

PLSC 287 / PLSC 565 / EPE 411 / LAW 21578
Democracy and Distribution
Michael Graetz and Ian Shapiro
Fall 2009

Monday 3:30 to 5:20 pm
Room 124

Office Hours
Michael Graetz: Mondays, 2:00-3:00
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An examination of the relations between democracy and the distribution of income and wealth, principally but not exclusively in the United States. Particular attention will be paid to the ways in which different groups, classes, and coalitions affect, and are affected by, democratic distributive politics. Attention will be divided among theories of distribution, distributive instruments, and the implementation of policies affecting distribution. Substantive topics covered will include taxes, welfare, public opinion, gender, race, affirmative action, education, and trade unions.

Open to juniors and seniors.

Course Requirements

Law and graduate students will be expected to write a 20 to 25 page research paper over the course of the semester. A one to two page paper prospectus must be discussed with the instructors and submitted for approval by Monday, October 12th. The instructors will suggest additional readings once paper topics have been selected. Because this is a research-oriented seminar, it is not appropriate for Credit/D/Fail. Undergraduate students can either pursue this option, or write two literature reviews (of approximately 10 pages). The topics should be approved by the instructors.

Students enrolled in the course will be expected to attend all classes and to initiate the discussion of at least three readings with a five minute introduction as assigned by the instructors the preceding week.

Key:

[L] Book available at Labyrinth

[O] Available online at the classes server

September 7

Facts about inequality in US and the world

Required:

- Piketty, Thomas and Emmanuel Saez, 2006. "The Evolution of Top Incomes: A Historical and International Perspective". *American Economic Review*, Papers and Proceedings, 96(2), 2006, 200-205 [O]
- Firebaugh, Glenn, 2003. *The New Geography of Global Income Inequality*. Harvard University Press: Cambridge, MA. Chapters 1, 6, 9, 10, and 11. [L]
- Wolff, Edward, 2002. "The Stagnating Fortunes of the Middle Class". *Social Philosophy & Policy Foundation*. [O]
- Jencks, Christopher, 2005. "What Happened to Welfare?". *The New York Review of Books* Volume 52, Number 20 · December 15. [O]
- The Economist, "Under Attack: A special report on the rise and fall of the wealthy". April 4-10, 2009. [O]

Recommended:

- Garrett, Geoffrey, 2004. "Globalization's Missing Middle". *Foreign Affairs*, Vol. 83, No. 6 (Nov. - Dec., 2004), pp. 84-96.
- Saez, Emmanuel, 2004. "Income and Wealth Concentration in a Historical and International Perspective". Unpublished paper.
- Slaughter, Matthew and Phillip Swagel, 1997. "The effect of globalization on wages in the advanced economies". IMF working paper.
<http://www.imf.org/external/pubs/ft/wp/wp9743.pdf>
- Friedman, Benjamin. 2005. *The Moral Consequences of Economic Growth*. Random House.
- Atkinson, Anthony B., 2008. "Income Inequality in OECD Countries: Data and Explanations". CESifo Working Paper Series No. 881
(http://papers.ssrn.com/sol3/papers.cfm?abstract_id=386761)
- Branko Milanovic, 2005. *Worlds Apart: Measuring International and Global Inequality*. Princeton University Press.
- Bourguignon, F. & Morrison, C., 2002. "Inequality among world citizens: 1820-1992". *American Economic Review* 92, 727-744.
- Fong, Christina M, Samuel Bowles and Herbert Gintis, 2006. "Strong Reciprocity And The Welfare State". In *Handbook of Giving*.
- Congressional Budget Office, 2009. "Changes in the Distribution of Workers' Annual Earnings Between 1979 and 2007". <http://www.cbo.gov/ftpdocs/105xx/doc10527/10-02-Workers.pdf>

September 14

Why has inequality increased?

Required:

- Frank, Robert and Philip Cook. *Winner-Take-All-Society*. Penguin Book. 1996. Chapters 1-6, 8 [L]
- Gordon , Robert J. and Ian Dew-Becker, 2008. "Controversies About The Rise Of American Inequality: A Survey". NBER Working Paper 13982. [O]

Recommended:

- Krueger, Alan, 2004. "The Economics of Real Superstars: The Market of Rock Concerts in the Material World". Unpublished. [O]
- Gabaix, Xavier and Augustin Landier, 2008. "Why Has CEO Pay Increased So Much?" *Quarterly Journal of Economics* Vol. 123, No. 1, Pages 49-100.
- Neal, Derek and Sherwin Rosen, 1998. "Theories of the Distribution of Labor Earnings". NBER Working Paper 6378.
- Piketty, Thomas and Emmanuel Saez, 2003. "Income Inequality in the United States, 1913-1998". *Quarterly Journal of Economics*, 118(1), 2003, 1-39. [O] (*See updated tables in Excel file).
- Saez, E. and W. Kopczuk, 2004. "Top Wealth Shares in the United States, 1916-2000: Evidence from Estate Tax Returns". *National Tax Journal*, 57(2), Part 2, June, 445-487.
- Jencks, Christopher, Susan Mayer, and Joseph Swingle, 2008. "Can We Fix the Federal Poverty Measure So it Provides Reliable Information About Changes in Children's Living Conditions?". Unpublished paper.
- Piketty, T. and E. Saez, 2006. "Has Inequality Increased in the US?: Response to Alan Reynolds' article in WSJ criticizing our estimates". January.
- Wolf, Edward, 1996. *Top Heavy: The Increasing Inequality of Wealth in America and What Can Be Done About It*. New Press.
- Autor, David H., Lawrence F. Katz, and Melissa S. Kearney, 2008. "Trends in U.S. Wage Inequality: Revising the Revisionists". *The Review of Economics and Statistics*, May, 90(2): 300-323.
- Saez E., and Michael Veall, 2005. "The Evolution of High Incomes in Northern America: Lessons from Canadian Evidence", *American Economic Review*, 95(3): 831-849.
- Correspondents of the New York times, 2005. *Class Matters*. New York: Times Books). This is a good source of topics for papers. You may also check the links to the report in The New York Times <http://www.nytimes.com/pages/national/class/>
- Gary Burtless, 1995. "International trade and the rise of earnings inequality". *Journal of Economic literature*, vol. 33 (June), pp. 800-816.
- Bowles, S., Gintis, H. & Groves, M. O. (eds.) *Unequal Chances: Family Background and Economic Success* (Princeton University Press and Russell Sage Foundation, Princeton, 2005).
- Samuel Bowles and Herbert Gintis, 2002. "The Inheritance of Inequality" *Journal of Economic Perspectives*—Volume 16, Number 3—Summer 2002—Pages 3-30.

September 21

No class

September 28

Analytical Tools I

Required:

- Olson, Mancur, 1965. *The Logic of Collective Action*. Chapters 1 and 6. [L]
- Hirschman, Albert, 1970. *Exit, Voice and Loyalty*. Chapters 1, 2, 3. [L]
- Okun, Arthur, 1975. *Equality and Efficiency. The Big Trade-Off*. Chapters 3 and 4. [L]
- Andrews, Dan, Christopher Jencks and Andrew Leigh, 2009. "Do Rising Top Incomes Lift All Boats" Unpublished paper. [O]