Economic History:
Capital, Inequality, Growth
(Master APE & PPD, Paris School of Economics)
Thomas Piketty
Academic year 2015-2016

Syllabus & Reading list
(check on line for updated version)
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  (check on-line for updated versions)
The objective of this course is to present an **introduction to economic history**, with special emphasis on the interaction between capital accumulation, inequality and growth. Issues will include the following.

- **How did the world distribution of output, income and wealth - both between and within countries - evolve since 1800, and how can we account for these changes?**
  What was the interaction with the global ownership and power structure, colonization and the state formation process? Did rising inequality contribute to the 2008 financial crisis, and what will be the impact of the crisis in emerging and developed countries? How does this differ from the 1929 crisis?
• Question: Can we properly understand economic issues with representative-agent formal economic models?
• Answer: No. We need to study history, society, and institutions: legal system, welfare state, taxation, etc. And to understand institutional dynamics and state formation, we need to study property, inequality and beliefs systems about the economy and the just society.
→ economic history cannot be studied separately from social, political and cultural history
→ mathematical models can be useful, but only if they are used with parsimony (only when we really need them)
→ economics/political economy/economic history belong to the social sciences, & should not try to escape from them
• This course will focus on the history of capital accumulation, inequality & growth
• For a focus on the history of taxation & public spending and on normative theories of government intervention & optimal redistribution, see my Public Economics course

• The course is organized in 8 classes of 3 hours each
• To validate the course, students are required:
  (1) to attend and actively participate to all classes;
  (2) to take the exam (the exam will require a good working knowledge of the material included in the lecture slides and in the highly recommended * readings)
(examples of past exams from another course are here)
A quick roadmap of the lectures

• **Lecture 1: Income, capital and growth in the long run: how did rich countries become rich?** (Tuesday September 8th & 15th 2015)

• **Lecture 2: The dynamics of capital accumulation: private vs public capital and the Great Transformation** (Tuesday September 22nd 2015)

• **Lecture 3: Inequality in the long run: labor income vs capital ownership** (Tuesday September 29th 2015)
• Lecture 4: Slavery, forced labor and political rights in historical perspective (Tuesday October 6\textsuperscript{th} 2015)

• Lecture 5: Historical demography, family structures and the population transition (Tues. Oct. 13\textsuperscript{th} 2015)

• Lecture 6: Money, finance and crisis in historical perspective (Tuesday October 27\textsuperscript{th} 2015)

• Lecture 7: The rise of the fiscal, social and capital state (Tuesday November 3\textsuperscript{rd} 2015)
How to use the reading list

• The reading list contains many references (which themselves include more extensive bibliographies). Aim is to provide an introduction to the existing historical literature for students who plan to specialize in these areas. You are not expected to read everything!

• You should try to read at least the “highly recommended readings” (denoted with a *), as well as a selection of books and articles based on your own tastes. But please read!

• The exam will be based upon a good working knowledge of all the material that is presented in the lecture slides. Please ask during the classes if there is anything unclear in this material.
Reading list: general references

To a large extent the course will follow this book:

- T. Piketty, *Le capital au 21<sup>e</sup> siècle*, Seuil 2013
  (*Capital in the 21<sup>st</sup> century*, Harvard University Press 2014)

I also strongly recommend the following books:

- P. Lindert, *Growing Public - Social Spending and Economic Growth since the 18<sup>th</sup> Century*, Oxford UP 2004

- See also T. Piketty, «*Putting Distribution Back at the Center of Economics*», Journal of Economic Perspectives 2015
  «*Vers une économie politique et historique*», Annales – Histoire, sciences sociales 2015
Detailed reading list

(highly recommended readings: *)

**Lecture 1: Income, capital and growth in the long run: how did rich countries become rich?**

Basic facts about world growth in the long run:

- *Capital...,* chap.1-2
- R. Stone, “The accounts of society”, *Nobel lecture 1984*

Global history and comparative development:


• --, “Political Economy and Ecology on the Eve of Industrialization. Europe, China and the Global Conjuncture”, *AHR 2002*


• Hoffman, P. « Prices, the military revolution, and western Europe’s comparative advantage in violence », *EHR 2011*; “Why Was It Europeans Who Conquered the World?”, *JEH 2012*


• P. Lindert, *Growing Public- Social Spending and Economic Growth since the 18th Century*, Oxford UP 2004
• Frank, A., B. Gills, *The World System. Five hundred years or Five thousands ?*, Routledge 1993
The standard growth model


- L. Summers, « Demand-Side Secular Stagnation», *AER 2015*


- See also *Course notes on wealth models*
Lecture 2: The dynamics of capital accumulation: private vs public capital and the Great Transformation

•  *Capital...,* chap.3-6


The measurement and transformation of national wealth

•  R. Giffen, *The Growth of Capital*, 1889


Public debt and ricardian equivalence
• R. Barro, “Are government bonds net wealth?”; JPE 1974; «Government spending, interest rates, prices and budget deficits in the UK 1701-1918», JME 1987

Land and other asset prices
• J. Gyourko et al, “Superstar Cities”, AEJ 2010

Foreign asset portfolios
Strict property rights vs co-determination & worker participation

• R. Hornbeck, “Barbed Wire: Property Rights and Agricultural Development”, *QJE 2010*
• R. Allen, “The Efficiency and Distributional Consequences of Eighteenth Century Enclosures,” *EJ 1982*
• E. McGaughey, « The Codetermination Bargains: The History of German Corporate and Labour Law », *WP 2015*

Capital shares

• C. Cobb, P. Douglas, « A Theory of Production », *AER 1928*
Natural capital


Intellectual property


• J. Boyle, “The Second Enclosure Movement & the Construction of the Public Domain”, *LCP 2003*
Lecture 3: Inequality in the long-run: labor income vs capital ownership

• *Capital..., chap.7-12

Historical studies on income and wealth inequality

• S. Kuznets, *Shares of upper income groups in income and savings*, NBER 1953; « Economic growth and income inequality », *AER* 1955
• A. Atkinson, A. Harrison, *Distribution of personal wealth in Britain*, CUP 1978
• A. Atkinson, T. Piketty, E. Saez, « Top Incomes in the Long Run of History», *JEL* 2011
• * F. Alvaredo, --,--,-, "The Top 1% in International & Historical Perspective“, *JEP* 2013
• * T. Piketty, E. Saez, “Inequality in the long run”, *Science* 2014
Inequality of labor income

• Capital..., chap.8-9
• C. Goldin, L. Katz, The Race between Education and Technology, HUP 2009
• D. Autor, « Skills, education and the rise of earnings inequality among the other 99 percent », Science 2014
• P. Bourdieu, J.C. Passeron. Les héritiers. Les étudiants et la culture, Minuit 1966
• T. Piketty, E. Saez, S. Stantcheva, « Optimal Taxation of Top Labor Incomes: A Tale of Three Elasticities », AEJ 2014
• E. Schuster, « European Company Law », LSE slides 2015
Inequality of capital ownership

- Capital..., chap.10-12
- J. Bourdieu, L. Kestelsbaum, G. Postel-Vinay, L’enquête TRA. Histoire d’un outil, outil pour l’histoire, INED 2014
- “About Capital in the 21st century”, AER 2015 (& other symposia)
- See also Course notes on wealth models
• Y. Berman, Y. Shapira, E. Ben-Jacob, « Modelling the origin and possible control of the wealth inequality surge », 2015
• Li Shi, « Changes in Wealth Distribution in China, 2002-2010 », WP 2013
World distribution of income and wealth

- C. Lakner, B. Milanovic, « Global Income Distribution: from the Fall of the Berlin Wall to the Great Recession », WP 2013
- J. Davies, D. Shorrocks et al, Global Wealth Report, Credit Suisse 2014, Data Book
- F. Alvaredo, T. Piketty, « Measuring Top Incomes and Inequality in the Middle East », WP 2015
- * G. Zucman, « The missing wealth of nations: are Europe and the US net debtors or net creditors? », QJE 2013
- --, « Taxing across borders: Tracking personal wealth and corporate profits », JEP 2014
Lecture 4: Slavery, forced labor and political rights in historical perspective

- *Capital*, chap.4

Slavery in historical perspective

- M. Finley, *Ancient Slavery and Modern Ideology*, 1979
- I. Chaterjee, R. Eaton, *Slavery and South Asian History*, Indiana UP 2007
Slavery vs perpetual debt

- C. Oustin-Bastide, P. Steiner, *Calcul et morale – Coûts de l’esclavage et valeur de l’émancipation (18e-19e siècles)*, Albin Michel, 2015

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- D. Graeber, *Debt – The first 5,000 years*, 2012
- S. Horowitz, R. Sitkoff, “Unconstitutional Perpetual Trusts”, *VLR 2014*
Long term impact of slavery

- E. Williams, *Capitalism & Slavery*, 1944
- S. Beckert, *Empire of Cotton...*, 2014
- C. Hall, *The Legacies of British Slave-Ownership*, CUP 2014
- N. Nunn, “The Long Term Effects of Africa’s Slave Trades,” *QJE 2008*
- -, N. Qian, « The Colombian Exchange: A History of Disease, Food, and Ideas », *JEP 2010*
- Dell, M. “The Persistent Effects of Peru’s Mining Mita,” *EMA 2010*
Slavery vs other coercive labor relations

- A. Stanziani, *Le travail contraint en Asie et en Europe 17\(^e\)-20\(^e\) s.*, MSH 2010; *Bondage. Labor and Rights in Eurasia 16\(^{th}\)-20\(^{th}\) centuries*, 2014
- * A. Stanziani “Beyond colonialism: servants, wage earners and indentured migrants in rural France and on Reunion Island (c. 1750–1900)”, *Labor History 2013*
- S. Naidu, “Recruitment Restrictions and Labor Markets: Evidence from the Post-Bellum U.S. South”, *JLE 2010*

Castes, colonies and other status-based inequality systems
• * G. Cassan, « Identity based policies and identity manipulation: Evidence from Colonial Punjab », *AEJ 2014*
• G. Cassan, « Political representation in Colonial India », 2015
• * F. Alvaredo, A. Atkinson, « Colonial Rule, Apartheid & Natural Ressources: Top Incomes in South Africa 1903-2007 », *WP 2010*
Censitary societies & voting rights in historical perspective

- S. Engerman, K. Sokoloff, “The Evolution of suffrage institutions in the New World”, *JEH 2005*
Lecture 5: Historical demography, family structures and the population transition

- *Capital..., chap.1-2*

Causes and consequences of the demographic transition

- M. Kremer, “Population Growth and Technological Change: One million BC to the present”, QJE 1993
• Murphy, T., « Old Habits Die Hard (Sometimes): What Can Department Heterogeneity Tell Us About the French Fertility Decline? », JEG 2015
• N. Voigtlander, J. Voth, « How the West ’Invented’ Fertility Restriction », AER 2013
• N. Qian, « Missing Women and the Price of Tea in China: the Effect of Sex-Specific Earnings on Sex Imbalance », QJE 2008
Living standards and population growth in the long run

• C. Feinstein, “Pessimism Perpetuated: Real Wages and the Standard of Living During and After the Industrial Revolution”, *JEH 1998*


• S. Nicholas, R. Steckel, “Heights and Living Standards of English Workers during the Early Years of Industrialization, 1770–1815.” *JEH 1991*

• C. Boix, F. Rosentbluth, « Bones of Contention: The Political Economy of Height Inequality », *APSR 2014*
• J. De Vries, “The Industrial Revolution and the Industrious Revolution”, JEH 1994
• D. Costa, “The Unequal Work Day: A Long-Term View“, JLE 2000
• K. O’Rourke, J. Williamson, “From Malthus to Olhin: Trade, Industrialization and Distribution since 1500”, JEG 2005
• D. Rouzet, “L’évolution des salaires et de la rente foncière en France (1450-1940)”, PSE 2004
• L. Abad, E. Davies, J. van Zanden, « Between conquest and independance: Real wages and demographic changes in Spanish America, 1530-1820 », EEH 2012
Family structures and development

- C. Levi-Strauss, *Les structures élémentaires de la parenté (The elementary structures of kinship)*, 1947
- P. Laslett, R. Wall, *Household and Family in Past Times*, CUP 1972
- * D. Le Bris, “Family Characteristics and Economic Development”, WP 2015 (data)
• G. Duranton, A. Rodriguez-Pose, R. Sandall, “Family Types and the Persistence of Regional Disparities in Europe”, **EG 2009**


• T. de Moor, J. L. van Zanden « Girlpower. The European Marriage Pattern and Labor Markets in the North Sea Region in the Late Medieval and Early Modern Period », **EHR 2009**


• C. Mulligan, *Parental Priorities and Economic Inequality*, The University of Chicago Press 1997


• E. Durkheim, *Le suicide. Etude de sociologie*, 1897

• C. Baudelot, R. Establet, *Suicide.L’envers de notre monde*, Seuil 2006

• M. Halbwachs, *Le point de vue du nombre*, 1936 (M. Jaisson & E. Brian eds., INED, 2005)


Gender inequality in historical perspective


• Seccombe, W., “Patriarchy Stabilized. The Construction of the Male Breadwinner Wage Norm in 19c Britain,” *Social History*, 1986


Lecture 6: Money, finance and crisis in historical perspective

• * Capital..., chap.5, 16

The Great recession vs the Great depression

• P. Martin, T. Philippon, “Inspecting the Mechanism: Leverage & the Great Recession in the Eurozone”, WP 2015
• C. D. Romer, “The Great Crash and the Onset of the Great Depression.” *QJE 1990*
• B. Eichengreen and I. McLean, ‘The Supply of Gold under the pre-1914 Gold Standard,’ *EHR 1994*
• B. Eichengreen and P. Temin, ”The Gold Standard and the Great Depression”, *NBER 1997*
• J. M. Keynes, *The Economic Consequences of the Peace*, 1919
• J. M. Keynes, *General Theory of Interest, Money & Employment*, 1936
• B. Eichengreen, ‘The Origins and Nature of the Great Slump Revisited,’ *EHR 1992*
• T. Piketty, E. Saez, “Top Incomes and the Great Recession”, *IMF Review 2013*
• A. Ritschl, “Reparation transfers, the Borchardt hypothesis and the Great Depression in Germany, 1929–32: A guided tour for hard-headed Keynesians”, EREH 1998


• C. Romer, “The Aftermath of Financial Crises: Each Time Really is Different”, WP 2015
Financial development & regulation in historical perspective

- D. Le Bris, W. Goetzman, S. Pouget, « Testing Asset Price Theories on Six Hundred Years of Stock Returns: Prices and Dividends for the Bazacle Company, 1372-1946 », *WP 2014*
Lecture 7: The rise of the fiscal, social and capital state

• * Capital..., chap. 13-16

The rise of fiscal and social state


• J. Beckert, Inherited wealth, PUP 2008

• I. Fisher, « Economists in Public Service », AER 1919

• N. Delalande, Les batailles de l’impôt – Consentement et résistance de 1789 à nos jours, Seuil 2011

• R. Huret, American Tax Resisters, HUP 2014

• E. Heaman, A Short History of the State in Canada, 2015; Taxes and Tax Revolts in Canada 1867-1917, 2016
• E. Ruiz, Trop de fonctionnaires? Contribution à une histoire de l’Etat par les effectifs (France 1850-1950), Thèse 2013

The educational and scientific state
Political attitudes toward inequality in historical perspective


• M. Gilens, *Affluence and Influence: Economic Inequality and Political Power in America*, PUP 2012


• L. Kuziemko, M. Norton, E. Saez, S. Stantcheva, « How Elastic are Preferences for Redistribution? », AER 2015
• M. Corak, « Income Inequality, Equality of Opportunity and Intergenerational Mobility », JEP 2013
• V. Gimpelson, D. Treisman, « Misperceiving Inequality », WP 2015
• Jensen et al, « Political Polarization and the Dynamics of Political Language: Evidence from 130 Years of Political Speech », BPEA 2012
Organizing property: financial transparency & participatory governance

Organizing democracy: electoral systems, nation-states, empires & federations


