ABSTRACT
This paper uses cross-country panel data from 1950–2014 to investigate if the rise in top income inequality can be explained by capital accumulation when innovation and cross-country differences are taken into account. Pooled OLS and fixed effects models are used to investigate the relationship. This paper finds some evidence in favour of capital accumulation driving top income inequality for highly competitive countries. However there is stronger evidence suggesting that innovation rents drive top income inequality rather than capital accumulation.

Kyel Governor
(MA Candidate)
Research Project Supervisor: Prof. Kurt Annen

“A Cross Country Analysis on Top Income Inequality”

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