

WITHIN-NATIONAL INEQUALITIES : FROM PARETO TO KUZNETS WAvES

(BRANKO MILANOVIC)

Wednesdays 6:30-8:30 pm

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Substack: Global Inequality and More 3.0

<https://branko2f7.substack.com/>

My website (which contains some readings for which the link is not given here):

<https://stonecenter.gc.cuny.edu/people/milanovic-branko/>

Structure of the class

Inequality: A topic that came in from the cold

The central subject of the class is income inequality. Inequality has become a much more important topic in the press, social networks and academic publications over the last ten years. This resurgence of interest is particularly striking in the United States where, because of the ideological dominance of the Chicago school of economics, the topic was considered irrelevant and “soft.” It was thought that only people mistrustful of markets or personally envious would care about inequality. Growth would ultimately improve everybody’s standard of living.

This position was a sharp departure from almost 200 years of economics’ concern with the questions of distribution, which Ricardo thought should be “the principal topic in political economy.” The Chicago model of economics has obviously been proven false as it bequeathed the West the sharpest economic crisis since the 1930s. To better understand inequality, it is necessary to review the historical evidence, and empirical and theoretical work on the topic. It is also important to realize that – despite the fact that it was during several decades an “underground topic”—there exists an important and sizeable body of knowledge.

The course is divided into three parts. The first part is introductory. It discusses the methodology used in the work on inequality and the data sources. What are our key metrics of welfare and thus of inequality? How do we define income or consumption? Should differences in income between individuals be measured in absolute or relative terms? Should we look at income before transfers and taxes or after? Do we look at households or individuals or both? How are top incomes treated in household surveys and fiscal data? Do we include the poorest people? Where do we find the data from which to calculate income or consumption inequality? Is wealth different from income and consumption, and how?

The second part reviews the most important theories of personal income distribution. Personal income distributions were subsumed under the so-called functional income distribution between owners of land (landlords), owners of capital (capitalists) and owners of labor power (workers). We shall study the canonical authors that used that approach: Quesnay, the founder of political economy, Adam Smith, and Karl Marx. Interest in personal income distribution (as opposed to functional only) goes back to about 100 years ago, and is thus relatively recent. We shall discuss what motivated that change in perspective.

Since inequality is mostly about the empirics, theories of personal income distribution were heavily inductive. We start with Vilfredo Pareto who was the first economist to have seriously studied inter-personal income inequality. We continue with Simon Kuznets's famous inverted *U* curve which is still the workhorse of inequality economics (although it was defined 60 years ago), and complete with the views of several contemporary authors, in particular Thomas Piketty as expressed most clearly in his famous book *Capital in the 21st century*. In my book (*Global Inequality*), I argue that there are Kuznets waves or cycles and that advanced countries are currently going through the second such wave since the Industrial Revolution.

After a review of theories, we shall look at the more recent past. There has been a steady and, at times apparently unstoppable, rise in inequality between 1980s and 2010s in about 2/3 of the countries. However, that increase has decelerated and stopped (although it was not reversed anywhere except in the already very highly unequal countries of Latin America). The focus will be on “new capitalism” type of inequality as in the United States: *homoploutia* where the richest people by total income are also the richest people by labor and capital income (so all three “tops” get “unified” in one group of people), and on inequality and the new elite in the countries of political capitalism like China.

Grading and participation

The entire class, including the exams, is in person.

There will be a mid-term exam of 90 minutes, at our regular meeting time, and the final exam of two hours. We shall use blue books for both without any access to Internet. Both exams will cover only the material that has been presented in class and will be made available on slides, and is given in the bibliography here. (What was not presented in class cannot be part of the exam.)

Required readings are few (one per section, denoted by RR). For the second part of the class, my *Visions of Inequality* would be useful. For the third part of the class, papers by Piketty, Milanovic, Scheidel, and on “new capitalism” by Ranaldi, Milanovic,

Berman are suggested. Many of the papers listed in the syllabus are important papers from the area, and they may be useful for students who decide to pursue a given topic further (whether in this class or another).

It is important to attend all the classes and to use slides (separately delivered to all or easily downloadable) to keep track of the material. The slides may be more extensive than what is covered in class.

The grading weights will be as follows: class participation 20%, mid-term exam 30%, final exam 50%.

Important recent books:

There has been a recent wave of new and important books on inequality. Some are listed here. They may be useful to read or to consult for this or another class.

Angus Deaton, *The great escape: health, wealth and the origins of inequality*, Princeton University Press, 2013.

Thomas Piketty, *Capital in the 21st century*, Harvard University Press, 2014.

Branko Milanovic, *Global inequality: A new approach for the age of globalization*, Harvard University Press, 2016; especially Chapter 2.

Tony Atkinson, *Inequality: What can be done?*, Harvard University Press, 2015.

Göran Therborn, *The killing fields of inequality*, Polity Press, 2013. See
<http://www.polity.co.uk/book.asp?ref=9780745662589>

Branko Milanovic, *The haves and the have-nots: a brief and idiosyncratic history of global inequality*, Basic Books, 2011.

Claudia Goldin and Lawrence F. Katz, *The race between education and technology*, Belknap Press for Harvard UP, 2010.

Timothy Noah, *The great divergence: America's growing inequality crisis and what we can do about it*, Bloomsbury Press, 2012.

Chrystia Freeland, *Plutocrats: The rise of the new super global-rich and the fall of everybody else*, Penguin Press, 2012.

Peter Lindert and Jeffrey Williamson, *Unequal gains: American growth and inequality since 1760*, Princeton University Press, 2016.

Ed Wolff, *A Century of Wealth in America*, Harvard University Press, 2017.

And more recently:

Branko Milanovic, *Capitalism, Alone*, Harvard University Press, 2019.

Thomas Piketty, *Ideology and inequality*, Harvard University Press, 2019.

Thomas Phillipon, *The great reversal*, Harvard University Press, 2019.

Branko Milanovic, *Visions of Inequality*, Harvard University Press, 2023.

(However, all of these most recent books deal more with capitalism, economic ideology and inequality rather than income inequality as such).

There is a very useful and listener-friendly series of lectures on inequality (released in January 2020) and done by the Young Scholars Initiative at INET by Arjun Jayadev and Branko Milanovic. They often cover the same material as this class.

Lecture 1. Why should I care (about inequality)

Lecture 2. How we should measure inequality

Lecture 3. What is happening with inequality

Lecture 4. What is happening right now?

Lecture 5. The bigger picture

The lectures can be downloaded here:

<https://www.ineteconomics.org/perspectives/videos/inequality-101>

1. What is economic (income/consumption) inequality and how do we measure it?

Main theme: How do we define and measure inequality and where do we find the data?

Measurement of inequality in the space of incomes or utilities? Are we interested in inequality of incomes as such, or is inequality of incomes just a proxy for what we are care about: inequality in happiness/utility/welfare?

Amartya Sen, “On Economic Inequality” (1972), Clarendon Press, enlarged version with the Annexe (Foster and Sen, 1997).

1.1 Absolute or relative inequality? Income or consumption? Per capita or per equivalent adult?

Angus Deaton (1998), *Analysis of Household Surveys*, World Bank and Oxford University Press, pages 138-140 and 265-268 (part of section 4.3). Available at http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/1997/07/01/000009265_3980420172958/Rendered/PDF/multi_page.pdf.

Martin Ravallion (2003), “Competing concepts of inequality in globalization debate”, World Bank Working paper series No. 3243. Also, Ravallion, Martin (2004), “Competing concepts in inequality debate”, *Brookings Trade Forum 2004*, Brookings Institution: Washington, pp. 1-23.

Peter Lanjouw, Jenny Lanjouw, Branko Milanovic and Stefano Paternostro (2004), “Economies of scale and poverty: the impact of relative price shifts during economic transition”, *Economics of Transition*, vol. 12, September, pp. 509-536.

Yaron Amiel and Frank Cowell (1996), *Thinking about inequality : personal judgment and income distribution*, Cambridge: Cambridge University Press.

Gary Fields (2001), *Distribution and development*, New York, Russell Sage, Chapter 2.

Background: Three important books on methodology of inequality studies

Frank Cowell, *Measuring inequality*, Oxford University Press, 2011 (Chapter 2, “Charting inequality”, pp. 24-37).

Angus Deaton, *Analysis of Household Surveys*, World Bank and Oxford University Press, 1998, pages 134-140.

Nanak Kakwani, *Income inequality and poverty: Methods of estimation and policy applications*, World Bank, 1980, pp. 11-120.

1.2 Gini coefficient, Lorenz curve, Lorenz dominance, first-order stochastic dominance

Hugh Dalton (1920), “The measurement of the inequality of incomes”, *Economic Journal*, vol. 30, no. 119, pp. 348-361.

Shorrocks, Anthony (1983), “Ranking Income Distributions”, *Economica*, vol. 50, pp. 3-17.

Yitzhaki, Shlomo (1998), “More Than a Dozen Alternative Ways of Spelling Gini” in Slottje, Daniel J. (ed), *Research on economic inequality*. Volume 8 (1998): 13-30

Yitzhaki, Shlomo (1994). "Economic Distance and Overlapping of Distributions, "Journal of Econometrics, vol. 61, 147-159.

Lambert, Peter and Richard Aronson (1993), "Inequality Decomposition Analysis and the Gini Coefficient Revisited", *The Economic Journal*, vol. 103, np. 420 (September 1993), pp. 1221-27.

Graham Pyatt (1976), "On the Interpretation and Disaggregation of Gini coefficients", *The Economic Journal*, vol. 86, no. 382, pp. 243-255.

Branko Milanovic (1994), The Gini-type Functions: An Alternative Derivation", *Bulletin of Economic Research*, 1:1994, pp. 81-90.

Branko Milanovic (1997), "A Simple Way to Calculate the Gini Coefficient, and Some Implications", *Economics Letters* vol. 56, 1997, pp. 45-49.

Frank Cowell (2009), "Measuring inequality", December 2009, available at <http://econdse.org/wp-content/uploads/2012/02/Cowell-measuring-inequality.pdf>

Peter Lambert and André Decoster (2005), "The Gini coefficient reveals more", available at <http://feb.kuleuven.be/eng/ew/discussionpapers/Dps05/Dps0508.pdf>.

John C. H. Fei, Gustav Ranis, Shirley W. Y. Kuo (1978), "Growth and the Family Distribution of Income by Factor Components", *The Quarterly Journal of Economics*, Volume 92, Issue 1, February 1978, Pages 17–53.

1.3 Sources of inequality data; problems with surveys (compliance, imputation of income, reference period)

Angus Deaton (1998), *Analysis of Household Surveys*, World Bank and Oxford University Press, sections 1.1 and 1.2

Davies, Jim M. and Anthony F. Shorrocks (1989), "Optimal grouping of income and wealth data", *Journal of Econometrics*, vol. 42, 1989, pp. 97-108.

Anton Korinek, Johan Mistiaen and Martin Ravallion (2006), "Survey nonresponse and the distribution of income", *Journal of Economic Inequality*, vol. 4, pp. 33-55.

2. Theories of income distribution (at national level)

Main theme: Are there any regularities in the movement of national income distributions?

Karl Marx, "Distribution and production", *Grundrisse: Foundations of the Critique of Political Economy*, Introduction, Penguin's, 1973, pp. 94-98.

2.1 How classical writers treated inequality: Quesnay, Smith, Ricardo, Marx

This part is based on video lectures and lectures in class:

Quesnay and Smith: <https://braveneweurope.com/branko-milanovic-income-inequality-in-quesnay-and-smith>

On Marx and Ricardo:

[Branko Milanović - Income Inequality, Part 2: Ricardo and Marx - Brave New Europe](#)

On Marx:

<https://www.youtube.com/watch?v=ODeXAUm-O10>

The slides are available too on my Website:

<https://stonecenter.gc.cuny.edu/about/faculty-and-postdocs/course-offerings/> (bottom of the page).

[RR] Branko Milanovic, *Visions of Inequality*, Chapters 2 and 4 (respectively, on Smith and Marx).

For those who wish to read parts of the original works discussed here, I would suggest:

Adam Smith, *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.

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").

You can contrast, *WoN* Book I, Chapters 8 and 10 to *Capital*, Part VI (both on wages). *And then*, *WoN* Book I, Chapter 9 and Book II to *Capital*, vol. 3, Ch. 13-15 (both on long-term evolution of profit).

Deborah Boucoyannis, "The Equalizing Hand: Why Adam Smith Thought the Market Should Produce Wealth Without Steep Inequality", *Perspective on Politics*, vol. 11, No. 4, 2013.

Benoît Walraevens, “Adam Smith’s view of economic inequality”, *Cambridge Journal of Economics*, 2020.

Branko Milanovic, “The level and distribution of income in mid-18th century France, according to François Quesnay”, *Journal of the History of Economic Thought*, vol. 37, No. 1, March 2015, pp. 17-37.

Blog post: “Ricardo, Marx and interpersonal inequality”

<http://glineq.blogspot.com/2020/04/ricardo-marx-and-interpersonal.html>

2.2 Pareto: Iron law of income distribution

[RR] Branko Milanovic, *Visions of Inequality*, Chapter 5 (on Pareto).

Joseph Persky (1992), “Retrospective: Pareto’s Law”, *Journal of Economic Perspectives*, vol. 6, No. 2 (Spring), pp. 181-192. Available at
<http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.6.2.181>.

John Creedy (1997), “Pareto and the distribution of income”, *Review of Income and Wealth*, pp. 405-411.

Branko Milanovic, “Globalization and inequality”, Introduction to the volume of selected readings, B. Milanovic (ed.), *Globalization and inequality*, Edward Elgar, 2012. Available at <http://econ.worldbank.org/projects/inequality> (pp. xii-xviii only).

Vilfredo Pareto, *Cours d’économie politique*, Lausanne, 1896.

Vilfredo Pareto, *Manual of Political Economy*, translated by Ann S. Schwirr, New York: Augustus M. Kelley, 1971. Originally published in French in 1906.

G. Findlay Shirras (1935), “The Pareto Law and the Distribution of Income”, *The Economic Journal*, Vol. 45, No. 180 (Dec., 1935), pp. 663-681.

Anthony Atkinson (2016), “Pareto and the upper tail of the income distribution in the UK: 1799 to the present”, *Economica*. Available at
<http://piketty.pse.ens.fr/files/Atkinson2016.pdf>.

What remains of Pareto? (my blog)

<https://glineq.blogspot.com/2015/02/what-remains-of-pareto.html>

2.3 Kuznets and Tinbergen: benign forces of economic inequality

[RR] Branko Milanovic, *Visions of Inequality*, Chapter 6 (on Kuznets).

Simon Kuznets (1955), "Economic Growth and Income Inequality", *American Economic Review*, vol. 45, No. 1, March 1955, pp. 1-28. Available at <http://www.aeaweb.org/aer/top20/45.1.1-28.pdf>

Robert H. Haveman, "Tinbergen's 'Income Distribution: Analys and Policies'—A Review Article", *The Journal of Human Resources*, vol. 12, No. 1, pp. 103-114. Available at <http://www.jstor.org/discover/10.2307/145601?uid=2&uid=4&sid=21103394429833>.

Jan Tinbergen, *Income Distribution: Analyses and Policies*, Amsterdam: North Holland, 1975.

Sudhir Anand and Ravi Kanbur (1993), "The Kuznets process and the inequality-development relationship", *Journal of Development Economics*, 1993, pp. 25-52.

Montek Ahluwalia (1976), "Inequality, poverty and development", *Journal of Development Economics*, vol.3, pp. 307-342.

Gary Fields (2001), *Distribution and development; a new look at the developing world*, Russell Sage Foundation, New York ad MIT Press (Chapter 3).

Higgins, Matthew and Jeffrey Williamson (1999), "Explaining inequality the world round: Cohort size, Kuznets curve, and openness", June, available on www.ssrn.com.

Branko Milanovic (1994), "Determinants of cross-country income inequality: an 'augmented' Kuznets hypothesis", World Bank Policy Research Paper No. 1246, World Bank. Available at http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/1994/01/01/000009265_3961005200139/Rendered/PDF/multi0page.pdf

Li, H., Lyn Squire and H.-f. Zou (1998), "Explaining international and intertemporal variations in income inequality," *The Economic Journal*, 108, 26-43.

Brian Snowdon, "Towards a unified theory of economic growth: Oded Galor on the Transition from Malthusian Stagnation to Modern Economic Growth", *World Economics*, vol. 9, No. 2, pp. April-June 2008, pp. 97-151.

Kuznets curve literature

Lindert, Peter H. and Jeffrey G. Williamson (1985), "Growth, Equality, and History", *Explorations in Economic History*, vol. 22, pp 341-377.

Kaelble, Hartmut and Mark Thomas (1991), "Introduction", in Y.S. Brenner, Hartmut Kaelble and Mark Thomas (eds.), *Income Distribution in Historical Perspective*, Cambridge and Paris: Cambridge University Press and Editions de la Maison des Sciences de l'Homme.

Williamson, Jeffrey (1991a), *Inequality, Poverty, and History*, Cambridge, Mass.: Basil Blackwell.

Polak, Ben and Jeffrey G. Williamson (1993), "Poverty, Policy and Industrialization in the Past", in J. van der Gaag and M. Lipton (eds.), *Including the Poor*, Washington, D.C.: IFPRI and the World Bank, forthcoming.

Paukert, Felix (1973), "Income Distribution at Different Levels of Development: A Survey of Evidence", *International Labor Review*, Vol. 108, Nos. 2-3, pp. 97-125.

Williamson, Jeffrey (1991), "British Inequality during the Industrial Revolution: Accounting for the Kuznets curve", in Y.S. Brenner, Hartmut Kaelble and Mark Thomas (eds.), *Income Distribution in Historical Perspective*, Cambridge and Paris: Cambridge University Press and Editions de la Maison des Sciences de l'Homme, 1991.

Dumke, Rolf (1991), "Income Inequality and Industrialization in Germany, 1850-1913: the Kuznets Hypothesis Re-examined", in Y.S. Brenner, Hartmut Kaelble and Mark Thomas (eds.), *Income Distribution in Historical Perspective*, Cambridge and Paris: Cambridge University Press and Editions de la Maison des Sciences de l'Homme.

Soderberg, Johan (1991), "Wage Differentials in Sweden, 1725-1950", in Y.S. Brenner, Hartmut Kaelble and Mark Thomas (eds.), *Income Distribution in Historical Perspective*, Cambridge and Paris: Cambridge University Press and Editions de la Maison des Sciences de l'Homme.

Thomas, Mark (1991), "The evolution of Inequality in Australia in the Nineteenth Century", in Y.S. Brenner, Hartmut Kaelble and Mark Thomas (eds.), *Income Distribution in Historical Perspective*, Cambridge and Paris: Cambridge University Press and Editions de la Maison des Sciences de l'Homme.

Ram, Rati (1991), "Kuznets's Inverted U-Hypothesis: Evidence from a Highly Developed Country", *Southern Economic Journal*, vol. 57, April, pp. 1112-1123.

Oshima, Harry T. (1991), "Kuznets' Curve and Asian Income Distribution", in *Making Economies More Efficient and More Equitable: Factors Determining Income Distribution*, ed. Toshiyuki Mozoguchi, Economic Research Series No.28, The Institute of Economic Research, Hitotsubashi University, Tokyo: Kinokuniya Company Ltd and Oxford University Press.

Lindert, Peter H. and Jeffrey G. Williamson (1985), "Growth, Equality, and History", *Explorations in Economic History*, vol. 22, pp 341-377.

Ogwang, Thomas (1994), "Economic development and income inequality: a non-parametric investigation of the Kuznets U-curve hypothesis", *Journal of Quantitative Economics*, vol. 10, no.1, pp. 139-153.

Higgins, Matthew and Jeffrey Williamson (1999), "Explaining inequality the world round: Cohort size, Kuznets curve, and openness, June 1999, downloadable on www.ssrn.com.

Branko Milanovic (1994), "Determinants of cross-country income inequality: an 'augmented' Kuznets hypothesis", World Bank Policy Research Paper No. 1246, World Bank. Downloadable from www.worldbank.org/research/inequality.

2.4 Piketty: A political theory of income concentration

A nice non-technical summary of current research:

Marie-Helene Duprat: "The dynamics of inequality: Is there a general pattern?" Econote, Societe Generale, December 2018.

<https://www.societegenerale.com/sites/default/files/2018/the-dynamics-of-inequality.pdf>

[RR] Thomas Piketty, *Capital in the 21st century*, Harvard University Press, 2014, Chapter 8 ("The two worlds")

[RR] Branko Milanovic (2014), "Return of patrimonial capitalism: Review of Thomas Piketty's *Capital in the 21st century*", *Journal of Economic Literature*, June 2014, pp. 519-534. Available at

<https://openknowledge.worldbank.org/bitstream/handle/10986/20541/JEL-52-2-Milanovic.pdf?sequence=1>

Thomas Piketty (2003), "Income Inequality in France, 1901-1998", *Journal of Political Economy*, vol. 111, no 5, pp. 1004-1042.

Piketty's book has led to literally hundreds of reviews. Some of the most interesting are:

Robert Solow, "Thomas Piketty is right", *The New Republic*, April 22, 2014.

<http://www.newrepublic.com/article/117429/capital-twenty-first-century-thomas-piketty-reviewed>.

Paul Krugman, "We are in a new gilded age", *New York Review of Books*, May 8, 2014

<http://www.nybooks.com/articles/archives/2014/may/08/thomas-piketty-new-gilded-age/>

Brad DeLong blog on Piketty, April 19, 2014.

<http://equitablegrowth.org/2014/04/12/notes-finger-exercises-thomas-pikettys-capital-twenty-first-century-honest-broker-week-april-12-2014/>

The exchange between Debraj Ray and Milanovic

http://glineq.blogspot.com/2014_06_01_archive.html

and

<http://debrajray.blogspot.co.uk/2014/06/ray-on-milanovic-on-ray-on-piketty.html>

Discussion in the *American prospect* (March 2014)

<http://prospect.org/article/piketty%20%99s-triumph>.

Peter Lindert, "Making the Most of *Capital in the 21st century*", NBER Working Paper No. 20232, June 2014.

2.5. The Kuznets waves: benign and malign forces of inequality

[RR] Branko Milanovic, “Income inequality is cyclical”, *Nature*, September 2016.

Review of “Global Inequality” by Lars Olberg (2020), “Waves or What?”, *Review of Income and Wealth*, vol. 66, No. 2, June. Available at
<https://onlinelibrary.wiley.com/doi/abs/10.1111/roiw.12463>

B. Milanovic, *Global inequality: A new approach for the age of globalization*, Chapter 2.

Review of “Global Inequality” by Martin Ravallion (2018), “Inequality and globalization”, *Journal of Economic Literature*, vol. 56, No. 2 (June). Pp. 620-642.
<https://www.aeaweb.org/articles?id=10.1257/jel.20171419>

Juan Gabriel Rodriguez, “Long-run inequality”. Draft. 2025.

Danijela, Lazivic-Vukotic and Jozef Damijan, “Drivers of income inequality in OECD countries: Testing the Milanovic's TOP hypothesis”, *Structural Change and Economic Dynamics*, vol. 74, September 2025, pp. 416-440.
<https://www.sciencedirect.com/science/article/pii/S0954349X25000578>

Effects of inequality

Erik Thorbecke and Chutatong Charumilind (2002), “Economic inequality and its socio-economic impact”, *World Development*.

Ron Rogowski (2008), “What changes inequality and what does inequality change?”, December.

3. National inequalities in the era of globalization

Main theme: How much and why within-national inequalities increased in the last thirty years

3.1 New literature on inequality and growth and inequality of opportunity

Roy van der Weide and Branko Milanovic (2018), “Inequality is Bad for Growth of the Poor (But Not for that of the Rich)”, *World Bank Economic Review*, vol. 32, issue 3, October, pp. 507-530.

Available <https://academic.oup.com/wber/article-abstract/32/3/507/5096843>

Sarah Voitchovsky (2005), "Does the profile of income inequality matter for economic growth?", *Journal of Economic Growth*, vol. 10, pp. 273-296.

Ostry, Jonathan, Andrew Berg and Charalambos Tsangarides (2014), "Redistribution, inequality, and growth", IMF Staff Discussion Note, SDN/14/02.

[Inequality of opportunity]

Paolo Brunori, Francisco Ferreira and Vito Peragine, "Inequality of Opportunity, Income Inequality and Economic Mobility Some International Comparisons", World Bank Policy Research Working Paper 6304, January 2013. Available at http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2013/01/07/000158349_20130107095623/Rendered/PDF/wps6304.pdf.

Gustavo Marrero and Juan-Gabriel Rodriguez (2012), "Inequality of opportunity in Europe", *Review of Income and Wealth*, Series 58, No. 4, December, pp. 597-621.

Marrero, Gustavo and Juan-Gabriel Rodriguez (2013), "Inequality of opportunity and growth," *Journal of Development Economics*, 104(C), pp. 107-122.

Miles Corak (2013), "Income Inequality, Equality of Opportunity, and Intergenerational Mobility", *Journal of Economic Perspectives*, vol. 27, no 3, pp. 79-102.

Marrero, Gustavo, Juan-Gabriel Rodriguez and Roy van der Weide (2016), "Unequal opportunity, unequal growth", mimeo.

Ercio Munoz and Roy van der Weide "Intergenerational Income Mobility around the World : A New Database", World Bank, Policy Research Working Paper No. 11166, July 2025. Available at <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099149507072519419>

3.2 Inequality in rich countries: new capitalism

[See the slides for inequality under new capitalism]

Blogs/short essays

[RR] Paul Krugman's seven-part primer on inequality in the United States: link
Wealth and power: Understanding inequality

<https://stonecenter.gc.cuny.edu/wealth-and-power-paul-krugman-understanding-inequality-part-vi/>

[RR] Branko Milanovic three-part discussion of new capitalism
New capitalism In America

<https://branko2f7.substack.com/p/new-capitalism-in-america>

New Capitalism II: Compositional vs income inequality

Are all class-based societies unequal?

<https://branko2f7.substack.com/p/new-capitalism-ii-compositional-vs>

New capitalism III: Capital

Why is capital so concentrated and why so few have it?

<https://branko2f7.substack.com/p/the-new-capitalism-iii-capital>

Marco Ranaldi, “Compositional Inequality: Measurement, Stylized Facts and Theoretical Aspects”, Stone Center on Socio-Economic Inequality, Working Paper No. 87, Revised version, February 2025.

Branko Milanovic, “Increasing capital income share and its effect on personal income inequality” in Heather Boushey, Brad de Long, Marshall Steinbaum (eds.), *After Piketty: The Agenda for Economics and Inequality* Harvard University Press, 2017. Earlier version LIS Working Paper Series No. 663, February 2016.

Marco Ranaldi and Branko Milanovic, “Capitalist systems and income inequality”, *Journal of Comparative Economics*, Volume 50, Issue 1, March 2022, pp. 20-32.

Previously published as LIS working paper No. 803, October 2020.

Yonatan Berman and Branko Milanovic, “Homoploutia: Top Labor and Capital Incomes in the United States, 1950-2020”, *Review of Income and Wealth*, August 2023.

Previously published as Luxembourg Income Study Working Paper, No. 806, December 2020. Also World Inequality Lab Working Paper No. 2020/27.

Janet Gornick, Branko Milanovic and Nathaniel Johnson (2020), “In Search of the Roots of American Inequality Exceptionalism: An Analysis Based on Luxembourg Income Study (LIS) Data”, Stone Center on Socio-Economic Inequality Working Paper No. 18 (July 2020).

Atkinson, Anthony (2009), “Factor shares: the principal problem of political economy?” *Oxford Review of Economic Policy*, vol. 25, No. 1, pp. 3-19.

Anthony Atkinson and Christoph Lakner, “Capital and Labor: The Factor Income Composition of Top Incomes in the USA, 1962-2006”, World Bank Research Working Paper, December 2017.

Alvaredo, Facundo, Anthony B. Atkinson, Thomas, Piketty, and Emmanuel Saez (2013), “The Top 1 Percent in International and Historical Perspective”, *Journal of Economic Perspectives*, vol. 27, no 3, pp. 3-20.

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<http://www.oecd.org/els/socialpoliciesanddata/49499779.pdf>.

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The approximate schedule of topics and classes:

Class 1. Introduction and beginning of methodology

Classes 2-3. Methodology

Classes 4-5. Classical writers (Smith and Marx) and their theories

Class 6. Pareto and top of income distribution

Class 7. Kuznets and the inverted *U* hypothesis
Class 8. Mid-term exam
Classes 9. Kuznets and Kuznets' waves
Class 10. Piketty and political theory of income concentration
Class 11-12. Inequality in rich countries (esp. US)
Class 13. Inequality in China/Inequality under the really-existing socialism (if there is enough time)
Class 14. Wrap-up

Where to find the data:

An important recent review of all key databases for the study of income inequality (LIS, SEDLAC for Latin America, OECD, PovcalNet, World Income Distribution, All the Ginis, WIID and SWIID) was published in a special issue of *Journal of Economic Inequality*, vol. 13, Number 4, December 2015 (editors: Francisco Ferreira and Nora Lustig)

Databases:

Luxembourg Income Study or LIS: <http://www.lisdatacenter.org/>

The most important database. Rich and middle-income economies; almost 1,000 surveys, about 200 variables for each; micro data available; updated quarterly; latest update Summer 2025.

See Martin Ravallion, "The Luxembourg Income Study", *JEI*, vol. 13, pp. 527-548

Response

Janet Gornick, Markus Jäntti, Teresa Manzi and Thierry Kruten, *ibid*, p. 549.

Socio-economic Database for Latin America and the Caribbean (SEDLAC):

<http://sedlac.econo.unlp.edu.ar/eng/>

Latin American and Caribbean household surveys; in some case, micro data possible to access.

See François Bourguignon, "Appraising income inequality databases in Latin America", *JEI*, vol. 13, pp. 557-578.

Economic Research Forum (ERF)

<https://erf.org.eg/oamdi/>

Micro data from household survey in about 20 countries of the Middle East; most micro data accessible.

World Bank Poverty and Inequality Platform (PIP): <https://pip.worldbank.org/home>

More than 2000 surveys with income or consumption percentiles expressed in dollars of equal purchasing parity; Ginis available; many easy to create graphs; no access to micro data; updated twice a year; most recent update Spring 2025.

World Bank Living Standard Measurement Survey (LSMS):

<https://www.worldbank.org/en/programs/lsms>

Household surveys mostly from very poor countries; micro data available.

Lakner and Milanovic Database ("the elephant chart"): World Income Distribution (WYD):

<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/0,,contentMDK:22261771~pagePK:64214825~piPK:64214943~theSitePK:469382,00.html>

Ventiles and percentiles of countries' income distributions, 1988-2005; last update July 2012.

All the Ginis (ATG) database:

<https://stonecenter.gc.cuny.edu/research/all-the-ginis-alg-dataset-version-february-2019/>

Compilation of all per capita Ginis since 1950s (more than 2,000 Ginis); various sources, mostly based on Luxembourg Income Study and World Bank's PIP; last update February 2019. More recent data available directly from the author.

See Tom Smeeding and J. P. Latner, "PovcalNet, WDI and 'All the Ginis': a critical review", *JEI*, vol. 13, pp. 603-628.

UN WIDER database:

<https://www.wider.unu.edu/project/world-income-inequality-database>

Compilation of Ginis, deciles etc., for a variety of inequality statistics, income, earnings etc.; more than 200 countries. last update in 2025.

See Steven Jenkins, "World income inequality databases: an assessment of WIID and SWIID", *JEI*, vol. 13, pp. 629-672.

World Inequality Database (WID)

<https://wid.world/wid-world/>

Previously World Top Incomes Database (WTID) hosted at Paris School of economics: mostly fiscal income data from some 50 countries; base of the top 1% statistics; updated regularly; the base for the World Inequality Reports.