

Cours avancé « Economie des inégalités » (Master APE, année M2)
Advanced course « Economics of Inequality » (Master APE, M2 year)

Thomas Piketty
(EHESS, Paris School of Economics)

Année universitaire/Academic year 2008-2009

Syllabus

(version 19/10/2008 ; weeks 1-8)

(relevant course material available on-line at least one week before each course)

Campus Paris-Jourdan, 48 boulevard Jourdan, 75014 Paris, salle E101 (pavillon E)

Tuesday 9h30-12h30

23/9/2008, 30/9/2008, 7/10/2008, 14/10/2008, 21/10/2008, 28/10/2008, 4/11/2008, 18/11/2008

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Course web page : <http://jourdan.ens.fr/piketty/fichiers/enseig/econieg/Syll2008-2009.htm>

Le principal objectif de cours est de suggérer des pistes de recherches à des étudiants souhaitant mener des travaux en économie des inégalités (au sens large). Les étudiants cherchant un sujet pour leur mémoire de M2 sont invités à consulter l'ensemble des thèmes mentionnés dans cette liste de lectures et dans les listes de lecture des années précédentes.

The main objective of this course is to suggest research topics to students wishing to work in inequality economics (broadly defined). Students looking for a topic for their master dissertation are requested to examine all areas covered in this syllabus, as well as in those of previous years.

Teaching language. The course will be bilingual. The primary teaching language will be French. However (1) all teaching material – course notes as well as research papers – will be in English, and is available on-line, so that non-French speaking students can easily prepare courses and questions ; (2) non-French-speaking students are encouraged to ask as many questions in English as they want, and I will always answer in English; in effect, if the demand for English – as measured by the number and frequency of questions in English – is sufficiently strong, the course will switch almost entirely to English. The reasons for keeping French as the default language are threefold: (1) it is much more fun for me to teach in French, and this is one of the good things that convinced me to return to France; (2) my English is really bad, and I think it is much more productive for French-speaking students to hear

me teach in French; (3) it cannot be that bad for non-French-speaking students to learn a little bit of French by the end of the course.

Course validation. There will be no formal exam. In order to validate the course, students are required (1) to attend and actively participate to all classes; (2) to send me by email before 10/1/2009 a “referee report” (2-5 pages) on a research paper chosen in this syllabus (or in those of the previous years); the report must be written in English and must provide a crystal-clear summary of the original contribution of the paper, adequate references to the relevant research literature to which this paper contributes, and an assessment of the strength and weaknesses of the paper

[\[exemples of referee reports\]](#)

Course material. Some of the course material – primarily course notes and selected tables and graphs extracted from key references – will be distributed in hard copies during each class. This corresponds to “HC” material in the following reading list. However most of the material will not be distributed in hard copies and will solely be available in electronic format on-line. Students are requested to read (and print if they so wish) this supplementary material before the class. Two-star references ** are compulsory reading. One-star references * are highly recommended. Other references provide useful readings for students wishing to explore the specialized literature in the relevant area, but will not be presented in a detailed manner during the class.

General references

General references on the economics of inequality :

A.B. Atkinson, The economics of inequality, Clarendon Press, 1983

A.B. Atkinson et F. Bourguignon (éd.), Handbook of Income Distribution, North-Holland, 2000

* A.B. Atkinson et T. Piketty (éd.), Top incomes over the twentieth century : a contrast between continental european and english-speaking countries, Oxford : Oxford university press, 2007

D. G. Champenowne and F. Cowell, Economic Inequality and Income Distribution, Cambridge University Press 1998

T. Piketty, L'économie des inégalités, éditions La Découverte, collection « Repères », 1997

* T. Piketty, Les hauts revenus en France au 20^{ème} siècle – Inégalités et redistributions, 1901-1998, Grasset, 2001

B. Salanié, Théorie économique de la fiscalité, Economica, 2002

General references on empirical methods used by many papers in the reading list (see courses 4-8):

J. Angrist et A. Krueger, "Instrumental Variables and the Search for Identification: From Supply and Demand to Natural Experiments," Journal of Economic Perspectives, 15 (4) (2001), pp. 69-87

M. Bertrand, E. Duflo et S. Mullainathan, "How Much Should we Trust Differences-in-Differences Estimates?," Quarterly Journal of Economics (2003) [\[article en format pdf\]](#)

* E. Duflo, « Empirical Methods », mimeo MIT, 2002 [\[article en format pdf\]](#)

Part 1 : Income and Wealth Distribution – Models and facts

Week 1. Capital vs Labor – Road Map of the Course

** Course Notes A : Basic Models of Inequality – Capital vs Labor – Road Map of the Course

[\[Course Notes A \(in html format\)\] HC](#)

** National Income and Capital Accounts

[\[Tableau économique d'ensemble, TEE, France 2007 \(in excel format\)\]](#)

[\[Selected tables in pdf format\] HC](#)

Weeks 2 and 3. Top Capital Incomes vs Top Labor Incomes – Methods and Facts (I)

(i) Warning : be careful with data sources

Income and wealth surveys (in France: Budget des familles, Emploi, Logement, Patrimoine, etc.) versus administrative tax files (RF, IR, ISF, ISu, IS, etc.)

On French surveys (codebooks and files), see [Link toward Centre Maurice Halbwachs](#)

Primary sources vs secondary sources.

On the danger of secondary data sets on inequality, see:

* A.B. Atkinson et A. Brandolini, « Promise and Pitfalls in the Use of « Secondary » Data-Sets : Income Inequality in OECD Countries as a Case Study », [Journal of Economic Literature](#) 39 (September 2001), pp.771-799 [\[article in pdf format\]](#)

A. Banerjee et E. Duflo, « Inequality and Growth : What Can the Data Say ? », mimeo, MIT, 2000 [\[article in pdf format\]](#)

K. Deininger et L. Squire, « A New Data Set Measuring Income Inequality », [World Bank Economic Review](#) 10 (3) (1996), pp.565-591 [\[Deininger-Squire data set\]](#)

(ii) Sources and methods to estimate top incomes: income tax tabulations and Pareto interpolations

** Exemple of pre-electronic primary data source: tabulations based upon French 1919 income tax returns

[\[tables 1919 \(published in BSLC 1923\) in pdf format\] HC](#)

** Course Notes B : Pareto interpolation techniques for income and wealth distribution

[\[Course Notes B \(in html format\)\] HC](#)

(iii) Results on top income shares in the long run: the end of rentiers

A.B. Atkinson et T. Piketty (éd.), Top incomes over the twentieth century : a contrast between continental european and english-speaking countries, Oxford : Oxford university press, 2007

A.B. Atkinson, « Top Incomes in the United Kingdom over the Twentieth Century », mimeo, Nuffield College, 2003 [\[article in pdf format\]](#)

A.B. Atkinson et W. Salverda, « Top Incomes in the Netherlands and the United Kingdom over the Twentieth Century », mimeo, Nuffield College, 2003 [\[article in pdf format\]](#)

F. Dell, "Top Incomes in Germany over the 20th Century, 1891-1995", mimeo, Paris-Jourdan, 2003 [\[article in pdf format\]](#)

F. Dell, T. Piketty et E. Saez, "Income and Wealth Concentration in Switzerland over the 20th Century", mimeo, Paris-Jourdan et Berkeley, 2003 [\[article in pdf format\]](#)

** C. Landais, "Les hauts revenus en France (1998-2006): Une explosion des inégalités ?", Mimeo, Paris School of Economics, 2007 [\[article in pdf format\]](#)

[\[Selected tables in pdf format\] HC](#)

T. Piketty, « Les inégalités dans le long terme », in Inégalités économiques, Rapport du Conseil d'Analyse Economique n°33 (juin 2001), La documentation française [\[article in pdf format\]](#)

** T. Piketty, « Income Inequality in France, 1901-1998 », Journal of Political Economy 111 (2003), 1004-1043 [\[article in pdf format\]](#)

[\[Selected tables in pdf format\] HC](#)

** T. Piketty et E. Saez, « Income Inequality in the United States, 1913-1998 », Quarterly Journal of Economics 118 (2003), 1-39 [\[article in pdf format\]](#)

[\[Selected tables in pdf format\] HC](#)

E. Saez et M. Veall, « High Incomes in Canada, 1920-2000 », mimeo, Berkeley, 2002 [\[article in pdf format\]](#)

Week 4. Top Capital Incomes vs Top Labor Incomes – Facts (II) and Some Theory

(i) Results on top wealth shares and wealth/income ratios in the long run

** W. Kopczuk et E. Saez, « Top Wealth Shares in the United States, 1916-2000 – Evidence from Estate Tax Returns », mimeo, Columbia et Berkeley, 2003 [\[article in pdf format\]](#)

[\[Selected tables in pdf format\]](#) [HC](#)

** T. Piketty, G. Postel-Vinay et J.L. Rosenthal, “Wealth Concentration in a Developing Economy: Paris and France, 1807-1994”, *American Economic Review*, 2006 [\[article in pdf format\]](#)

[\[Selected tables in pdf format\]](#) [HC](#)

* J. Roine and D. Waldenstrom, “Wealth Concentration over the Path of Development: Sweden, 1873-2005”, mimeo 2007 [\[article in pdf format\]](#)

[\[Selected tables in pdf format\]](#) [HC](#)

** T. Piketty, “Wealth-income ratios in the very long run”, work in progress, 2008

[\[Selected tables in pdf format\]](#) [HC](#)

(ii) Results on current wealth trends

* A. Atkinson, “Concentration Among the Rich”, mimeo, 2006 [\[article in pdf format\]](#)

* J. Davies, S. Sandstrom, A. Shorrocks and E. Wolff, “The World Distribution of Household Wealth”, mimeo 2006 [\[article in pdf format\]](#)

* « Global Wealth and Global Millionaires 2006 », Boston Consulting Group 2006 [\[article in pdf format\]](#)

* T. Smeeding and J. Thompson, “Income from Wealth and Income from Labor: Stocks, Flows, and More Complete Measures of Well-Being”, mimeo 2006 [\[article in pdf format\]](#)

* M. Cagetti and M. DeNardi, “Wealth Inequality: Data and Models”, NBER Working Paper 12550, 2006 [\[article in pdf format\]](#)

* D. Krueger and A. Ludwig, “On the Consequences of Demographic Change for Rates of Return to Capital, and the Distribution of Wealth and Welfare”, NBER Working Paper 12453, 2006 [\[article in pdf format\]](#)

* D. Fiaschi et M. Marsili, « The Distribution of Wealth : Theoretical Microfoundations and Empirical Evidence », mimeo 2007, [\[article in pdf format\]](#)

* Zucman, G., “Les hauts patrimoines fuient-ils l’ISF? Une estimation sur la période 1995-2006 », [\[article in pdf format\]](#)

(iii) Some theory

** Course Notes C : Top labor incomes vs Top capital incomes: Which are the richest?

[\[Course Notes C \(in html format\)\] HC](#)

Part 2 : Optimal redistributive taxation and other policy responses

Week 5: Optimal redistributive taxation of labor income

(i) Observed patterns of marginal vs average tax rates on labor income

** Income tax schedule (France 2008)

[\[tax schedules in excel format\] HC](#)

(ii) Theoretical models of optimal labor income tax rates

** Course Notes D : Optimal redistributive taxation of labor income

[\[Course Notes D \(in html format\)\] HC](#)

Mirrlees, J., "An exploration in the theory of optimum income taxation", Review of Economic Studies 38 (1971), 175-208.

P. Diamond, "Optimal Income Taxation: An Example with a U-Shaped Pattern of Optimal Marginal Rates", American Economic Review 88 (1998), 83-95 [\[article en format pdf\]](#)

* E. Saez, "Using Elasticities to Derive Optimal Income Tax Rates", Review of Economic Studies 68 (1) (2001), pp.205-229 [\[article en format pdf\]](#)

T. Piketty, « La redistribution fiscale face au chômage », Revue française d'économie 12 (1) (hiver 1997), pp.157-201 [\[article en format pdf\]](#)

(iii) Empirical estimates of high-income labor supply elasticity

** M. Feldstein, "The Effect of Marginal Tax Rates on Taxable Income: A Panel Study of the 1986 Tax Reform Act", Journal of Political Economy 103 (1995), 551-572 [\[article en format pdf\]](#)

[\[selected tables in pdf format\] HC](#)

A. Goolsbee, "What Happens When You Tax the Rich? Evidence from Executive Compensation", Journal of Political Economy (April 2000) [\[article en format pdf\]](#)

A. Goolsbee, "Evidence on the High-Income Laffer Curve from Six Decades of Tax Reform", Brookings Papers on Economic Activity 1999:2.

R.H. Gordon et J. Slemrod, "Are "Real" Responses to Taxes Simply Income Shifting Between Corporate and Personal Tax Bases?", in Does Atlas Shrug? – The Economic Consequences of Taxing the Rich, édité par J.B. Slemrod, Harvard University Press, 2000 [\[article en format pdf\]](#)

J. Gruber et E. Saez, "The Elasticity of Taxable Income: Evidence and Implications", Journal of Public Economics 84 (2002), pp.1-32 [\[article en format pdf\]](#)

* T. Piketty, "Les hauts revenus face aux modifications des taux marginaux supérieurs de l'impôt sur le revenu en France, 1970-1996", Economie et Prévision 138-139 (1999), 25-60 [\[article en format pdf\]](#)

E. Saez, "Reported Incomes and Marginal Tax Rates, 1960-2000 : Evidence and Policy Implications", mimeo, Berkeley, 2003 [\[article en format pdf\]](#)

(iv) Empirical estimates of low-income labor supply elasticities

* B. Dormont, D. Fougère et A. Prieto, « L'effet de l'allocation unique dégressive sur la reprise d'emploi », mimeo, CREST, 2001 [\[article en format pdf\]](#)

* B. Meyer et D. Rosenbaum, « Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers », Quarterly Journal of Economics 116 (3) (August 2001), pp.1063-1114 [\[article en format pdf\]](#)

* T. Piketty, "L'impact de l'allocation parentale d'éducation sur l'activité féminine et la fécondité, 1982-2002", *In* : LEFEVRE C. (Ed.): Histoires de familles, histoires familiales, Les Cahiers de l'INED no 156, 2005, p. 79-109 [\[article en format pdf\]](#)

[\[selected tables in pdf format\]](#)

(iv) Empirical estimates of labor demand elasticities

D. Acemoglu et J. Angrist, "Consequences of Employment Protection? The Case of the Americans with Disabilities Act", Journal of Political Economy 109(5) (2001), pp.915-957 [\[article en format pdf\]](#)

J. Gruber, "The Incidence of Mandated Maternity Benefits", American Economic Review 84(3) (1994), pp.622-641 [\[article en format pdf\]](#)

F. Kramarz et T. Philippon, « The Impact of Differential Payroll Tax Subsidies on Minimum Wage Employment », Journal of Public Economics 82 (1) (October 2001), pp.115-146 [\[article en format pdf\]](#)

K. Lang, "The Effect of Payroll Tax on Earnings: A Test of Competing Models of Wage Determination", NBER Working Paper 9537 (2003) [\[article en format pdf\]](#)

Week 6: Optimal redistributive taxation of capital and capital income

(i) Overview of the various types of capital and capital income taxes

** Tax schedules for Wealth Tax (ISF) and Estate tax (France 2008)

[\[tax schedules in excel format\] HC](#)

** T. Piketty et E. Saez, « How progressive is the U.S. federal tax system ? A historical and international perspective », *Journal of economic perspectives*, vol. 21, no 1, 2006 [\[article in pdf format\]](#)
[\[selected tables in pdf format\] HC](#)

** T. Piketty, « Wealth taxation in the 21st century: a personal view », *In : Reforming the Tax System for the 21st Century: The Mirrlees Review*, London : Institute for Fiscal Studies; Oxford : Oxford university press, 2008 [\[article in pdf format\]](#)

A. Auerbach, « The Future of Capital Taxation », mimeo, 2006 [\[article in pdf format\]](#)

(ii) Basic theoretical result 1: without inheritance, and with perfect capital markets, optimal k tax = 0%

Intuition: if 100% of capital accumulation comes from lifecycle savings, then taxing capital or capital income is equivalent to using differential commodity taxation (current consumption vs future consumption); Atkinson-Stiglitz: under fairly general conditions (separable preferences), differential commodity taxation is undesirable, and the optimal tax structure should rely entirely on direct taxation

(to put it differently: if inequality entirely comes from labor income inequality, then it is useless to tax capital; one should rely entirely on the redistributive taxation of labor income)

Papers on optimal indirect taxation:

A.B. Atkinson and J. Stiglitz, "The design of tax structure: direct vs indirect taxation", *Journal of Public Economics* 6 (1976), 55-75

V. Christiansen, « Which Commodity Taxes Should Supplement the Income Tax ? », *Journal of Public Economics* 1984 [\[article en format pdf\]](#)

E. Saez, "The Desirability of Commodity Taxation under Non-Linear Income Taxation and Heterogeneous Tastes", *Journal of Public Economics* 2002 [\[article en format pdf\]](#)

E. Saez, « Direct vs Indirect Tax Instruments for Redistribution : Short-run vs Long-run », *Journal of Public Economics* 2004 [\[article format pdf\]](#)

Papers on relative importance of inheritance vs lifecycle savings in capital accumulation:

Aggregate estimates:

Kotlikoff, L and L. Summers, "The Role of Intergenerational Transfers in Aggregate Capital Accumulation", Journal of Political Economy 89 (1981), 706-732 [\[article in pdf format\]](#)

Kotlikoff, "Intergenerational Transfers and Savings", Journal of Economic Perspectives 1988 [\[article in pdf format\]](#)

Modigliani, F. « The Role of Intergenerational Transfers and Lifecycle Savings in the Accumulation of Wealth », Journal of Economic Perspectives 1988 [\[article in pdf format\]](#)

D. Kessler and A. Masson, "Bequest and Wealth Accumulation: Are Some Pieces of the Puzzle Missing?", Journal of Economic Perspectives 1989 [\[article in pdf format\]](#)

Micro-based estimates:

A. Atkinson, The economics of inequality, Clarendon Press, 1983, pp.174-177

J. Benhabib and S. Zhu, "Age, Luck and Inheritance", mimeo 2008 [\[article in pdf format\]](#)

A. Castaneda, J. Dias-Gimenes and V. Rios-Rull, "Accounting for the U.S. Earnings and Wealth Inequality", Journal of Political Economy, 2003 [\[article in pdf format\]](#)

C. Carroll, "Why Do the Rich Save So Much?", 2000 [\[article in pdf format\]](#)

K. Dynan, J. Skinner, S. Zeldes, "Do the Rich Save More?", Journal of Political Economy 2004 [\[article in pdf format\]](#)

W. Kopczuk and J. Lupton, "To Leave or Not To Leave: The Distribution of Bequest Motives", Review of Economic Studies, 2007 [\[article en format pdf\]](#)

W. Kopczuk, "Bequest and Tax Planning: Evidence from Estate Tax Returns", Quarterly Journal of Economics 2007 [\[article in pdf format\]](#)

K. Charles et E. Hust, « The Correlation of Wealth Across Generations », Journal of Political Economy 2003 [\[article in pdf format\]](#)

A. Bjorklund, J. Roine, D. Waldenstrom, "Intergenerational income mobility in Sweden: Combining equality of opportunity and capitalistic dynasties?", mimeo 2008 [\[article in pdf format\]](#)

(iii) Basic theoretical result 2: with infinite-horizon dynasties, optimal linear k tax = 0%, but optimal progressive k tax > 0%

** Course Notes E : Optimal redistributive taxation of capital and capital income

[\[Course Notes E \(in html format\)\] HC](#)

R. Lucas, "Supply Side Economics: An Analytical Review", Oxford Economic Papers 1990 [\[article in pdf format\]](#)

E. Saez, "Optimal Progressive Capital Income Taxes in the Infinite Horizon Model", NBER Working Paper 2004 [\[article in pdf format\]](#)

(iv) Basic result 3: with imperfect k markets, optimal k tax > 0%

C. Chamley, "Capital Income Taxation, Wealth Distribution and Borrowing Constraints", Journal of Public Economics 79 (1) (January 2001), pp.55-70 [\[article en format pdf\]](#)

A. Banerjee et A. Newman (1993), « Occupational Choice and the Process of Development », Journal of Political Economy 101 (1993), pp.274-299 [\[article en format pdf\]](#)

T. Piketty (1997), "The Dynamics of the Wealth Distribution and the Interest Rate with Credit Rationing", Review of Economic Studies [\[article in pdf format\]](#)

* Aghion P., Banerjee A., Piketty T. : « Dualism and macroeconomic volatility », Quarterly journal of economics, vol. 114, no 4, 1999, p. 1359-1397 [\[article in pdf format\]](#)

(v) Other recent papers on capital taxation

On capital taxation and governance:

M. Desai, A. Dyck, L. Zingales, « Theft and Taxes », Journal of Financial Economics, 2006 [\[article in pdf format\]](#)

R. Morck, "Why Some Double Taxation Might Make Sense: The Special Case of Inter-Corporate Dividends", NBER Working Paper 9651 (2003) [\[article in pdf format\]](#)

W. Kopczuk and J. Slemrod, "Putting Firms into Optimal Tax Theory", American Economic Review 2006 [\[article in pdf format\]](#)

On informational rationales for taxing capital income:

H. Cremer, P. Pestieau et J.C. Rochet, "Capital Income Taxation when Inherited Wealth is Not Observable", Journal of Public Economics 87 (2003), 2475-2490 [\[article en format pdf\]](#)

R. Gordon, « Taxation of Interest Income », NBER Working Paper 9503 (2003) [\[article en format pdf\]](#)

On private vs social discounting and negative capital taxation:

E. Farhi and I. Werning, "Progressive Estate Taxation", mimeo 2008 [\[article in pdf format\]](#)

E. Farhi and I. Werning, "Inequality and Social Discounting", Journal of Political Economy 2007 [\[article in pdf format\]](#)

On optimal capital taxation without commitment:

E. Farhi and I. Werning, "The Political Economy of Non-Linear Capital Taxation", mimeo 2008 [\[article in pdf format\]](#)

On inflationary capital tax:

M. Doepke and M. Schneider, "Inflation and the Redistribution of Nominal Wealth", Journal of Political Economy, 2006 [\[article in pdf format\]](#)

Week 7: Wealth inequality, financial intermediation and efficiency

(i) Family wealth transmission and economic efficiency

** M. Bénédesen, F. Peres-Gonzalez, K. Nielsen and D. Wolfenzon, "Inside the Family Firm: The Role of Families in Succession Decisions and Performance", Quarterly Journal of Economics 2007 [\[article in pdf format\]](#)

[\[selected tables in pdf format\]](#) HC

* J. Brown, C. Coile, and S. Weisbenner, "The Effect of Inheritance Receipt on Retirement", NBER Working Paper 12386, 2006 [\[article en format pdf\]](#)

F. Caselli et N. Gennaioli, « Dynastic Management », Bread Working Paper 15 (2003) [\[article en format pdf\]](#)

D. Holtz-Eakin, D. Joulfaian et H.S. Rosen, « The Carnegie conjecture : some empirical evidence », Quarterly Journal of Economics 108 (May 1993), pp.288-307 [\[article en format pdf\]](#)

R.K. Morck, D.A. Strangeland et B. Yeung, « Inherited Wealth, Corporate Control and Economic Growth: the Canadian Disease? », in R.K. Morck, Concentrated Capital Ownership, NBER/University of Chicago Press, pp.319-369, 2000 [\[article en format pdf\]](#)

* F. Pérez-Gonzalez, "Inherited Control and Firms' Performance", American Economic Review, 2006 [\[article in pdf format\]](#)

* L. Bach, "Family CEO Successions and Firms Bankruptcies – Evidence from France", mimeo, 2008 [\[article in pdf format\]](#)

* V. Grossmann and H. Strulik, "Should Continued Family Firms Face Lower Taxes Than Other Estates?", mimeo 2008 [\[article in pdf format\]](#)

(ii) Empirical estimates of capital market imperfections and credit constraints

O. Lamont, "Cash Flow and Investment: Evidence from Internal Capital Markets", Journal of Finance 52 (1997), 83-109 [\[article in pdf format\]](#)

* A. Banerjee et E. Duflo, "Do Firms Want to Borrow More ? Testing Credit Constraints Using a Directed Credit Programme", mimeo, MIT, 2002 [\[article en format pdf\]](#)

* L. Bach, "Are small and medium-sized firms credit-constrained? Evidence from a French targeted credit programme", mimeo 2007 [\[article in pdf format\]](#)

S. De Mel, C. McKenzie, D. Woodruff, "Returns to Capital in MicroEntreprises: Evidence from a Field Experiment", Quarterly Journal of Economics 2008 [\[article in pdf format\]](#)

(iii) Corporate governance and CEO pay

** M. Bertrand et S. Mullainathan, "Do CEOs Set Their Own Pay ? The Ones Without Principals Do", Quarterly Journal of Economics 116 (3) (August 2001), pp.901-932 [\[article in pdf format\]](#)
[\[selected tables in pdf format\] HC](#)

** X. Gabaix and A. Landier, "Why Has CEO Pay Increased so Much?", Quarterly Journal of Economics 2008 [\[article in pdf format\]](#)
[\[selected tables in pdf format\] HC](#)

Week 8 : Inequality of human capital, educational investments, family structure

Although this course puts primary emphasis on the capital side, opening up the labor side/human capital/family structure black box is also very important. The references below offer starting points to explore the relevant literature.

(i) Estimating the returns to education using natural experiments

** J. Angrist et A. Krueger, "Does Compulsory School Attendance Affect Schooling and Earnings?", Quarterly Journal of Economics 106(4) (1991), pp.979-1014 [\[article en format pdf\]](#)

A. Björklund, M. Lindahl et E. Plug, "Intergenerational Effects in Sweden: What Can We Learn from Adoption Data?" , mimeo, Stockholm et Amsterdam [\[article en format pdf\]](#)

* E. Duflo, “Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment”, American Economic Review 91 (4) (September 2001), pp.909-926 [\[article en format pdf\]](#)

J. Grenet, « Suffit-il d’allonger la scolarité obligatoire pour augmenter les salaires ? Le cas de la réforme Berthoin », mimeo PSE, 2003 [\[article en format pdf\]](#)

(ii) Opening up the black box of the educational production function : class size and teacher pay

* J. Angrist et V. Lavy, “Using Maimonides’ Rule to Estimate the Effect of Class Size on Student Achievement”, Quarterly Journal of Economics 114(2) (1999), pp.533-574 [\[article en format pdf\]](#)

* Piketty, T., « L’impact de la taille des classes et de la ségrégation sociale sur la réussite scolaire dans les écoles françaises: une estimation à partir du panel primaire 1997 », mimeo 2004 [\[article en format pdf\]](#)

* P. Glewwe, N. Ilias et M. Kremer, « Teacher Incentives », NBER Working Paper 9671 (2003) [\[article en format pdf\]](#)

* V. Lavy, “Paying for Performance: The Effect of Financial Incentives on Teachers’ Effort and Students’ Scholastic Outcomes”, mimeo, Jerusalem, 2003 [\[article en format pdf\]](#)

(iii) Opening up the black box of the educational production function : peer effects, zoning

J. Angrist, « How Important Are Classroom Peer Effects ? Evidence from Boston’s Metco Program”, NBER Working Paper 9263 (2002) [\[article en format pdf\]](#)

S. Black, « Do Better Schools Matter ? Parental Valuation of Elementary Education”, Quarterly Journal of Economics 114(2) (1999), pp.577-599 [\[article en format pdf\]](#)

** G. Fack and J. Grenet, “Do Better Schools Raise Housing Prices? Evidence from Paris School Zoning”, mimeo 2007 (Fack PhD dissertation, chapter 6) [\[article en format pdf\]](#)

E. Gould, V. Lavy et D. Paserman, “Immigrating to Opportunity – Estimating the Effect of School Quality Using a Natural Experiment on Ethiopians in Israël”, CEPR Discussion Paper 4052 (2003) [\[article en format pdf\]](#)

B. Sacerdote, “Peer Effects with Random Assignment: Evidence from Dartmouth Roommates”, Quarterly Journal of Economics 2001 [\[article en format pdf\]](#)

(iv) Opening up the black box of the educational production function : higher education and tuition fees

** P. Garibaldi, F. Giavazzi, A. Ichino and E. Rettore, “College Cost and Time to Obtain a Degree: Evidence from Tuition Discontinuities”, mimeo, 2006 [\[article en format pdf\]](#)

* D. Linsenmeier, H. Rosen et C.E. Rouse, “Financial Aid Packages and College Enrollment Decisions: An Econometric Case Study”, NBER Working Paper 9228 (2003) [\[article en format pdf\]](#)

* B. Terry Long, “The Impact of Federal Tax Credits for Higher Education Expenses”, NBER Working Paper 9553 (2003) [\[article en format pdf\]](#)

(v) Opening up the family black box : intra-household inequality and educational investments

* S. Aura, “Does the Balance of Power Within a Family Matter? The Case of the Retirement Equity Act”, mimeo, 2001, MIT [\[article en format pdf\]](#)

** J. Ekberg, R. Eriksson and G. Friebel, “Parental Leave – A Policy Evaluation of the Swedish “Daddy-Month” Reform”, mimeo 2006) [\[article en format pdf\]](#)

** J. Angrist et W. Evans, “Children and Their Parents’ Labor Supply : Evidence from Exogenous Variation in Family Size”, American Economic Review 88(3) (1998), pp.450-476 [\[article en format pdf\]](#)

** J. Angrist, V. Lavy et A. Schlosser, “New Evidence on the Causal Link Between the Quantity and Quality of Children”, NBER Working Paper 11835, 2005 [\[article en format pdf\]](#)

** C. Pop-Eleches, “The Impact of an Abortion Ban on Socioeconomic Outcomes of Children: Evidence from Romania ”, Journal of Political Economy 2006 [\[article en format pdf\]](#)