

The outline consists of lectures (presented by me) and discussions (student presentations with class discussion).

1 Basic Facts

1-20-Wed: Lecture: [Basic facts about income and wealth distribution](#)¹

- U.S. inequality over time: rising top incomes and wealth shares, skill premium.
- Brief overview of data sources and limitations.

2 Earnings Distribution

Lecture: Facts and Classic Papers [1-25-Mon]

- Rising skill premium: [Katz and Murphy \(1992\)](#).
- SBTC and the race between education and technology ([Goldin and Katz, 2008](#)).
- Labor market polarization: [Autor and Dorn \(2013\)](#), [Acemoglu and Restrepo \(2019\)](#)
- Models with exogenous earnings processes: [Huggett \(1996\)](#), [Castaneda et al. \(2003\)](#)
- RIP and HIP: [Guvenen \(2007\)](#)
- Administrative earnings data: [Song et al. \(2019\)](#)

Discussions: Models with endogenous earnings distribution:

- [1-27-Wed] [Huggett et al. \(2011\)](#): Ben-Porath human capital model that fits earnings distribution moments over the life-cycle.
- [Guvenen and Kuruscu \(2010\)](#): Ben-Porath human capital model that fits earnings distribution moments over time.
- [2-1-Mon] [Guvenen et al. \(2020\)](#): Matching of worker skills to job characteristics.
- [Silos and Smith \(2015\)](#): Matching of worker skills to jobs.
- [2-3-Wed] [Bhattacharya et al. \(2013\)](#): Investments in managerial skills.
- [Hubmer \(2018\)](#): A model of job ladders.

¹ References are in the slides.

- If there are more papers, let's discuss them, but I cannot find them. A big opening in the literature.

Human capital and knowledge:

- Akcigit et al. (2020): a model of career choice; studies how human capital and knowledge (R&D) interact.

This is another topic on which surprisingly little has been written.

Intergenerational transmission of human capital:

- [2-8-Mon] Lee and Seshadri (2018) a model of investment in children.
- Herrington (2015): public education financing affects intergenerational mobility.

Cross-country differences:

- [2-10-Wed] Guvenen et al. (2013): Ben-Porath human capital model. Taxes explain cross-country differences.
- Lagakos et al. (2018): Cross-country differences in experience profiles.
- Guner et al. (2018): Investments in managerial skill.

International trade?

3 Rising and Taxing Top Incomes

Lecture: Facts and stories. [2-15-Mon]

- World Top Incomes DataBase
- Facts: Alvarado et al. (2013), Piketty and Saez (2014), Guvenen and Kaplan (2017)
- International: Hoffmann et al. (2020)
- Understanding top incomes:
 - rising return to “skill”: Kaplan and Rauh (2013) presents evidence that rise in top incomes is broad based; top businesses are typically not inherited.
 - CEO pay: Bivens and Mishel (2013) argue that rising CEO pay reflects rents and should be taxed.
 - superstars: Rosen
- Taxing top incomes:
 - Diamond and Saez (2011): framework for thinking based on elasticities; very useful.
 - Piketty et al. (2014): mostly useful for evidence about behavioral responses and costs of redistribution.
- The normative question of how to tax people:
 - Mankiw (2013): a thoughtful discussion of different principles and their flaws.

Discussions: Rising top incomes: Theory.

- [2-17-Wed] [Gabaix et al. \(2016\)](#): theoretical notes on how rapidly rising top incomes can be generated to match the evidence.
- [Gabaix and Landier \(2008\)](#): rising CEO pay reflects increasing firm sizes and is efficient.

Taxing top earners: Theory.

- [2-22-Mon] [Badel and Huggett \(2017\)](#): an extended elasticity formula for the revenue maximizing top tax rate; tested against a human capital model.

Taxing top earners: Superstar models.

- [2-24-Wed] [Guner et al. \(2016\)](#), [Krueger and Kindermann \(2020\)](#): both are models with high top income states, but their implications for optimal top marginal tax rates are very different.

Taxing top earners: Human capital

- [Badel et al. \(2020\)](#): a human capital model to evaluate the optimal top marginal tax rate.

Taxing top earners with entrepreneurship: see Section [Section 5](#) on Wealth Inequality.

4 Effects of Taxation

Discussions: Taxation and innovation.

- [3-1-Mon] [Jones \(2019\)](#): optimal taxation when productivity is due to R&D.
- [Akcigit et al. \(2018\)](#): empirical evidence that innovations is responsive to tax incentives.
- [3-3-Wed] [Akcigit and Stantcheva \(2020\)](#): a survey.

Taxation and human capital:

- [Krueger and Ludwig \(2016\)](#)

Taxation and labor supply:

- [3-8-Mon] [Erosa et al. \(2012\)](#)
- [Laun and Wallenius \(2016\)](#)

Taxation and growth.

- [Jaimovich and Rebelo \(2017\)](#): nonlinear effects of taxes on growth.

5 Wealth Inequality

Lecture: Facts and classic models. [3-10-Wed]

- [Fagereng et al. \(2016\)](#): question the accuracy of the [Piketty and Saez \(2014\)](#) inference from tax returns for top wealth holdings. Uses administrative data from Norway. Also document heterogeneity in rates of return.
- Surveys: [De Nardi and Fella \(2017\)](#), [Benhabib and Bisin \(2018\)](#).

Discussions: Rising wealth inequality over time:

- [3-15-Mon] [Hubmer et al. \(2020\)](#): quantitative model to understand sources of rising wealth inequality.
- [Hintermaier and Koeniger \(2011\)](#): quantitative model, identified by matching wealth distribution shape parameters from all SCF years.
- [3-17-Wed] [Kaymak and Poschke \(2015\)](#), [Ales \(2015\)](#): quantitative model; emphasizes role of taxes and wage distribution.

Entrepreneurship:

- [Cagetti and Nardi \(2006\)](#): benchmark model of entrepreneurship, bequests, and wealth distribution on which much of the subsequent literature builds.
- [3-22-Mon] [Brüggemann \(2017\)](#): progressive taxation in a model based on [Cagetti and Nardi \(2006\)](#).
- [Imrohoroglu et al. \(2018\)](#): similar to [Brüggemann \(2017\)](#).

Inheritances and estate taxation:

- [3-24-Wed] [Cagetti and De Nardi \(2009\)](#): studies estate taxation in a model similar to [Cagetti and Nardi \(2006\)](#).
- [Ocampo and Yuki \(2006\)](#): how important are intergenerational transfers for wealth inequality?

Rich earnings processes:

- [3-29-Mon] [De Nardi et al. \(2018\)](#): uses an earnings process estimated from administrative data in a standard life-cycle model.

Rate of return heterogeneity:

- [Benhabib et al. \(2019\)](#): matches data on rates of return from Sweden.
- [3-31-Wed] [Kuhn et al. \(2020\)](#): importance of portfolio composition and rates of return for rising wealth inequality.

Wealth inequality and mobility:

- [Gomez \(2020\)](#): presents data that shed light on the role of mobility for increasing top wealth holdings. Many of the top wealth holders changed identities over time.

6 References

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