WITHIN-NATIONAL INEQUALITIES: FROM THE FRENCH REVOLUTION UNTIL TODAY

BRANKO MILANOVIĆ

Wednesdays 6:30-8:30 pm
Email: bmilanovic@gc.cuny.edu or branko_mi@yahoo.com
Consultations and meeting on request
Required reading: Visions of Inequality
Suggested reading: Vignettes on Smith, Ricardo, Marx and Pareto in Schumpeter and Heilbroner
Most classes in-person with required attendance by students
Grade: 50% class participation; 50% written in-class exam

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Why this class?

The objective of the class is to look at how within-national inequalities have been studied by the most important economists. We shall study specifically six of them, following the approach taken in my new book Visions of Inequality. They are François Quesnay, Adam Smith, David Ricardo, Karl Marx, Vilfredo Pareto and Simon Kuznets.

The class has a clear history of thought component. However, that component is not just safely left in history and forgotten. It has, on the contrary, lots of contemporary relevance, including empirical, and many such points will be brought up during the class. Marx's various views (because Marx, it will be argued, never settled on just one view) about the evolution of income inequality in advanced capitalism, have clear counterparts in what we observe in real capitalist societies today. Private ownership of the means of production (i.e. private ownership of capital) is reflected in high inequality at the top of the distribution where indeed capital incomes predominate. It is even more strongly seen in wealth inequality. Marx's arguments about the tendency of the profit rate to decrease while companies and capital get more concentrated are similarly relevant today.

Pareto's work, and especially his focus on elite incomes, are still used today. So here history of economic thought and studying Pareto can be directly linked with today's methodological concerns of how better to capture elite incomes in household survey and tax data. (The elite incomes are, thanks to Thomas Piketty's work, mostly thought of today as the top 1 percent incomes). Moreover Pareto insisted on the stability of the elites even if people who compose the elite might change. Is it different today?
Kuznets’ contribution is very much alive not only in the evolution of inequality in many developing countries and China in the latter part of the 20th century, but also in what we have observed in advanced capitalist countries with a sudden and (from Kuznets’s original point of view) unexpected upsurge of inequality in the 1990s followed by its stabilization at a high level and/or modest recent declines. This has led to the generalization of Kuznets’ view by what Branko Milanovic has defined in *Global Inequality* as Kuznets’s waves.

The class therefore by taking a historical approach has the objective to bring up the student, not only at the end of the class, but throughout the class, to the most up-to-date current knowledge regarding the study of income distribution, and perhaps to show, conceptually and pedagogically, how historical and contemporary knowledge are inter-related.

The textbook for the class is *Visions of inequality*. The book will be published in October. Before the book is published, I will provide, before each class, the chapter to be discussed next. It is strongly advised that students read each chapter in advance of the class. I will go over the chapters in class, expand the discussion to the contemporary themes (which are not always studied much in the book), and would expect students to take a very active role in class conversations. Active participation (given that most of the class will be in-person) will count for one-half of the grade.

(It would be helpful to read also before the class short essays on Marx (71 pages) and Pareto (33 pages) published in Joseph Schumpeter’s *Ten Great Economists*, and the essays on Smith and Ricardo published in Robert Heilbroner’s *Worldly Philosophers.*)

The references that students should consult are given in the book. Here I list for convenience many of them. They are not required readings. Each author’s works are extremely rich, and the commentaries of their work run into literally thousands of volumes (most obviously so for Smith and Marx). Individual students may be interested in one rather than another topic, in one rather than another author. Not having a pre-selected list of required readings allows students the freedom of choice, the freedom to follow own inclinations and perhaps better relate to the authors studied.

**Several important recent books on the same topic**


**Video lectures: How classical writers treated inequality: Quesnay, Smith, Ricardo, Marx**
Video lectures should be considered only as aides to learning. Class attendance (for in-person classes) is required.

Quesnay and Smith: https://stonecenter.gc.cuny.edu/milanovic-on-income-inequality-part-1-quesnay-smith/


The slides are available too on my Website: https://stonecenter.gc.cuny.edu/about/faculty-and-postdocs/course-offerings/ (bottom of the page).

See also the conversation: https://stonecenter.gc.cuny.edu/quesnay-smith-ricardo-marx-branko-milanovic-on-how-the-founders-of-political-economics-saw-inequality/

The timeline of the authors studied

<table>
<thead>
<tr>
<th>Author</th>
<th>Born</th>
<th>Main work</th>
<th>Died</th>
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</thead>
<tbody>
<tr>
<td>Quesnay (80)</td>
<td>1694</td>
<td>1763</td>
<td>1774 (2 years before American independence)</td>
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<tr>
<td>Smith (67)</td>
<td>1723</td>
<td>1776 (American independence)</td>
<td>1790 (Just after the French revolution)</td>
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<td>Ricardo (51)</td>
<td>1772</td>
<td>1817 (Just after the Napoleonic wars)</td>
<td>1823</td>
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<tr>
<td>Marx (65)</td>
<td>1818 (Just after the Napoleonic wars)</td>
<td>1848 (Revolutions in Europe)</td>
<td>1867 (Meiji Restoration)</td>
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<tr>
<td>Pareto (75)</td>
<td>1848 (Revolutions in Europe)</td>
<td>1896</td>
<td>1923 (Mussolini in power)</td>
</tr>
<tr>
<td>Kuznets (84)</td>
<td>1901</td>
<td>1955 (Cold War)</td>
<td>1985 (Gorbachev in power)</td>
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François Quesnay

Originals

Marguerite Kuczynski and Ronald L. Meek (1972), edited with new material, translations and notes, Quesnay's "Tableau économique", London: MacMillan for the Royal Economic Society and the American Economic Association. (Very detailed and high-level discussion of Quesnay's Tableau Économique.)

Income inequality at the time of Quesnay


Commentary


Vaggi, Gianni (1987), The Economics of François Quesnay, Durham, N.C : Duke University Press. [An excellent introduction to Physiocrats’ thought and that of Quesnay in particular.]


My blogs/substack


Adam Smith (The literature is enormous; here are some segments)

Originals

For a quick read: Wealth of Nations, Book I, Chapters 8-11 (you can skip most of Chapter 11 which is very long and tedious), and Book II, Chapters 1-3 and 5. They deal with differences in
wages, the evolution of profit in the long-term, and with rent. *Lectures of Jurisprudence*, part on slavery, pp. 180-90.

You can contrast *WoN* and *Capital*. *WoN* Book I, Chapters 8 and 10 to *Capital*, Part VI (both on wages). *WoN* Book I, Chapter 9 and Book II to *Capital*, vol. 3, Ch. 13-15 (both on long-term evolution of profit), *WoN* Book II on “the nature, employment and accumulation of stock” to Marx’s famous Chapter 26 in *Capital* on primitive accumulation and Chapter 32. *WoN* Book 3 on stadial theory of development to Marx’s successive modes of production.


*The Theory of Moral Sentiments*, print-out. The integral text available at [https://www.gutenberg.org/files/58559/58559-h/58559-h.htm](https://www.gutenberg.org/files/58559/58559-h/58559-h.htm)


**Inequality at the time of Adam Smith**


**Commentary**


George Stigler (1971), “Smith’s travels on the ship of the state’, *History of Political Economy*, Fall. (Chicago’s Smith.)


**My blogs/substacks**

“1-1/2 Adam Smiths”
https://branko2f7.substack.com/p/1-12-adam-smiths (review of Norman’s book on Smith)

“America's Adam Smith”

“Through the glass, darkly: Trying to figure out Adam Smith, the person” (review of Rasmussen’s “The infidel and the professor”)  
https://branko2f7.substack.com/p/through-the-glass-darkly

“Adam Smith: is democracy always better for the poor?”
https://branko2f7.substack.com/p/adam-smith-is-democracy-always-better

“Why slave-owners never willingly emancipated their slaves?”

“The bitterness of Adam Smith”
https://www.globalpolicyjournal.com/blog/06/02/2018/bitterness-adam-smith

“How Adam Smith proposed to have his cake and eat it too”

“Adam Smith, income inequality and the rich”
globalinequality: Adam Smith, income inequality and the rich (glineq.blogspot.com)

**Biographies**


Dennis C. Rasmussen, *The infidel and the Professor: David Hume and Adam Smith, and the friendship that shaped the modern world*, Princeton University Press, 2017. (see my review)
David Ricardo

Originals


Inequality at the time of David Ricardo


Commentary


**My blogs/substacks**

“Ricardo, Marx and interpersonal inequality”

“Reading David Ricardo’s letters: On the Poor Laws, economic growth and limits of knowledge”
Reading David Ricardo’s letters - by Branko Milanovic (substack.com)

“The Ricardian windfall: David Ricardo and the absence of the equity-efficiency trade-off”
http://glineq.blogspot.com/2016/03/the-ricardian-windfall-david-ricardo.html

**Karl Marx** (The literature is enormous; here are some segments)

**Originals**

For a quick read: Karl Marx, *Capital*, vol. 1, Part VI, Chapters 19-22 (on wages), Chapter 25 (reserve army of labor), Chapter 26 on primitive accumulation; *Capital*, vol. 3, Chapters 13-15 (on the evolution of profit, “tendential fall in the rate of profit”), Chapters 48-49 (“The trinity formula”). Also, *Wage Labor and Capital*, and *Value, Price and Profit*, both very well written, very easy to read and available on www.marxists.org.


Pre-capitalist economic formations, translated by Jack Cohen, introduction by E.J. Hobsbawm, International publishers, New York, 1965. First published as a section of Grundrisse der Kritik der Politischen Ökonomie...in Moscow 1939-41, written in 1857-58. [This is a selection of Marx’s writings on pre-capitalist formations, a topic of increasing interest.]

Wage Labor and Capital, Lectures given in 1847, published in Neue Rheinische Zeitung in 1849, and then republished with Engels’ introduction in 1891. (Very easy introduction to all key Marxist concepts; Marx was 29 then, and of course many of these concepts were developed further later.)

Economic and Philosophic Manuscripts of 1844 and Marx’s and Engels’ The Communist Manifesto, translated by Martin Milligan, Great Books in Philosophy, Prometheus Books, 1988

Marx and Engels, The German Ideology [one of key philosophical texts]

Value, Price and Profit [a very nice introduction to key Marxist concepts].

Writings on contemporary politics

Class struggles in France 1848-50, New World Publishers, originally published in 1850; recollected and republished by Engels in 1895.


Critique of the Gotha program (1875). [One of key sources re. distribution in general and distribution of income in socialism.]


Inequality at the time of Karl Marx


**Commentary**

Ernest Mandel (1962), *Traité d'économie marxiste*, tome 1, Editions 10/18. [Mandel's introductions to *Capital* 1-3 in Penguin’s edition are first-rate. He even pastiches Marx’s style. I think they should be read like a book of its own.]

Roman Rosdolsky (1977), *The Making of Marx’s ‘Capital’*, translated by Pete Burgess, Pluto Press; originally published in German in 1968. [Excellent study of *Capital*.]


Shlomo Avineri (1968), *The social and political thought of Karl Marx*, Cambridge University Press. [Beautiful. Marx interpreted mostly as a liberal European thinker; very good analysis of Marx’s view on economic equality.]


Kevin B. Anderson (2016), *Marx at the Margins*, Chicago University Press. (see my review)


Samuel Hollander (2008), *The Economics of Karl Marx: Analysis and Application*, Cambridge University Press. [Very detailed; mathematical; very good discussion of balanced growth, the transformation problem etc.]

**Biographies**

Heinrich, Michael (2019), *Karl Marx and the Birth of Modern Society*, vol. 1, Monthly Press. (In the process of becoming a classic.)


Saul Padover, *Karl Marx: An intimate biography*, Signet, 1980. (Easy to read; a bit superficial.)

**My blogs/substacks:**

“Ricardo, Marx and interpersonal inequality”

“Marx for me (and hopefully for others too)”
globalinequality: *Marx for me (and hopefully for others too)* (glineq.blogspot.com)

“The influence of Karl Marx—a counterfactual”
globalinequality: *The influence of Karl Marx—a counterfactual* (glineq.blogspot.com)

“The rule of robots in Stiglitz and Marx”
globalinequality: *The rule of robots in Stiglitz and Marx* (glineq.blogspot.com)

“The Third Marx” (review of Marcello Musto’s book)
The Third Marx - by Branko Milanovic (substack.com)

“The evolution of Karl Marx” (review of Kevin Anderson’s book)
The evolution of Karl Marx - by Branko Milanovic (substack.com)
“Die Karl Marx Frage: The errors of presentism and exclusivism”
Die Karl Marx Frage - by Branko Milanovic (substack.com)

“The unexpected immortality of Karl Marx”
Text contributed for the exhibition "Marx und der Kapitalismus" currently held at the German Historical Museum in Berlin (10.II to 21.VIII)
The unexpected immortality of Karl Marx (substack.com)

“Capital as a historic concept”
Capital as a historic concept - by Branko Milanovic (substack.com)

“A short essay on the difference between Marx and Keynes” (review of Joan Robinson’s book)
https://branko2f7.substack.com/p/a-short-essay-on-the-differences

Vilfredo Pareto

Originals


Inequality at the time of Vilfredo Pareto


Commentary


**Biographies**


**My blogs/substacks**

“Pareto on Pareto optimum”
http://glineq.blogspot.com/2015/03/pareto-on-pareto-optimum.html

“In defense of equality (without welfare economics)”

“What remains of Pareto”
https://glineq.blogspot.com/2015/02/what-remains-of-pareto.html?m=0

**Simon Kuznets**

**Originals**


Economic Growth and Structure: Selected Essays, Oxford University Press and IBH Publishing company, 1965


Inequality at the time of Simon Kuznets


Commentary


Biographies

Approximate order of lectures

August 30. Introduction to the class
September 6. Quesnay & Adam Smith
September 13. Adam Smith
September 20. Ricardo
September 27, October 4 and 11. Marx and inequality in contemporary capitalism
October 18 and 25. Pareto and uses of Pareto’s methodology in modern income distribution studies
November 1. Book event with Janet Gornick, Paul Krugman, Clara Matei, and Don Robotham
November 8 and 15. Simon Kuznets, the Kuznets waves, and inequality developments 1980-2020 esp. in the United States and China (one, or perhaps both, of these two classes will be online)
November 29. Income inequality in socialist societies
December 6. Piketty’s r>g, social tables and the future of inequality studies
December 13. Final in-class exam (50% of the grade; class participation 50%).