Instruction to the graders of the exam, Econ 4951, Autum 2025

It is important that you relate your answers to the readings and the lectures. The total exam essay should not exceed 12 pages, and does not include the front page or reference list.

What was the role of war and deconcentration of power and property for the ''Great Redistribution'' 1914 to 1980?
How did unions and welfare state contribute?
To what extent did the results represent a long-lasting impact on the distribution of income, wealth and power?
Finally, outline a work-plan for how you would address all these questions empirically in a country of your choice.

Candidate instructions:

- **The total exam essay should not exceed 12 pages. The page limit does not include the front page or reference list.**
- **Margins must be set to 2.54 cm.**
- **Line spacing must be 1.5.**
- **Font size must be 11**

General remarks: To make good questions for a home exam in the age of Chat Gpt is not easy. I still think it is fair to vary the exam form -- to try student in different settings than those where they should remember things that can be reproduced within three hours. Yet, we should think about to what extent the different students have written themselves or have been assisted by an AI. Recall, there is also an oral exam where this can be tried out by asking student to explore on what they have written.

There are four related questions where the answers are not straight forward. An excellent response is to write a coherent essay that addresses all parts including the three questions together. But we should also treat responses that are less coherent as a fairly good response. It is important that we check that each students addresses all questions.

On ''the role of war and deconcentration of power and property for the ''Great Redistribution'' 1914 to 1980'' I deliberately use the clumsy word ''deconcentration'', used by Piketty in his discussion in Ch 2 of his Brief History of Equality pm the reading list. (But Chat Gpt may not know concretely). It means nothing more than a process where power and property become less concentrated. The great diversion is discussed both by Piketty and by Allen in his very small book om Global Economic History (on the reading list). IN the u-shaped curve indicating inequality (of either wealth or income) during the 20th century the great redistribution is how countries reach a lower level of inequality in the mid of the century for then to increase again after the end of 1980s.

The role of ''unions and welfare state'' is discussed both by Piketty (who systematically dismisses the role of unions) and by Moene and Wallerstein (reading list). In general, most scholars (in my view) put too much weight on the welfare state and too little (often close to zero)

weight on the compression of wages by unions – which again laid the foundation for welfare state expansion and modernization (see the lecture notes).

There are many ways to address the question of ''long lasting effects''. Note that the question mention both income, wealth and power.). The raise of power of the unions, for instance, may lead to wage compression. This may again lead to less inequality of labor earnings – while profit and capital income may go up (wage compression plus full employment => profits go up – as I have repeatedly stated.) . If so, the income and wealth may become more concentrated among the richest, while inequality among the say 99 per cent of the population may go down simultaneously. A complementary way to discuss these issues is to consider the stability of the society model (see my lecture notes) where I address briefly that minor changes in one pillar may have strong feed back effect that go way beyond the initial change.

Finally, to ''outline a brief work-plan for how you would address these questions empirically'' is not easy. The question is included to separate the good from the average student. My suggestion is to reward those who have a sensible ''outline'' and some good ideas, but not to punish those who fail to do so. To get an A I think a student needs to have something sensible on this point.