THE JEROME LEVY ECONOMICS INSTITUTE
OF BARD COLLEGE
PRESENTS

ASPECTS OF DISTRIBUTION
OF WEALTH AND INCOME

A CONFERENCE
OCTOBER 19-20, 1990
October 19, 1990

Dear Colleague,

I am delighted, on behalf of the Jerome Levy Economics Institute of Bard College, to welcome you to our conference on Aspects of Distribution of Wealth and Income.

The Founders of the Institute embrace the spirit of Keynes' words that "[t]he Theory of Economics does not furnish a body of settled conclusions immediately applicable to policy. It is a method rather than a doctrine, a technique of thinking, which helps its possessor to draw correct conclusions." Sponsoring conferences, conducting workshops and seminars, and supporting promising scholars with policy oriented research fellowships, the Institute aims to make a profound and lasting contribution to the discipline of economics and the fostering of better public policy.

We invite you to read the Institute's report contained in your packet which outlines our brief history, our goals and aspirations, and our activities to date.

Thank you for being with us, and enjoy the conference. I look forward to seeing you again at subsequent activities in the years ahead.

Sincerely,

Dimitri B. Papadimitriou

DBP/sh
"The primary fact of economics is the production of wealth. The division of the product among those who create it is secondary in logical order and, in a sense, in importance. Yet the most important subject of thought connected with social economy is distribution. If the term be used broadly enough it designates all of the economic process that presents moral problems for solution. On the settlement of the ethical questions concerning the division of the social income depends not only the peace of society but the fruitfulness of industry."

J.B. Clark Palgrave's Dictionary of Political Economy

The Institute believes that the study of the distributional problems of wealth and income, especially in light of the last decade's worsening of inequality, merits serious reconsideration. This Conference marks the launching of a major research project undertaken by the Institute, aiming at the re-examination of the causes underlying the Economic Inequality at the Close of the Twentieth Century. The project focuses on the analysis of the important issues of inequality, poverty, gender and special demographic groups household earnings, the role of health in earnings capacity and welfare participation, as well as the impact of inheritance, property incomes, taxes and transfers on patterns of aggregate income and wealth.

This active pursuit of knowledge together with the investigating of new ways to increase communication between scholars and leaders in business and government can only result in improving the quality of human life. Non-partisan, the Institute is dedicated to the integrity of research, analysis and debate.

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ASPECTS OF DISTRIBUTION OF WEALTH AND INCOME

A Conference of
THE JEROME LEVY ECONOMICS INSTITUTE
of Bard College

October 19–20, 1990

Friday, October 19th

9:30 am – 10:15 am   REGISTRATION

10:15 am – 10:30 am   WELCOMING REMARKS

10:30 am – 12:15 pm   SESSION No. 1 Earnings Inequality: International Comparisons

Chair: David A. LEVY, Jerome Levy Economics Institute of Bard College

+Gordon GREEN, John CODER and Paul RYSCAVAGE, US Department of Commerce—“International Comparisons of Earnings Inequality in the 1980s”
#Sourushe ZANDVAKILI, University of Cincinnati and Jerome Levy Economics Institute of Bard College—“International Comparisons of Household Inequalities: Based on Micro Data with Decompositions”
*Erik THORBECKE, Cornell University—“Adjustment, Growth and Income Distribution: The Case of Indonesia”

Discussants: #Alan S. BLINDER, Princeton University
+Howard M. WACHTEL, American University
*Hyman P. MINSKY, Jerome Levy Economics Institute of Bard College

12:15 pm – 2:15 pm   LUNCHEON
2:30 pm – 4:00 pm  SESSION No. 2  U.S. Income Inequality

Chair:  Richard C. WILES, Bard College

+Joan RODGERS, The University of North Carolina–Greensboro and Jerome Levy Economics Institute of Bard College—"The Relationship Between Poverty and Household Type"
#Edmund S. PHELPS, Columbia University—"Wage Subsidy Schemes"
*Lawrence MISHEL, Economic Policy Institute and David M. FRANKEL, Massachusetts Institute of Technology—"The State of Working America"

Discussants:  +Rebecca BLANK, Northwestern University
    #Thomas KARIER, Bard College and Jerome Levy Economics Institute of Bard College
    *Paul DAVIDSON, University of Tennessee

4:00 pm – 4:30 pm  BREAK

4:30 pm – 6:15 pm  SESSION No. 3  Income and Wealth Distribution in the U.S.

Chair:  Hyman P. MINSKY, Jerome Levy Economics Institute of Bard College

+Robert A. BLECKER, American University—"The Ineffectiveness of Dollar Depreciation; the Role of Income Distribution"
#James MORGAN and Thomas JUSTER, University of Michigan—"What Affects Household Saving Behavior: A Preliminary Analysis"
*Edward N. WOLFF, New York University and DAPHNE GREENWOOD, University of Colorado–Colorado Springs—"Changes in Age–Wealth Profiles: Savings, Revaluation and Inheritance"

Discussants:  +#Robert B. AVERY, Cornell University
    *Franco MODIGLIANI, Massachusetts Institute of Technology

6:30 pm – 7:00 pm  RECEPTION

7:15 PM – 9:30 PM  DINNER

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Saturday, October 20th

9:45 am – 11:45 pm  Policy Forum on Economic Inequality

Chair:  Dimitri B. PAPADIMITRIOU, Bard College and Jerome Levy Economics Institute of Bard College

Isabel V. SAWHILL, The Urban Institute
Rebecca BLANK, Northwestern University
Christopher JENCKS, Northwestern University
Stephen QUICK, Joint Economic Committee – U.S. Congress

12:00 pm – 2:00 pm  LUNCHEON

Speaker:  Paul S. SARBANES, U.S. Senate
"Growing Inequality as an Issue for Economic Policy"

2:15– 4:00 pm  Policy Forum on Household Savings and Incomes

Chair:  S Jay LEVY, Jerome Levy Economics Institute of Bard College

Leonard A. RAPPING, University of Massachusetts–Amherst
David E. BLOOM, Columbia University
Paul DAVIDSON, University of Tennessee
Franco MODIGLIANI, Massachusetts Institute of Technology

4:00– 5:00 pm  Speaker:  Daniel Patrick MOYNIHAN, U.S. Senate

5:15 pm  RECEPTION
LIST OF PARTICIPANTS

ROBERT B. AVERY, Ph.D, University of Wisconsin; Associate Professor in the Department of Consumer Economics at Cornell University and a Research Associate at the Federal Reserve Bank of Cleveland. Prior to his arrival at Cornell, Dr. Avery was a Senior Economist at the Board of Governors of the Federal Reserve System (1981–1988) and an assistant professor of economics in the Graduate School of Industrial Administration at Carnegie Mellon University (1975–1981). While at the Federal Reserve Board, he served as project director of the 1983, 1986 and 1989 Surveys of Consumer Finances. His current research interests center on the use of these data to study issues related to wealth and saving. He is also working on problems associated with the deregulation of the banking system.

REBECCA BLANK, Ph.D, Massachusetts Institute of Technology; Associate Professor, Northwestern University. Dr. Blank also taught at Princeton University, and until recently was with the Council of Economic Advisors. Professor Blank is a member of the Jerome Levy Economics Institute’s research team on the "Economic Inequality at the Close of the Twentieth Century" project.


ROBERT A. BLECKER, Ph.D, Stanford University, 1987; Assistant Professor of Economics, American University since 1985. Dr. Blecker is Director of Trade Research at the Economic Policy Institute. His research interest is in international competition and economic growth.

DAVID E. BLOOM, Ph.D, Princeton University, 1980; Professor of Economics, Columbia University. Dr. Bloom also taught at Harvard University and Carnegie–Mellon University. Professor Bloom is a member of the Jerome Levy Economic Institute’s research team on the "Economic Inequality at the Close of the Twentieth Century" project.
JOHN CODER, B.S., University of Maine; staff assistant in the Census Bureau's Housing and Household Economic Statistics Division. He has been employed at the Bureau of the Census since 1970 working throughout his career in the income statistics area. He served from 1980 through 1988 as Chief of the Income Statistics Branch before accepting a special 18 month assignment with the Luxembourg Income Study. Upon returning from Luxembourg, Mr. Coder took his present position. He is currently leading the Bureau's research program concerning nonsampling errors in the March Current Population Survey and Survey of Income and Program Participation income data.

PAUL DAVIDSON, Ph.D, University of Pennsylvania, 1959; Chair of Excellence in Political Economics, University of Tennessee—Knoxville. Dr. Davidson was formerly a Professor of Economics and Associate Director of the Bureau of Economic Research at Rutgers University—New Brunswick and also taught at the University of Pennsylvania; University of Bristol, England; Institute for Advanced Studies, Vienna; and International Summer School Centro di Studi Economici Avanzati, Trieste. Among his publications are: Theories of Aggregate Income Distribution; Aggregate Supply and Demand Analysis (with E. Smolensky); Money and the Real World; Milton Friedman's Monetary Theory: A Debate With His Critics (with others); and International Money and the Real World. Professor Davidson is the Editor of the Journal of Post-Keynesian Economics.

GORDON W. GREEN, JR., Assistant Division Chief in the Census Bureau's Housing and Household Economic Statistics Division. Dr. Green is in charge of the preparation of socioeconomic statistics. He oversees work in the subject areas of income distribution, poverty, wealth, and labor force statistics. Dr. Green has worked at the Census Bureau since 1973, and he has written many reports and papers on the relationship between demographic and economic variables and changes in income and poverty statistics. He did his undergraduate work in economics at the University of Maryland and his graduate work at the George Washington University. Dr. Green is also the author of two books: Getting Straight A's, which is used by college students throughout the country, and Getting Ahead at Work, which helps people with career planning and job advancement.

CHRISTOPHER JENCKS, B.A., Harvard College, 1958; Professor of Sociology and Director of the Center for Urban Affairs and Policy Research, Northwestern University. Professor Jencks also taught at the University of California–Santa Barbara and Harvard University. His research is in the area of non–monetary aspects of work, altruism and standard of living. Professor Jencks is a member of the Jerome Levy Economics Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

F. THOMAS JUSTER, Ph.D, Columbia University, 1956; Director, Institute for Social Research; Professor of Economics, University of Michigan. Dr. Juster also taught at Amherst College, and held positions as a Senior Research Analyst for the CIA and Senior Research Staff of the NBER. His publications include: Consumer Expectations, Plans and Purchases: A Progress Report; Anticipations and Purchases: An Analysis of Consumer Behavior; Household Capital Formation and Financing: Growth and Cyclical Behavior, 1897–1962; Education, Income and Human Behavior, ed.; The Distribution of Economic Well-being, ed.; Social Accounting Systems: Essays on the State of the Art, co–authored with K. Land; and many articles.

THOMAS KARIER, Ph.D, University of California–Berkeley; Associate Professor, Eastern Washington University; Visiting Associate Professor of Economics, Bard College and Resident Scholar, Jerome Levy Economics Institute. Dr. Karier's recent articles include, "The Unions and the U.S. Comparative Advantage," Industrial Relation; "Labor Relations and the Composition of U.S. Foreign Trade," New York, M.E. Sharpe, Inc. to be included in a volume edited by Larry Mishel and Paula Vous; "New Evidence on the Effect of Unions and Imports on Monopoly Profits: A Rejoinder", Journal of Post Keynesian Economics.


S JAY LEVY, Chairman of the Board of Governors of the Jerome Levy Economics Institute of Bard College, began his economic career in 1946 when he and his father, Jerome Levy, started an economic forecasting business for a limited number of clients. In 1949 they inaugurated Industry Forecasts, which today is the oldest paid circulation letter devoted to economic forecasting and analysis. S Jay Levy has been a consultant to major industrial and financial corporations and has lectured and written widely on economic matters.
HYMAN MINSKY, Ph.D, Harvard University; Distinguished Scholar Jerome Levy Economics Institute of Bard College. Formerly Professor of Economics, Washington University—St. Louis. Professor Minsky has also taught at Brown University and the University of California, Berkeley. He is the author of John Maynard Keynes, Can "It" Happen Again? and Stabilizing an Unstable Economy as well as a contributor to many professional journals and the public press. Dr. Minsky is a member of the Board of Advisors of the Jerome Levy Economics Institute and has been a member of the Executive Committee of the Eastern Economic Association.

LAWRENCE MISHEL, Ph.D, University of Wisconsin—Madison; Research Director, Economic Policy Institute. Dr. Mishel held the post of Economist in the Industrial Union Department of the AFL–CIO from 1985–1987 and has taught at Cornell University. His research interests are labor economics, industrial relations, productivity and income distribution.

FRANCO MODIGLIANI, Ph.D, New School for Social Research, Institute Professor Emeritus of Economics and Finance, Massachusetts Institute of Technology. Dr. Modigliani has been Academic Consultant to the Board of Governors, Federal Reserve System since 1966; Senior Advisor, Brookings Panel of Economic Activity since 1971; Member of the Advisory Board of the Jerome Levy Economics Institute of Bard College and won the Nobel Prize in Economics in 1985. Dr. Modigliani’s publications include: National Incomes and International Trade (with H. Neisser); Planning Production, Inventories and Work Forces (with others); New Mortgage Designs for Stable Housing in Inflationary Environment, ed. (with D.Lessard); Collected Papers of Franco Modigliani; vol. 1, Essays in Macroeconomics; vol. 2, Life Cycle Hypothesis of Saving; vol. 3, Theory of Finance and Other Essays.

JAMES N. MORGAN, Ph.D, Harvard University, 1947; Resident Scientist, Institute for Social Research; Professor of Economics, University of Michigan. Dr. Morgan has also taught at Brown University and was a Visiting Professor at the Center for Advanced Study, Berlin. His publications include: Income and Welfare in the United States; The Economic Behaviour of the Affluent (with R. Barlow and H. Brazer); Productive Americans (with I. Sirageldin and L. Baerwaldt); The Economics of Personal Choice (with G. Duncan) and Five Thousand American Families: Patterns of Economic Progress 10 volumes, ed. and co–author; and many articles.

DANIEL PATRICK MOYNIHAN, Democrat Senator from New York; member of the Committees on Finance and Foreign Relations. Previously a member of the Cabinet or Sub–Cabinet of Presidents Kennedy, Johnson, Nixon and Ford; and former Ambassador to India and to the United Nations. Senator Moynihan holds a Ph.D from Fletcher School of Law and Diplomacy, was an Assistant Professor of Government at Syracuse University and Professor of Government at Harvard University.
DIMITRI B. PAPADIMITRIOU, Ph.D Graduate Faculty, New School for Social Research; Executive Vice President and Professor of Economics, Bard College and Executive Director of the Jerome Levy Economics Institute of Bard College and the Bard Center. Visiting Scholar, Center for Economic Planning and Research (Athens, Greece); Wye Fellow, Aspen Institute. Dr. Papadimitriou is a member of the Board of Governors of the Jerome Levy Economics Institute of Bard College and a contributor to economic journals.

EDMUND S. PHELPS, Ph.D, Yale University, 1959; McVickar Professor of Political Economics, Columbia University. Dr. Phelps also taught at Yale University, MIT, University of Pennsylvania and NYU. He is the author of many books and articles, including: Fiscal Neutrality toward Economic Growth, Inflation Policy and Unemployment Theory, Individual Forecasting and Aggregate Outcomes: "Rational Expectations Examined." Dr. Phelps has had several fellowships, among them the American Academy of Arts and Sciences, the Guggenheim Foundation and the National Academy of Sciences; was president of the Atlantic Economic Society in 1984 and vice resident of the AEA.

STEPHEN QUICK, Ph.D, Stanford University, Chief Economist for the Congressional Joint Economic Committee. In addition to overview responsibilities for the work of the Committee, Dr. Quick has particular research interests on the problems of international macroeconomics, trade, debt and finance. Recent work includes papers on macroeconomic policy in Taiwan, Mexico and the Caribbean. Before joining the Committee, Dr. Quick served as Chief Economist for the Senate Democratic Policy Committee, and Senior Economist for the House Banking Committee.


JOAN R. RODGERS, Ph.D, University of Minnesota; Resident Scholar, Jerome Levy Economics Institute of Bard College; Assistant Professor of Economics, University of North Carolina–Greensboro. Dr. Rodgers has also taught at the University of Minnesota; Lincoln University College of Agriculture, New Zealand; and University of Queensland, Australia. Her publications include: "Measuring the Intensity of Poverty among Subpopulations, with Application to the United States" (with John L. Rodgers) Journal of Human Resources, forthcoming; "Does the Choice of Poverty Index Matter in Practice?" Social Indicators Research, forthcoming; and "Intra–Industry Trade, Aggregation and the HOS Model" Journal of Economic Studies.
PAUL RYSCAVAGE, M.A., American University, 1969; Senior Labor Economist in the Census Bureau's Housing and Household Economic Statistics Division. He serves as a staff assistant to the Assistant Division Chief of that Division and conducts research on the Nation's labor force and income distribution. Mr. Ryscavage has worked at the Census Bureau since 1983 and prior to that, at the U.S. Bureau of Labor Statistics since 1962. He has written numerous articles and presented many papers dealing with labor force and income statistics.

PAUL S. SARBAINES, Democrat U.S. Senator from Maryland; Chairman, Joint Economic Committee; member, Banking, Housing and Urban Affairs and Foreign Relations Committees of the U.S. Senate. Senator Sarbanes was educated at Princeton University, Phi Beta Kappa and holds the LL.B., cum laude from Harvard Law School. He was a Rhodes scholar, Balliol College, Oxford University and is admitted to practice by Maryland Court of Appeals. Senator Sarbanes was assistant to Walter Heller, Chairman of the Council of Economic Advisers.

ISABEL V. SAWHILL, Ph.D, New York University, 1968; Senior Fellow and Program Director, Urban Institute. Dr. Sawhill is a former Director, Commission for Employment Policy and her research interests include macroeconomic policy, employment and income distribution.

ERIK THORBECKE, Ph.D, University of California–Berkeley; H.E. Babcock Professor of Economics and Food Economics at Cornell University. He has taught economics at Iowa State University and spent two years with USAID in Washington as, respectively, Chief of the Sector Analysis Division (PPC) and Associate Assistant Administrator for Program Policy, and from 1975 was a member of AID's Research Advisory Committee. He was just appointed Senior Research Fellow of AID's Institute for Policy Reform. Dr. Thorbecke is also the Director of the Program on Comparative Economic Development at Cornell University. He has widespread experience abroad having worked in and done research in over 25 developing countries and is the author and co–author of about twenty books and ninety articles. He has been a consultant to the World Bank, FAO, ILO, IFAD and other agencies.

HOWARD M. WACHTEL, Ph.D, University of Michigan, 1969; Professor of Economics, American University. Dr. Wachtel's research interests are labor economics, labor policy and international finance.

RICHARD C. WILES, Ph.D, Clark University; The Charles Ranlett Flint Professor of Economics, Bard College. Dr. Wiles is a contributor to Economic History Review, Review of Social Economy, Eighteenth Century Studies; "The Development of Mercantilist Economic Thought" in Lowry (ed.), Pre–Classical Political Economy. He is the Director of Hudson Valley Studies at Bard College and Faculty Director of Bard College Libraries.
EDWARD N. WOLFF, Ph.D Yale University, 1974; Professor of Economics, New York University where he has taught since 1974, and a former research associate at the National Bureau of Economic Research. He has also served as Managing Editor of the Review of Income and Wealth since 1987. His principal research areas are income and wealth distribution, productivity growth and applied Marxian economics. He is the author of Growth, Accumulation, and Unproductive Activity: An Analysis of the Post-War US Economy (Cambridge University Press, 1987), a co-author of Productivity and American Leadership: The Long View, (MIT Press, 1989) and The Information Economy: The Implications of Unbalanced Growth (The Institute for Research on Public Policy, 1989). Professor Wolff is a member of the Jerome Levy Economics Institute's research team on the "Economic Inequality at the Close of the Twentieth Century" project.

SOURUSHE ZANDVAKILI, Ph.D Indiana University–Bloomington, 1987; Resident Scholar, Jerome Levy Economics Institute of Bard College and Assistant Professor of Economics, University of Cincinnati. Dr. Zandvakili has also taught at Illinois State University. His contributions include: "A Class of Generalized Measures of Mobility with Applications," Economics Letters 1986 (with E. Maasoumi); "Mobility Profiles and Time Aggregates of Individual Incomes," Research on Economic Inequality 1989 (with E. Maasoumi); and "Generalized Entropy Measures of Mobility for Different Sexes and Income Levels," Journal of Econometrics, 1990 (with E. Maasoumi).