

Master's seminar

Macroeconomics of Inequality

- Summary:

Economic inequality has long sparked public and academic debates. There is still dissent about the origins and impacts of inequality on macroeconomic development and stability as well as the desirability and effects of macroeconomic policy to address inequality. Macroeconomic analysis is a natural starting point for understanding and organizing the debate about inequality.

This seminar discusses the macroeconomic perspective on inequality by assessing the state of the empirical evidence and macroeconomic models of inequality. We will discuss the recent developments in global and regional inequality as well as the scope and desirability for monetary and fiscal policy to reduce economic inequality.

- Course Meeting Times:

- Kick-off meeting: (**October 23rd**)
- Seminar presentations: as announced in the kick-off meeting.
- All meetings take place online via **ZOOM**.

- Important notes:

- Successful participation in Advanced Macroeconomics II or Advanced Mathematics for Economics and Finance is required for participation.
- The seminar rewards **6 ECTS** upon completion.
- We will assign the seminar topics and announce the allocation during the kick-off.
- While we will do our best to assign topics based on your preferences, we cannot guarantee that everybody will get their favorite topics.
- To sign up for the seminar, send an email that contains your **full name**, your **matriculation ID** and your **preference order** over the topics to

marius.jaeger@vwl.uni-freiburg.de

until **October 9th**.

- The seminar is limited to 15 participants.

- Requirements:

- Participants must deliver a presentation on their respective topic and write a short summary on **each** topic (approx. 3-4 pages).
- Active participation of all participants in class discussions is expected and part of the final grade.

- Topics:

1. **Inequality in the 21st Century**

- * Jones, Charles I. “Pareto and Piketty: The macroeconomics of top income and wealth inequality.” *Journal of Economic Perspectives* 29.1 (2015): 29-46.
- * Piketty, Thomas. “About capital in the twenty-first century.” *American Economic Review* 105.5 (2015): 48-53.

2. **Capital in the 21st Century: A Critique**

- * Krusell, Per, and Anthony A. Smith Jr. “Is Pikettys ‘second law of capitalism’ fundamental?.” *Journal of Political Economy* 123.4 (2015): 725-748.

3. **Fiscal Policies: Wealth Distribution and Bequest Taxation**

- * Bossmann, Martin, Christian Kleiber, and Klaus Wlde. “Bequests, taxation and the distribution of wealth in a general equilibrium model.” *Journal of Public Economics* 91.7-8 (2007): 1247-1271.

4. **Origins of Prosperity: Cross-country Income Differences**

- * Lucas Jr, Robert E. “Making a miracle.” *Econometrica* (1993): 251-272.
- * Caselli, Francesco. “Accounting for Cross-Country Income Differences: Ten Years Later.” *World Development Report*, 2017.

5. **Inequality and Crises**

- * Kumhof, Michael, Romain Rancire, and Pablo Winant. “Inequality, leverage, and crises.” *American Economic Review* 105.3 (2015): 1217-45.
- Bordo, Michael D., and Christopher M. Meissner. “Does inequality lead to a financial crisis?.” *Journal of International Money and Finance* 31.8 (2012): 2147-2161.

Note: Articles marked with an asterisk (*) are required readings for all participants.

- Further details will be announced during the kick-off meeting.