

Bavarian Graduate Program in Economics
Lecturer: Daniel Waldenström, IFN Stockholm

Dates: March 22-26, 2021

E-mail: daniel.waldenstrom@ifn.se , Web: <https://sites.google.com/view/danielwaldenstrom/>

Empirical Public Finance: Inequality and Taxation

This course covers topics in income and wealth inequality, mobility and taxation. Lectures will deal with key concepts, empirical estimation approaches and measurement issues. Focus will be on discussion and critical review of facts and findings in the current literature. As part of the course, problem sets will be distributed and the students are expected to present a research article in class.

The course objective is to offer students a solid understanding of the current strands in the research on inequality and taxation, and to stimulate ideas and new research projects. Students are expected to be knowledgeable in core micro- and macroeconomics and first-year graduate econometrics.

1. Course outline

Monday, March 22

- Lecture 1, 09:00-12:00: Long-run trends in the distribution of income and wealth
- Lecture 2, 13:00-15:00: Wealth inequality
- Assignments: Data problem sets (Wed.); Article presentations (Thu.-Fri.)

Tuesday, March 23

- Lecture 3, 09:00-12:00: Taxation of top incomes
- Lecture 4, 13:00-15:00: Capital taxation

Wednesday, March 24

- Workshop 1, 10:00-12:00: Problem set solutions
- Lecture 5, 13:00-16:00: Inheritance and taxation

Thursday, March 25

- Lecture 6, 09:00-12:00: Household-distributed national accounts
- Workshop 2, 13:00-15:00: Student presentations of articles

Friday, March 26

- Workshop 3, 10:00-12:00: Student presentations of articles
- Lecture 7, 13:00-15:00: Summary and a look to the future

2. Readings (* denotes compulsory)

It is recommendable that students have read all the compulsory readings before the course start.

Lecture 1: Long-run trends in the distribution of income and wealth

Bartels, C., Waldenström, D. (2021). "Inequality and Top Incomes". In K.F. Zimmermann (ed.), *Handbook of Labor, Human Resources and Population Economics*, Springer.

* Roine, J., Waldenström, D. (2015). "[Long Run Trends in the Distribution of Income and Wealth](#)" in Atkinson, Bourguignon (Eds.), *Handbook of Income Distribution*, vol. 2, Amsterdam: Elsevier.

Waldenström, D. (2021). "Capital and History: And Update". Mimeo.

Lecture 2 : Wealth inequality

Bricker, J., Hansen, P., and Henriquez Volz, A. (2019). "Wealth Concentration in the US after Augmenting the Upper Tail of the Survey of Consumer Finances". *Economic Letters*, 184.

Bönke, T., Grabka, M. M., Schröder, C., and Wolff, E. N. (2019). "A Head-to-Head Comparison of Augmented Wealth in Germany and the United States". *Scandinavian Journal of Economics* 3(122):1140–1180.

* Cowell, F., Van Kerm, P. (2015). "[Wealth Inequality: A Survey](#)". *Journal of Economic Surveys*.

Saez, E., Zucman, G. (2016). "Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data." *Quarterly Journal of Economics*.

Lecture 3: Top income taxation

Piketty, T, E. Saez, E. Stantcheva (2014). "Optimal taxation of top labor incomes: A tale of three elasticities." *American Economic Journal: Economic Policy* 6(1): 230-271.

* Rubolino, E., Waldenström, D. (2020). "[Tax Progressivity and Top Incomes: Evidence from Tax Reforms](#)", *Journal of Economic Inequality* 18(3), 261-289.

* Rubolino, E., Waldenström, D. (2019). "[Trends and Gradients in Top Tax Elasticities: Cross-Country Evidence, 1900-2014](#)", *International Tax and Public Finance*, 26(3), 457–485.

Lecture 4 : Capital taxation

* Bastani, S., Waldenström, D. (2020). "[How Should Capital Be Taxed?](#)", *Journal of Economic Surveys* 34(4), 812-846.

Saez, E. and G. Zucman (2019). "Progressive wealth taxation." *Brookings Papers on Economic Activity*.

Scheuer, F. and J. Slemrod (2019). "Taxation and the superrich." *Annual Review of Economics*.

Lecture 5 : Inheritance and taxation

* Adermon, A., Lindahl, M., Waldenström, D. (2018). "[Intergenerational Wealth Mobility and the Role of Inheritance: Evidence from Multiple Generations](#)", *Economic Journal* 128(612), F482-F513.

* Elinder, M., Erixson, O., Waldenström, D. (2018). "[Inheritance and Wealth Inequality: Evidence from Population Registers](#)", *Journal of Public Economics* 165, 17-30.

Henrekson, M., Waldenström, D. (2016). "[Inheritance Taxation in Sweden, 1885–2004: The Role of Ideology, Family Firms and Tax Avoidance](#)", *Economic History Review* 69(4), 1228-1254.

Kopczuk, W. (2013). "Taxation of Intergenerational Transfers and Wealth", i A. Auerbach, R. Chetty, M. Feldstein, and E. Saez (eds.), *Handbook of Public Economics*. Elsevier

Ohlsson, H., Roine, J., Waldenström, D. (2020). "[Inherited Wealth over the Path of Development: Sweden, 1810–2016](#)", *Journal of the European Economic Association* 18(3), 1123-1157.

Lecture 6 : Household-distributed national accounts

Alvaredo F, L Chancel, T Piketty, E Saez and G Zucman (2018), "Distributional National Accounts", in *Advancing Research on Well-being Metrics Beyond GDP*, Paris: OECD.

OECD, "[Understanding National Accounts](#)" (esp. ch 6)

* Piketty, T, Saez, E., Zucman, G. (2018). "[Distributional National Accounts: Methods and Estimates for the United States](#)" *Quarterly Journal of Economics*, 133(2): 553-609

* Zwijnenburg, Jorrit (2017), "[Unequal distributions? A study on differences between the compilation of household distributional results according to DINA and EGDNA methodology.](#)" OECD WP.

3. Examination

Classroom participation (article presentations) and written home exam.