

Economics of Inequality

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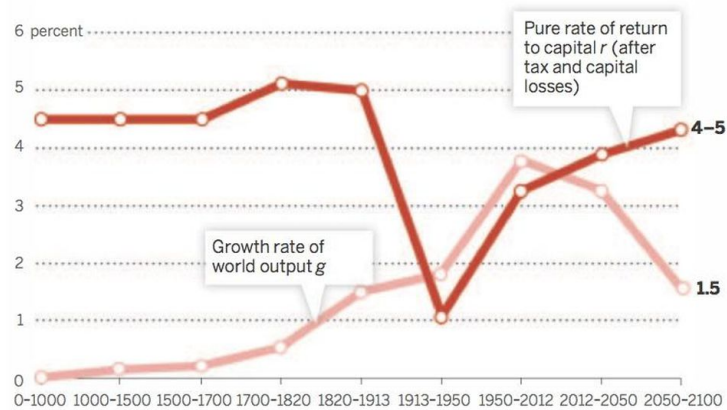
INEQ, WU Wien



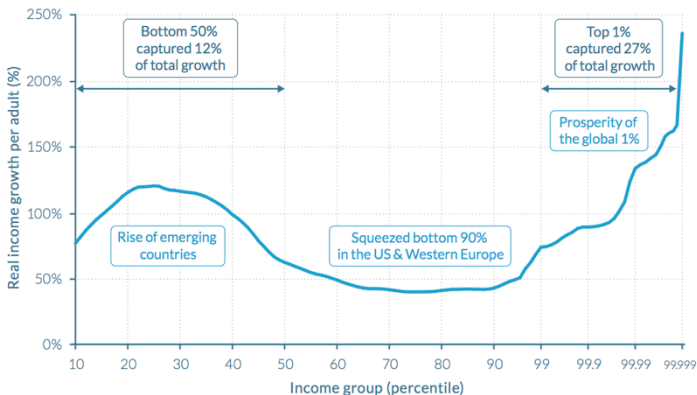
Piketty: Capital in the 21st century

Rate of return vs. growth rate at the world level, Antiquity–2100

Annual rate of return or rate of growth



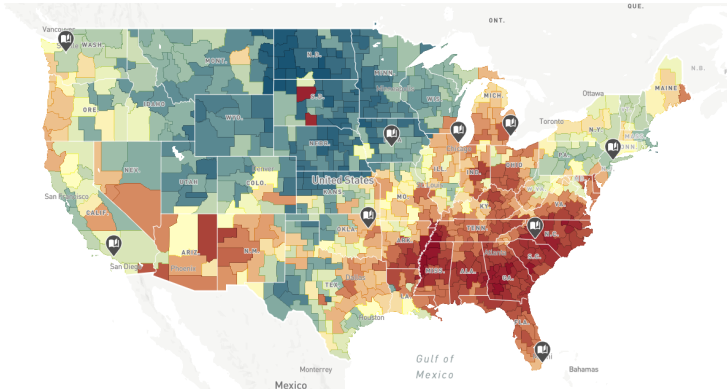
Milanovic: Global Inequality



Source: WID.world (2017). See [wir2018.wid.world](#) for more details.

On the horizontal axis, the world population is divided into a hundred groups of equal population size and sorted in ascending order from left to right, according to each group's income level. The Top 1% group is divided into ten groups, the richest of these groups is also divided into ten groups, and the very top group is again divided into ten groups of equal population size. The vertical axis shows the total income growth of an average individual in each group between 1980 and 2016. For percentile group p99p99.1 (the poorest 10% among the world's richest 1%), growth was 74% between 1980 and 2016. The Top 1% captured 27% of total growth over this period. Income estimates account for differences in the cost of living between countries. Values are net of inflation.

Chetty et al: Atlas of Social Mobility



Learning Outcomes

This course provides an introduction to the analysis of economic inequalities and the interplay between inequality and economic growth.

After completion you should be able to answer these questions:

- How does inequality vary across countries and evolve over the path of development?
- What are the theories that can explain the degree of economic inequalities and its dynamic?
- How do policies affect inequalities, and what types of policies can foster equitable growth?

Schedule

1 Introduction and Theory

- Inequality of what? Among whom?
- Thoughts of Ricardo, Marx, Kuznets, Piketty..

2 Grand Debates

- Cambridge capital controversy
- Does $r > g$ imply greater inequality?
- Taxation and inequality
- Labor markets I: Gender and Migration
- Labor markets I: Digital- and Globalization
- Demographic change and household structure
- Social Mobility

3 Windup

- Recap and nexuses
- Exam

Assessment

Components

25% Essays (5 of 7)

15% Presentation

10% Discussant

50% Exam

Grades

≥ 89% A

≥ 76% B

≥ 63% C

≥ 50% D

Learning Outcomes

This course guides you through the process of an empirical research project in the field of economic inequality.

After completion, you successfully managed to

- Comprehend the argumentation and methods of a well-published paper
- Replicate the results in R
- Extend the analysis following your ideas

Assessment

Components

- 15% 1st Presentation: The Paper
- 15% 2nd Presentation: Replication
- 15% 3rd Presentation: Extensions
- 55% Research report

Grades

- ≥ 89% A
- ≥ 76% B
- ≥ 63% C
- ≥ 50% D