institution Press.

Mankiw, N. Gregory. 2013. "Defending the One Percent." *Journal of Economic Perspectives* 27(3): 21-34.

Solow, Robert, et al. 2014. "Correspondence: The One Percent." *Journal of Economic Perspectives* 28(1): 243-248.

PART 1 – GROWTH

Does Growth Matter for Incomes? (February 6)

Dollar, David, Tatjana Kleineberg, and Aart Kraay. 2013. "Growth Still is Good for the Poor." *VoxEU*. November 19. (<https://voxeu.org/article/growth-still-good-poor>). (Optional read the full version of their original paper: Dollar, David, and Aart Kraay. 2002. "Growth is Good for the Poor." *Journal of Economic Growth* 7(3): 195-225.)

Mishel, Lawrence. 2012. "The Wedges between Productivity and Median Compensation Growth." Issue Brief 330. April. Washington, DC: Economic Policy Institute.

Bivens, Josh, and Lawrence Mishel. 2015. "Understanding the Historic Divergence between Productivity and a Typical Worker's Pay." Briefing Paper 406. September. Washington, DC: Economic Policy Institute.

Stansbury, Anna and Lawrence Summers. 2018. "On the Link Between US Pay and Productivity." *VoxEU*. February 20. (<https://voxeu.org/article/link-between-us-pay-and-productivity>). (Optional full version "Productivity and Pay: is the Link Broken?" PIIE Working Paper 18-5. Washington: Peterson Institute for International Economics and Mishel, Lawrence, and Josh Bivens. 2017. "New Paper on Pay-Productivity Link Does Not Overturn EPI Findings." *Working Economics Blog*. November 9. (<https://www.epi.org/blog/new-paper-on-pay-productivity-link-does-not-overturn-epi-findings/>)).

Do Incomes Matter for Happiness and More Broadly? (February 11)

Friedman, Benjamin M. 2006. "The Moral Consequences of Economic Growth." *Society* 43(2): 15-22.

Department for International Development (DFID). 2008. "Growth: Building Jobs and Prosperity in Developing Countries." [Note - Only need to read pages 1-10]

Easterlin, Richard A. 1995. "Will Raising the Incomes of All Increase the Happiness of All?" *Journal of Economic Behavior and Organization* 25(1995): 35-47. (Optional full classic paper is Easterlin, Richard A. 1974. "Does Economic Growth Improve the Human Lot? Some Empirical Evidence." *Nations and Households in Economic Growth* 89(1974): 89-125.)

Sacks, Daniel W, Betsey Stevenson, and Justin Wolfers. 2012. "The New Stylized Facts About Income and Subjective Well-Being." *Emotion* 12(6): 1181-1187. (Optional full version is Stevenson, Betsey, and Justin Wolfers. 2008. "Economic Growth and Subjective Well-Being: Reassessing the Easterlin Paradox." *Brookings Papers on Economic Activity* 2008(1): 1-87.)

Stiglitz, Joseph, Jean-Paul Fitoussi, and Martine Durand. 2018. "Executive Summary, Beyond GDP: Measuring What Counts for Economic and Social Performance." Paris: OECD Publishing.

Growth Theory and Empirics (February 13)

Romer, Paul. July 16, 2016. "Economic Growth." (<https://paulromer.net/economic-growth/index.html>).

Pritchett, Lant. 1997. "Divergence, Big Time." *Journal of Economic Perspectives* 11(3): 3-17.

Patel, Dev, Justin Sandefur, and Arvind Subramanian. 2018. "Everything You Know about Cross-Country Convergence Is (Now) Wrong." *PIIE Realtime Economic Issues Watch Blog*. October 15. (<https://piie.com/blogs/realtime-economic-issues-watch/everything-you-know-about-cross-country-convergence-now-wrong>).

Barro, Robert. 1991. "Economic Growth in a Cross-section of Countries." *Quarterly Journal of Economics* 106(2): 407-443.

A Longer-term Perspective on Growth (February 20)

Pritchett, Lant, and Lawrence Summers. 2014. "Growth Slowdowns: Middle-income Trap vs. Regression to the Mean." *VoxEU*. December 11. (<http://voxeu.org/article/growth-slowdowns-middle-income-trap-vs-regression-mean>).

Acemoglu, Aaron. 2009. "What Makes a Nation Rich? One Economist's Big Answer." *Esquire*. November 18. (<https://www.esquire.com/news-politics/a6637/world-poverty-map-1209/>).

Rodrik, Dani, and Arvind Subramanian. 2003. "The Primacy of Institutions (and What this Does and Does Not Mean)." *Finance & Development* 40(2): 31-34.

Sachs, Jeffrey D. 2003. "Institutions Matter, but Not for Everything: The Role of Geography and Resource Endowments in Development Shouldn't Be Underestimated." *Finance & Development* 40(2): 38-41.

The Productivity Slowdown (February 22)

Cassidy, John. 2016. "The Great Productivity Puzzle." *The New Yorker*. August 10. (<http://www.newyorker.com/news/john-cassidy/the-great-productivity-puzzle>).

Gordon, Robert. 2014. "The Turtle's Progress: Secular Stagnation Meets the Headwinds." In *Secular Stagnation: Facts, Causes, and Cures*. London: Centre for Economic Policy Research (CEPR). (Optional full version: Gordon, Robert J. 2012. "Is U.S. Economic Growth Over? Faltering Innovation Confronts the Six Headwinds." NBER Working Paper 18315. Cambridge, MA: National Bureau of Economic Research.)

Brynjolfsson, Erik, and Andrew McAfee. 2014. "The Dawn of the Age of Artificial Intelligence." *The Atlantic*. February 14. (<https://www.theatlantic.com/business/archive/2014/02/the-dawn-of-the-age-of-artificial-intelligence/283730/>).

Bloom, Nicholas, Chad Jones, John Van Reenen, and Michael Webb. 2017. "Ideas aren't Running Out, but they are Getting More Expensive to Find." *VoxEU*. September 20. (<https://voxeu.org/article/ideas-aren-t-running-out-they-are-getting-more-expensive-find>). (Optional full version is Bloom, Nicholas, Chad Jones, John Van Reenen, and Michael Webb. 2018. "Are Ideas Getting Harder to Find?" Working Paper.)

Feldstein, Martin. 2015. "The U.S. Underestimates Growth." *The Wall Street Journal*. May 18. (<https://www.wsj.com/articles/the-u-s-underestimates-growth-1431989720>).

Byrne, David, John G. Fernald, and Marshall Reinsdorf. 2017. "Does Growing Mismeasurement Explain Disappointing Growth?" *FRBSF Economic Letter*. February. San Francisco: Federal Reserve Bank of San Francisco.

PART 2 - INEQUALITY

Facts (February 25)

Keeley, Brian. 2015. "Chapter 2: What's Happening to Income Inequality." In *Income Inequality: The Gap Between Rich and Poor*. Paris: OECD Publishing.

Piketty, Thomas, Emmanuel Saez, and Gabriel Zucman. 2016. "Economic Growth in the United States: A Tale of Two Countries." Washington Center for Equitable Growth. December 6. (<http://equitablegrowth.org/research-analysis/economic-growth-in-the-united-states-a-tale-of-two-countries/>).

Hassett, Kevin A, and Aparna Mathur. 2012. "Hassett and Mathur: Consumption and the Myths of Inequality." *The Wall Street Journal*. October 24. (<https://www.wsj.com/articles/SB10000872396390444100404577643691927468370>).

Wolff, Edward N. 2014. "Wealth Inequality." *Pathways: State of the Union*. Stanford Center on Poverty and Inequality.

Shapiro, Thomas, Tatjana Meschede, and Sam Osoro. 2013. "The Roots of the Widening Racial Wealth Gap: Explaining the Black-White Economic Divide." Research and Policy Brief. February. Waltham, MA: Institute on Assets and Social Policy.

Competitive Explanations (February 27)

Autor, David H. 2014. "Skills, Education, and the Rise of Earnings Inequality, Among the 'Other 99 Percent.'" *Science* 344(6186): 843-851.

Autor, David H, Lawrence F. Katz, and Melissa S. Kearney. 2006. "The Polarization of the US Labor Market." *American Economic Review Papers and Proceedings* 96(2): 189-194.

Rosen, Sherwin. 1983. "The Economics of Superstars." *The American Scholar* 52(4): 449-460.

Kaplan, Steven N, and Joshua Rauh. 2013. "It's the Market: The Broad-Based Rise in Return to Top Talent." *Journal of Economic Perspectives* 27(3): 35-56.

Non-competitive Explanations (March 4)

Alvaredo, Facundo, Anthony B. Atkinson, Thomas Piketty, and Emmanuel Saez. 2013. "The Top 1 Percent in International and Historical Perspective." *Journal of Economic Perspectives* 27(3): 3-20.

Council of Economic Advisers (CEA). 2016. "Labor Market Monopsony: Trends, Consequences, and Policy Responses." Issue Brief. October.

Maas, Steven. 2018. "New Evidence that Unions Raise Wages for Less-Skilled Workers." *The NBER Digest*. September. (Optional full version is Farber, Henry S., Daniel Herbst, Ilyana Kuziemko, Suresh Naidu. 2018. "Unions and Inequality Over the Twentieth Century: New Evidence from Survey Data." NBER Working Paper 24587. Cambridge, MA: National Bureau of Economic Research.)

Bivens, Josh, and Lawrence Mishel. 2013. "The Pay of Corporate Executives and Financial Professionals as Evidence of Rents in Top 1 Percent Incomes." *Journal of Economic Perspectives* 27(3): 57-78.

Philippon, Thomas. 2009. "Are Bankers Paid Too Much?" *VoxEU*. February 2. (<http://voxeu.org/article/are-bankers-paid-too-much>). (Optional full version is Philippon, Thomas, and Ariell Reshef. 2012. "Wages and Human Capital in the U.S. Finance Industry: 1909-2006." *Quarterly Journal of Economics* 127(4): 1551-1906.)

Guest: Heather Boushey (Washington Center for Equitable Growth) (March 6)

Readings to be assigned

Trade with guest lecturer Robert Lawrence (March 27)

The Economist. 2016. "Trade in the Balance." *The Economist*. February 6. (<https://www.economist.com/news/finance-and-economics/21690073-globalisation-can-make-everyone-better-does-not-mean-it-will-trade>).

Krugman, Paul. 2007. "Trouble with Trade." *The New York Times*. December 28. (<http://www.nytimes.com/2007/12/28/opinion/28krugman.html>).

Lawrence, Robert. 2007. "The Globalization Paradox: More Trade, Less Inequality." *VoxEU*. September 4. (<http://voxeu.org/article/globalisation-paradox-more-trade-less-inequality>)

Autor, David, David Dorn, and Gordon Hanson. 2016. "The China Shock: Learning from Labor-Market Adjustment to Large Changes in Trade." *Annual Review of Economics* 8: 205-240. [Note – you can skip Section 3 on theory and do your best on Section 4]

Cigno, Alessandro. 2015. "Trade, Foreign Investment, and Wage Inequality in Developing Countries." *IZA World of Labor*. November.

PART 3 – LABOR FORCE PARTICIPATION

Men (April 1)

Black, Sandra, Jason Furman, Emma Rackstraw, and Nirupama Rao. 2016. "The Long-Term Decline in US Prime-Age Male Labour Force Participation." *VoxEU*. July 6. (<http://voxeu.org/article/long-term-decline-us-prime-age-male-labour-force-participation-and-policies-address-it>).

Eberstadt, Nicholas. 2017. "Where Did All the Men Go?" *Milken Institute Review* 2017(Q2): 18-33.

Krueger, Alan B. 2017. "Where Have All the Workers Gone? An Inquiry into the Decline of the U.S. Labor Force Participation Rate." *Brookings Papers on Economic Activity*: 2017(2): 1-59. (Required to read pp. 17-29 on prime age men, the rest is optional.)

Women (April 3)

Krueger, Alan B. 2017. "Where Have All the Workers Gone? An Inquiry into the Decline of the U.S. Labor Force Participation Rate." *Brookings Papers on Economic Activity*: 2017(2): 1-59. (Required to read pp. 29-32 on women, the rest is optional.)

Blau, Francine D, and Lawrence M. Kahn. 2013. "Female Labor Supply: Why is the United States Falling Behind." *American Economic Review: Papers & Proceedings* 103(3): 251-256.

Cohen, Patricia. 2017. "Why Women Quit Working: It's Not for the Reasons Men Do." *The New York Times*. January 24. (<https://www.nytimes.com/2017/01/24/business/economy/women-labor-force.html>).

Elborgh-Woytek, Katrin, et al. 2013. "Women, Work, and the Economy: Macroeconomic Gains from Gender Equity." Staff Discussion Note 13/10. Washington, DC: International Monetary Fund.

Goldin, Claudia. 2006. "The Quiet Revolution That Transformed Women's Employment, Education, and Family." *American Economic Review* 96(2): 1-21.

Robots (April 8)

Ip, Greg. 2016. "Robots Aren't Destroying Enough Jobs." *The Wall Street Journal*. May 10. (<https://www.wsj.com/articles/robots-arent-destroying-enough-jobs-1494434982>).

Mishel, Lawrence, and Josh Bivens. "The Zombie Robot Argument Lurches On." Report. Washington, DC: Economic Policy Institute.

Brynjolfsson, Erik, and Andrew McAfee. 2015. "Will Humans Go the Way of Horses?" *Foreign Affairs* 94(2015): 8-14.

Acemoglu, Daron, and Pascual Restrepo. 2017. "Robots and Jobs: Evidence from the US." *VoxEU*. April 10. (<http://voxeu.org/article/robots-and-jobs-evidence-us>). (Optional full version: Acemoglu, Daron, and Pascual Restrepo. 2018. "Robots and Jobs: Evidence from US Labor Markets." Working Paper.)

Ford, Martin. 2013. "Could Artificial Intelligence Create an Unemployment Crisis?" *Communications of the ACM* 56(7): 37-39.

Summers, Lawrence H. 2013. "Economic Possibilities for Our Children." *NBER Reporter* 2013(4): 1-6.

PART 4 – GROWTH AND INEQUALITY: TRADEOFF OR COMPLEMENT?

Microeconomic Channels (April 10)

Feldstein, Martin. 2006. "The Effect of Taxes on Efficiency and Growth." *Tax Notes* 111(6): 679-684.

Becker, Gary, and Kevin M. Murphy. 2007. "The Upside of Income Inequality." *The American* 1(4): 20-23.

Conard, Edward. 2016. "What Liberals Don't Understand About Income Inequality." *Time*. September 13. (<http://time.com/4474437/upside-of-income-inequality/>).

Bell, Alex, et al. 2018. "Who Becomes an Inventor in America? The Importance of Exposure to Innovation." Executive Summary. The Equality of Opportunity Project. (Optional full version: Bell, Alex, et al. 2018. "Who Becomes an Inventor in America? The Importance of Exposure to Innovation." Working Paper.)

Corak, Miles. 2013. "Income Inequality, Equality of Opportunity, and Intergenerational Mobility." *Journal of Economic Perspectives* 27(3) 79-102.

Galor, Oded. 2000. "Income Distribution and the Process of Development." *European Economic Review* 44(4): 706-712.

Macroeconomic Channels (April 15)

Ostry, Jonathan D., Andrew Berg, and Charalambos Tsangarides. 2014. "Redistribution, Inequality, and Sustainable Growth: Reconsidering the Evidence." *VoxEU*. March 6.

(<https://voxeu.org/article/redistribution-inequality-and-sustainable-growth>). (Optional full version: Ostry, Jonathan D., Andrew Berg, and Charalambos G. Tsangarides. 2014. “Redistribution, Inequality, and Growth.” Staff Discussion Note 14/02. Washington, DC: International Monetary Fund.)

Stiglitz, Joseph E. 2013. “Inequality is Holding Back the Recovery.” *The New York Times*. January 19. (<https://opinionator.blogs.nytimes.com/2013/01/19/inequality-is-holding-back-the-recovery/>).

Krugman, Paul. 2013. “Inequality and Recovery.” *The New York Times*. January 20. (<https://krugman.blogs.nytimes.com/2013/01/20/inequality-and-recovery/>).

_____. 2014. “Inequality and Economic Performance: What Do We Know?” Slides.

_____. 2015. “Musings on Inequality and Growth.” *The New York Times*. June 8. (<https://krugman.blogs.nytimes.com/2015/06/08/musings-on-inequality-and-growth/>).

Giles, Chris. 2015. “Inequality in Unjust, Not Bad for Growth.” *Financial Times*. August 18. (<https://www.ft.com/content/94a7b252-45a1-11e5-b3b2-1672f710807b>).

Furman, Jason. 2018. “Should Policymakers Care If Inequality Is Good or Bad for Growth?” Working Paper.

Guest: Michael Strain (American Enterprise Institute) (April 17)

Readings to be assigned

PART 5 – POLITICS

Public Perception (April 29)

Alesina, Alberto, Stephanie Stantcheva, and Edoardo Teso. 2017. “Intergenerational Mobility and Preferences for Redistribution.” *VoxEU*. June 21. (<http://voxeu.org/article/intergenerational-mobility-and-preferences-redistribution>).

Ashok, Vivekinan, Ilyana Kuziemko, and Ebonya Washington. 2015. “Support for Redistribution in an Age of Rising Inequality: New Stylized Facts and Some Tentative Explanations.” *Brookings Papers on Economic Activity* 2015(1): 367-405.

Kuziemko, Ilyana, Michael I. Norton, Emmanuel Saez, and Stefanie Stantcheva. 2015. “How Elastic Are Preferences for Redistribution? Evidence from Randomized Survey Experiments.” *American Economic Review* 105(4): 1478-1508.

Starmans, Christina, Mark Sheskin, and Paul Bloom. 2017. “Why People Prefer Unequal Societies.” *Nature Human Behavior* 1(4).

The Political System (May 1)

Bonica, Adam, Nolan McCarty, Keith T. Poole, and Howard Rosenthal. 2013. "Why Hasn't Democracy Slowed Rising Inequality?" *Journal of Economic Perspectives* 27(3):103-124.

Cook, Fay Lomax, Benjamin I. Page, and Rachel L. Moskowitz. 2014. "Political Engagement by Wealthy Americans." *Political Science Quarterly* 129(3): 381-398.

Fisman, Raymond, et al. 2015. "The Distributional Preferences of an Elite." *Science* 349(6254): 1300-1307.

Ip, Greg. 2016. "Rise of the Populist Right Doesn't Signal Demise of Globalization." *The Wall Street Journal*. June 8. (<https://www.wsj.com/articles/rise-of-populist-right-doesnt-signal-demise-of-globalization-1465404913>).

Norris, Pippa. 2016. "It's Not Just Trump. Authoritarian Populism is Rising Across the West. Here's Why." *The Washington Post*. March 11. (https://www.washingtonpost.com/news/monkey-cage/wp/2016/03/11/its-not-just-trump-authoritarian-populism-is-rising-across-the-west-heres-why/?utm_term=.0b0479bf8d29).