**Econ 752: Graduate public economics II**

Spring 2021

Professor Melissa S. Kearney

Email: kearney@umd.edu

Office hours: ZOOM, by appointment/request

Course meeting: ZOOM, link by request

Course Overview: This course will consider a set of issues related to the government’s role in the economy, focusing on tax and transfer issues. We will start by discussing government transfer programs and move on to issues in taxation. Topics will be discussed from both a theoretical and empirical perspective. Major topics covered include income support programs (in practice and optimality considerations); taxes and labor supply of both low- and high-income individuals; theory of optimal income taxation; taxable income elasticities; tax incidence and efficiency; and individual savings behavior, in particular as it relates to taxation and public policy. We will study empirical papers on these topics that span a range of empirical approaches and we will consider the advantages and disadvantages of alternative approaches. The course material will be presented in such a way to help prepare students to write dissertation-appropriate papers in the field of public economics.

Course Assignments and Grades

Problem sets (2): 10%

Paper Summaries (3): 15%

Empirical Paper Presentation: 10%

Paper replication/extension: 25%; presentation 5%

Final exam: 30%

Class participation: 5%

*For students without a second-year paper requirement-*

Problem sets (2): 16%

Paper Summaries (3): 24%

Empirical Paper Presentation: 16%

Final exam: 36%

Class participation: 8%

*Paper replication or proposal* – Students are required to replicate and extend a published empirical paper in public economics, chosen in consultation with the professor. The student must choose a paper to replicate and extend that they have not already replicated for another course. The primary purpose of this assignment is to help prepare students to do dissertation-style research in the field of public economics. It is thus recommended that the student choose a paper that it is in his or her main area of research interest.

There are three deliverables associated with this assignment: (1) a one-page replication description that students will informally discuss in class; (2) a written paper of approximately 12-15 pages that describes the paper being replicated and the relevant literature, the replicated results, and the extended analysis and results; and (3) 20-minute in-class presentation of the paper replication/extension at the end of the semester.

*Paper summaries* –Students are required to turn in a two-page summary of three empirical papers on the syllabus. The summary must be turned in before the start of the class meeting. The summary must address the following (please number answers in the write-up):

(1) What is the main question?

(2) What data are used and what are the key variables?

(3) What empirical model/methods are used?

(4) What are the key parameters to be identified?

(5) What is the identification strategy of the empirical approach?

(6) What are the threats to identification and does the author adequately address them? (7) What are the main findings of the paper?

(8) How does the paper contribute to the relevant literature?

*Empirical paper presentation* – Students will be assigned an empirical paper from the syllabus to present to the class. Students will be expected to prepare a 20-minute presentation for the class that includes a discussion of relevant background information and a detailed presentation of the empirical analyses.

\* Suspected violations of the University Honor Code will be reported immediately to the Office of Judicial Programs, http://www.jpo.umd.edu/

**Course Schedule­­­: TENTATIVE**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Topic | Class(es) | Tentative dates | Due dates |
|  |  |  |  |  |
|  | Intro to Course and Subject | 1  | 1/25 |  |
| Part 1 | Poverty, Inequality, & Social Mobility in the U.S. | 2 | 1/27, 2/1 |  |
| Part 2 | Income Support Programs: Efficiency and Optimality | 2 | 2/3, 2/8  |  |
| Part 3 | Cash & near cash transfers:Welfare and welfare reform, SSI, SNAP*(includes student presentations)* | 3 | 2/10, 2/152/17 | PSet 1 due 2/15 |
| Part 4 | In-kind government support:Medicaid, Housing, & Early childhood*(includes student presentations)* | 4 | 2/22, 2/24, 3/1, 3/3 |  |
| Part 5 | Earned Income Tax Credit & UBI | 2 | 3/8, 3/10 | PSet 2 due 3/12 |
|  | SPRING BREAK |  | 3/15 & 3/17 |  |
|  | *\*Asynchronistic course work 3/22 & 3/24 – students should work on replication/extension projects and sign up for individual meetings with Professor Kearney about their projects to be held between 3/12-3/31.* | 3/22 & 3/24 |  |
| Part 6 | Forms of Taxation | 1 | 3/29 |  |
| Part 7 | Taxation of Earned Income: Theory & Evidence  | 3 | 3/31, 4/5, 4/7  | Paper summary due 4/7 |
|  |  | Replication/Proposal description due 4/9 |
| Part 8 | Taxable Income Elasticities | 1 | 4/12 | Paper summary due 4/14 |
| Part 9 | Tax Incidence and efficiency  | 3 | 4/14, 4/19, 4/21  |  |
|  | 1. Theory
2. Empirical applications, including place-based policies
3. Mandated Benefits
 |  |  | Paper summary due 4/21 |
| Part 10 | Taxation & Savings | 3 | 4/26, 4/28, 5/3 |  |
|  | 1. Facts about Saving Behavior in the U.S.
2. Models of Saving
3. Targeted tax subsidies to saving
4. Behavioral insights
 |  |  |  |
|  |  |  |  |  |
|  | *Student presentations of replication/extension exercises*  | 2 | 5/5, 5/10 | Papers Due 5/14 |
|  | *FINAL EXAM*  |  | 5/19 |  |

**Readings**

##### Bold: required reading

*General Reference –*

*Handbook of Public Economics*, volume 5, edited by Alan J. Auerbach, Raj Chetty, Martin Feldstein, Emmanuel Saez, pages 1-474 (2013)

 -Available through University of Maryland libraries

*Undergraduate textbook -*

 J. Gruber, *Public Finance and Public Policies*, Worth Publishers

*Reference for applied econometrics methods used in this course*

A. Angrist and J.S. Pischke, *Mostly Harmless Econometrics*. Princeton University Press, 2008.

**Part I. Poverty, Inequality, and Social Mobility in the U.S.**

Autor, David H., Lawrence F. Katz, and Melissa S. Kearney (2008). “Trends in U.S. Wage Inequality: Revising the Revisionists.” *Review of Economics and Statistics*, 90(2), 300-323.

**Chetty, Raj, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez (2014a). “Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States.” *Quarterly Journal of Economics* 129(4): 1553-1623, 2014.**

Chetty, Raj, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez (2014b). Is the United States Still a Land of Opportunity? Recent Trends in Intergenerational Mobility American Economic Review Papers & Proceedings 104(5): 141–147, 2014.

Corak, Miles (2013). "Income Inequality, Equality of Opportunity, and Intergenerational Mobility." Journal of Economic Perspectives, 27(3): 79-102.

Duncan, Greg J., and Richard J. Murnane (2011). “Introduction: The American Dream, Then and Now,” In Greg J. Duncan and Richard J. Murnane (eds.), Whither Opportunity? Rising Inequality, Schools, and Children’s Life Chances. New York: Russell Sage Foundation.

Kearney, Melissa. “[Should we be concerned about income inequality](http://www.aei.org/spotlight/econ-labor-should-we-be-concerned-about-income-inequality/)?” in Ed. Michael Strain, *The U.S. Labor Market: Questions and Challenges for U.S. Policy*. Washington D.C.: American Enterprise Institute. June 2016.

**Kearney, Melissa S. and Phillip B. Levine (2014b). “Income Inequality, Social Mobility, and the Decision to Drop Out of High School.” Brookings Papers on Economic Activity, March 2016.**

Kearney, Melissa S. and Phillip Levine. “Income Inequality and Early, Non-Marital Childbearing,” *Journal of Human Resources* 49, winter 2014: 1-31.

**Part 2: Income Support Programs: Efficiency and Optimality**

**Akerlof, George (1978).** [**The Economics of `Tagging' as Applied to the Optimal Income Tax, Welfare Programs, and Manpower Planning**](http://links.jstor.org/sici?sici=0002-8282%28197803%2968%3A1%3C8%3ATEO%22AA%3E2.0.CO%3B2-W)**, *The American Economic Review*, v68, n1, March, pp. 8-19.**

Bertrand, Marrianne, Sendil Mullainathan, and Eldar Shafir. 2004. “A Behavioral-Economics View of Poverty.” *American Economic Review Papers and Proceedings*, May 2004, 419-423.

Besley, Timothy and Stephen Coate. [Workfare versus Welfare: Incentive Arguments for Work Requirements in Poverty-Alleviation Programs](http://links.jstor.org/sici?sici=0002-8282%28199203%2982%3A1%3C249%3AWVWIAF%3E2.0.CO%3B2-A), *The American Economic Review*, Vol. 82, No. 1, March, pp. 249-261.

**E. Saez, “Optimal Income Transfer Programs: Intensive Versus Extensive Labor Supply Responses**”, ***Quarterly Journal of Economics* 117 (2002), 1039-1073.**

**Nichols and R. Zeckhauser, "Targeting Transfers Through Restrictions on Recipients," *American Economic Review* 72 (May 1982), 372-377.**

Foote, Andrew, Michel Grosz, and Stephanie Rennane, "The Effect of Lower Transaction Costs on Social Security Disability Insurance Application Rates and Participation," *Journal of Policy Analysis and Management*, 38(1), 2019

**Part 3: CASH & NEAR CASH TRANSFER Programs in the U.S.**

***A. Welfare and Welfare Reform***

Aizer, Anna, Shari Eli, Joseph Ferrie, and Adriana Lleras-Muney. 2016. "The Long-Run Impact of Cash Transfers to Poor Families." *American Economic Review*, 106 (4): 935-71.

*\*Student present*

Ashenfelter, Orley and Mark W. Plant. 1990. “Nonparametric Estimates of the Labor-Supply Effects of Negative Income Tax Programs,” *Journal of Labor Economics* (January)*.*

**Bitler, Marriane, Jonah Gelbach and Hilary Hoynes. “What Mean Impacts Miss: Distribution Effects of Welfare Reform Experiments.” *American Economic Review*, September 2006.**

Hotz, V. J., C. Mullin, and J.K. Scholz, “Welfare, Employment and Income: Evidence on the Effects of Benefit Reductions in California,” *American Economic Review*, 92(2), May 2002, pp. 380-384.

Moffitt, Robert. (2003) “The Negative Income Tax and the Evolution of U.S. Welfare Policy,” *Journal of Economic Perspectives* 17(3), pp. 119-131.

Moffitt, Robert. 2003. “Welfare Programs and Labor Supply,” in A. Auerbach and M. Feldstein, Handbook of Public Economics, Volume 4, Chapter 34, Amsterdam: North Holland; or NBER Working Paper 9168 September 2002.

Grogger, Jeffrey, Lynn A. Karoly, Jacob Alex Klerman, *Consequences of Welfare Reform: A Research Synthesis,* RAND/DRU-2676-DHHS, 2002, 331 pp., no charge.

**Meyer, B. and J. Sullivan, “The Effects of Welfare and Tax Reform: The Material Well-Being of Single Mothers in the 1980s and 1990s,” Journal of Public Economics 88, 2004, 1387-1420.**

Meyer, B. and J. Sullivan. “Consumption, Income, and Material Well-Being After Welfare Reform” NBER Working paper 11976. January 2006*.*

Moffitt, Robert and John Karl Scholz, 2009. “[Trends in the Level and Distribution of Income Support](http://www.nber.org/chapters/c11969),” in NBER book [*Tax Policy and the Economy*, Volume 24](http://www.nber.org/books/brow09-1).

Okun, Arthur. [Equality and Efficiency: The Big Tradeoff](http://www.amazon.com/Equality-Efficiency-The-Big-Tradeoff/dp/0815764758). The Brookings Institution: 1975.

Schmidt, Lucie, and Purvi Sevak. 2004. "AFDC, SSI, and Welfare Reform Aggressiveness: Caseload Reductions versus Caseload Shifting." Journal of Human Resources 39(3): 792-812.

***B. SSI***

**Deshpande, Manasi. 2016.** [**"Does Welfare Inhibit Success? The Long-Term Effects of Removing Low-Income Youth from the Disability Rolls"**](https://docs.google.com/viewer?a=v&pid=sites&srcid=ZGVmYXVsdGRvbWFpbnxtZGVzaHBhbmRlZWNvbnxneDoxMTIzNjhlYTNlZTZjNDE0)***American Economic Review* 106(11), November 2016, pp. 3300-3330**

Deshpande, Manasi, 2016. ["The Effect of Disability Payments on Household Earnings and Income: Evidence from the SSI Children's Program"](https://docs.google.com/viewer?a=v&pid=sites&srcid=ZGVmYXVsdGRvbWFpbnxtZGVzaHBhbmRlZWNvbnxneDoxNWEwOThmNGU3NGU3MzM0) *Review of Economics and Statistics* 98(4), October 2016, pp. 638-654.

Duggan, Mark, Melissa S. Kearney, and Stephanie Rennane. 2016. “[The Supplemental Security Income Program](http://www.nber.org/chapters/c13487),” in ed. Robert A. Moffitt, *Economics of Means-Tested Transfer Programs in the U.S.*

***C. SNAP and WIC***

Almond, D., H. Hoynes, and D. W. Schanzenbach. 2011. “[Inside the war on poverty: The impact of food stamps on birth outcomes](http://www.mitpressjournals.org/doi/abs/10.1162/REST_a_00089).” *Review of Economics and Statistics* 93(2): 387–404.

Hoynes, Hilary W and Diane Whitmore Schanzenbach, “Consumption Responses to In-Kind Transfers: Evidence from the Introduction of the Food Stamp Program, *American Economic Journal: Applied Economics*, 2009, 1:4, 109-139.

**Hoynes, Hilary, Diane Whitmore Schanzenbach and Douglas Almond. 2016. "Long-Run Impacts of Childhood Access to the Safety Net." *American Economic Review*, 106(4): 903-34.**

*\*Student present*

Meckel, Katherine. 2020. "Is the Cure Worse Than the Disease? Unintended Effects of Payment Reform in a Quantity-Based Transfer Program." *American Economic Review*, 110(6):1821-65.

*\*Student present*

Tuttle, Cody. 2019. “Snapping Back: Food Stamp Bans and Criminal Recidivism,” *American Economic Journal: Economic Policy* 11(2): 301-327.

**Part 4: IN-KIND TRANSFER Programs in the U.S.**

***A. Medicaid***

Brown, David, Amanda Kowalski, Itahai Lurie, “Long-Term Impacts of Childhood Medicaid Expansions on Outcomes in Adulthood,”*The Review of Economic Studies*, Volume 87, Issue 2, March 2020, Pages 792–821.

Buchmueller, Thomas, John Ham, and Lara Shore-Sheppard, “The Medicaid Program,” in ed. Robert Moffitt, *Economics of Means-Tested Transfer Programs in the United States*”, Spring 2016.

Kearney, Melissa S. and Phillip Levine. 2010. “Subsidized Contraception, Fertility, and Sexual Behavior,” *Review of Economics and Statistics* 91(1), October.

**Miller, Sarah and Laura R. Wherry. 2019. "**[**The Long-Term Effects of Early Life Medicaid Coverage**](https://ideas.repec.org/a/uwp/jhriss/v54y2019i3p785-824.html)**,"**[***Journal of Human Resources***](https://ideas.repec.org/s/uwp/jhriss.html) **vol. 54(3): 785-824.**

*\*Student present*

Sarah Taubman, Heidi Allen, Bill Wright, Katherine Baicker, Amy Finkelstein, and the Oregon Health Study Group, ["Medicaid Increases Emergency Department Use: Evidence from Oregon's Health Insurance Experiment,"](http://science.sciencemag.org/cgi/content/full/343/6168/263?ijkey=GoMYHyTTSQ4.Q&keytype=ref&siteid=sci) *Science*, 2014 Jan 17; 343(6168): 263-268.

Wherry, Laura, Sarah Miller, Robert Kaestner, and Bruce Meyer, “Childhood Medicaid Coverage and Later Life Health Care Utilization,” *Review of Economics and Statistics*, 2018.

***B. Housing assistance***

**Chetty, Raj, Nathan Hendren, and Lawrence Katz, “The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment”, forthcoming *American Economic Review*.**

**Chyn, Eric. “Moved to Opportunity: The Long-Run Effects of Public Housing Demolition on Children,” American Economic Review 108(10): 3028-3056. 2018**

*\*Student present*

Collinson, Robert and Peter Ganong, “How Do Changes in Housing Voucher Design Affect Rent and Neighborhood Quality?” American Economic Journal: Economic Policy 10(2), May 2018.

Evans, William, James X. Sullivan, Melanie Wallskog, “The impact of homelessness prevention programs on homelessness,” *Science* 12 Aug 2016: Vol. 353, Issue 6300, pp. 694-699.

Jacob, Brian and Jens Ludwig, “The Effects of Housing Assistance on Labor Supply: Evidence from a Voucher Lottery,” *American Economic Review*, 102(1): 272-304.

**Kling JR, Liebman JB, Katz LF.**[**Experimental Analysis of Neighborhood Effects**](http://scholar.harvard.edu/lkatz/publications/experimental-analysis-neighborhood-effects)**. Econometrica. 2007; 75(1):83-119.**

***C. Early Childhood***

Havnes, Tarjei and Magne Mogstad. “No Child Left Behind: Subsidized Child Care and Children’s Long-Run Outcomes,” *American Economic Journal: Economic Policy* (May 2011) 3: 97-129.

Kearney, Melissa S. and Philip Levine, 2019, “[Early Childhood Education by Television: Lessons from Sesame Street](http://www.nber.org/papers/w21229.pdf)” *American Economic Journal: Applied Economics*.

Ludwig, Jens and Douglas L Miller, 2007. "[Does Head Start Improve Children's Life Chances? Evidence from a Regression Discontinuity Design,](http://ideas.repec.org/a/tpr/qjecon/v122y2007i1p159-208.html)" *The Quarterly Journal of Economics* vol. 122(1), pages 159-208, 02.

Johnson, Rucker and C. Kirabo Jackson. 2019. “Reducing Inequality through Dynamic Complementarity: Evidence from Head Start and Public School Spending,” *American Economic Journal: Economic Policy* 11(4): 310-349.

*\*Student present*

**PART 5: The Earned Income Tax Credit (EITC) & UBI**

**N. Eissa and H. Hoynes, “The Earned Income Tax Credit and the Labor Supply of Married Couples”, *Journal of Public Economics*, Volume 88, Issues 9-10, Pages 1931-1958, August 2004.**

 **N. Eissa and J. Liebman, “Labor Supply Response to the Earned Income Tax Credit”, *Quarterly Journal of Economics* 111 (1996), 605-637**

**Evans, Williams and Craig L. Garthwaite, “Giving Mom a Break: The Impact of Higher EITC Payments on Maternal Health”, *American Economic Journal: Economic Policy* 2014, 6(2): 258–290.**

J. Grogger “The Effects of Time Limits, the EITC, and Other Policy Changes on Welfare Use, Work, and Income Among Female-Headed Families”, *Review of Economics and Statistics*, 2004.

J. Hotz, C. Mullin, and J.K.Scholz (2006), "Examining the Effect of the Earned Income Tax Credit on the Labor Market Participation of Families on Welfare," NBER wp 11968, January.

**Kleven, Henrik. 2019. “The EITC and the Extensive Margin: A Reappraisal,” NBER working paper 26405. October.**

**B. Meyer and D. Rosenbaum, “Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers”, *Quarterly Journal of Economics* 116 (3) (August 2001), 1063-1114.**

Charles Michalopoulos, Philip K. Robins and David Card, “When financial work incentives pay for themselves: evidence from a randomized social experiment for welfare recipients,” *Journal of Public Economics,* Volume 89, Issue 1, January 2005, Pages 5-29.

Hoynes, Hilary and Jesse Rothstein. 2019. Universal Basic Income in the US and Advanced Countries. NBER working paper 25538, February.

Kearney, Melissa S. and Magne Mogstad. “[Universal Basic Income (UBI) as a Policy Response to Current Challenges](https://economicstrategygroup.org/resource/universal-basic-income-ubi-as-a-policy-response-to-current-challenges/),” in ed. Melissa S. Kearney and Amy Ganz, *Maintaining the Strength of American Capitalism*, Aspen Institute Economic Strategy Group, December 2019.

Nichols, Austin and Jesse Rothstein. 2016. “[The Earned Income Tax Credit](http://www.nber.org/chapters/c13484)”, in [*Economics of Means-Tested Transfer Programs in the United States*, volume 2](http://www.nber.org/books/moff14-1), Moffitt.

Rothstein, Jess. “Is the EITC as Good as an NIT? Conditional Cash Transfers and Tax Incidence.” *American Economic Journal: Economic Policy* 2(1), February 2010: 177-208.

**PART 6: FORMS OF TAXATION IN THE U.S.**

Great source for information: [www.taxpolicycenter.org](http://www.taxpolicycenter.org)

J. Gruber, *Public Finance and Public Policies*, 1st edition, Worth Publishers, 2005, chapter 18.

Batchelder, Lily and David Kamin. 2019. “Policy Options for Taxing the Rich,” in *Maintaining the Strength of American Capitalism*, ed. Melissa S Kearney and Amy Ganz. Aspen Economic Strategy Group. Available for free download here:

<https://economicstrategygroup.org/wp-content/uploads/2019/12/Maintaining-the-Strength-of-American-Capialism-Policy-Options-for-Taxing-the-Rich.pdf>

D.Feenberg and J.Poterba. 2003. “The Alternative Minimum Tax and Effective Marginal Tax Rates.” NBER Working Paper No. 10072.

Congressional Budget Office, “Effective Marginal Tax Rates for Low- and Moderate-Income Workers”, November 2012”

Kearney, Melissa and Lesley Turner: Giving Secondary Earners a Break: Hamilton Project Discussion Paper, December 2013

Viard, Alan. 2019. “Wealth Taxation: An Overview of the Issues,” in *Maintaining the Strength of American Capitalism*, ed. Melissa S Kearney and Amy Ganz. Aspen Economic Strategy Group. Available for free download here: <https://economicstrategygroup.org/wp-content/uploads/2019/12/Maintaining-the-Strength-of-American-Capialism-Wealth-Taxation-An-Overview-of-the-Issues.pdf>

**Part 7. Theory of Optimal Income Taxation**

A. Auerbach and J. Hines. 2001. "Taxation and Economic Efficiency." NBER Working Paper No. 8181 (also *Handbook of Public Economics*, Volume 3), Section IV

G. Akerlof, “The Economics of Tagging as Applied to the Optimal Income Tax,” American Economic Review 68 (1978), 8-19.

J. Mirrlees, “An Exploration in the Theory of Optimal Income Taxation”, *Review of Economic Studies*, 38, 1971, 175-208.

**E. Saez, “Using Elasticities to Derive Optimal Income Tax Rates”, *Review of Economics Studies*, 68, 2001, 205-229, Sections 1-3, and 5.**

**E. Saez, “Optimal Income Transfer Programs: Intensive Versus Extensive Labor Supply Responses**”, ***Quarterly Journal of Economics* 117 (2002), 1039-1073.**

**Part 8. Taxation and Labor Supply of Higher Income Households**

Alesina, Alberto, Andrea Ichino, and Loukas Karabarbounis. 2011. "Gender-Based Taxation and the Division of Family Chores." American Economic Journal: Economic Policy, 3(2): 1-40.

Francine D. Blau, Lawrence M. Kahn "Changes in the Labor Supply Behavior of Married Women: 1980-2000", NBER Working Paper No. 11230, March 2005

R. Blundell, A. Duncan and C. Meghir, “Estimating Labor Supply Responses Using Tax Reforms,” *Econometrica* 66 (July 1998), 827-862.

N. Eissa “Taxation and Labor Supply of Married Women: The Tax Reform Act of 1986 as a Natural Experiment” NBER Working Paper 5023, 1995.

**L. Friedberg (2000) “The Labor Supply Effects of the Social Security Earnings Test.” *Review of Economics and Statistics* 82(1), 48-63.**

**Gelber, Alexander. “Taxation and the Earnings of Husbands and Wives: Evidence from Sweden,” *Review of Economics and Statistics* 2014, 96(2), 287-305.**

*\*Paper summary*

J. Hausman "Taxes and Labor Supply", in A. Auerbach and M. Feldstein, eds, Handbook of Public Finance, Vol I, North Holland 1987.

H. Klevin, “Bunching”, *Annual Review of Economics* (8), 2016.

Kumar, Anil. "Labor Supply, deadweight loss, and tax reform act of 1986: A Nonparametric evaluation using panel data". *Journal of Public Economics*, 2007.

T. MaCurdy, H. Paarsch, and D. Green, "Assessing Empirical Approaches for Analyzing

Taxes and Labor Supply," Journal of Human Resources, Summer 1990.

**Saez, Emmanuel. 2010.** [**"Do Taxpayers Bunch at Kink Points?" *American Economic Journal: Economic Policy*, 2(3): 180-212.**](http://elsa.berkeley.edu/~saez/bunch.pdf)

**Part 9. Taxable Income Elasticities**

A. Goolsbee, “What Happens When You Tax the Rich? Evidence from Executive Compensation”, *Journal of Political Economy*, April 2000.

D. Feenberg and J. Poterba, “Income Inequality and the Incomes of Very High Income Households: Evidence from Tax Returns”, in J. Poterba, ed., Tax Policy and the Economy, Volume 7, 145-177, Cambridge and London: MIT Press, 1993.

**M. Feldstein, “The Effect of Marginal Tax Rates on Taxable Income: A Panel Study of the 1986 Tax Reform Act”, Journal of Political Economy, 103(3), June 1995, 551-572.**

M. Feldstein, “Behavioral Responses to Tax Rates: Evidence from the Tax Reform Act of 1986”, American Economic Review, 85(2), May 1995, 170-174.

J. Gruber and E. Saez, “"The Elasticity of Taxable Income: Evidence and Implications" *Journal of Public Economics*, 84, 2002, 1-32

G. Imbens, D. Rubin, and B. Sacerdote, “Estimating the Effect of Unearned Income on Labor Earnings, Savings, and Consumption: Evidence from a Survey of Lottery Players” American Economic Review, 2001 (pp. 778-794)

L. Lindsey, “Individual Taxpayer Response to Tax Cuts, 1982-1984: With Implications for the Revenue Maximizing Tax Rate”, Journal of Public Economics, 33(2), July 1987 173-206.

T. Piketty and E. Saez, “Income Inequality in the United States, 1913-1998”, *Quarterly Journal of Economics*, 116, 2003, 1-39.

T. Piketty and E. Saez, “The Evolution of Top Incomes: A Historical and International Perspective,” AER papers and proceedings, May 2006.

E. Saez, “Reported Incomes and Marginal Tax Rates, 1960-2000: Evidence and Policy Implications”, in J. Poterba, ed., *Tax Policy and the Economy,* Volume 18, Cambridge: MIT Press, 2004.

**Saez, J. Slemrod, and Seth Giertz, “The Elasticity of Taxable Income with Respect to Marginal Tax Rates: A Critical Review,” *Journal of Economic Literature* 2012, 50:1, 3-50.**

J. Slemrod, “Income Creation or Income Shifting? Behavioral Responses to the Tax Reform Act of 1986”, *American Economic Review*, 85(2), May 1995, 175-180.

**Zidar, Owen. 2019. “**[**Tax Cuts for Whom? Heterogeneous Effects of Tax Changes on Growth and Employment**](https://scholar.princeton.edu/zidar/publications/tax-cuts-whom-heterogeneous-effects-tax-changes-growth-and-employment)**”. *Journal of Political Economy* 127.3: 1437-1472.**

*\*Paper summary*

**PART 10. Tax Incidence and Efficiency**

**A. Theory**

B. Salanie, *Economics of Taxation*, Chapter 1.

**A. Auerbach and J. Hines. 2001. "Taxation and Economic Efficiency." NBER Working Paper No. 8181 (also *Handbook of Public Economics*, Volume 3): pp 1-14.**

D. Fullerton and G. Metcalf. 2002. "Tax Incidence." NBER Working Paper No. 8829 (also *Handbook of Public Economics*, Volume 4): pp 1-9.

L. Kotlikoff and L. Summers, “Tax Incidence”, in A. Auerbach and M. Feldstein, Volume 2, 1043-1092. Sections 0, 1, 2.1, 3, and 4.4.

R. Chetty, A. Looney, and K. Kroft. “Salience and Taxation: Theory and Evidence,” *American Economic Review* 99(4): 1145-1177, 2009.

**B. Measuring tax incidence: Empirical Analysis**

**R. Chetty, “Sufficient Statistics for Welfare Analysis: A Bridge between Structural and Reduced-Form Methods.” *Annual Review of Economics* 1: 451-488, 2009.**

J. Doyle and K. Samphantharak “$2.00 Gas! Studying the Effects of a Gas Tax Moratorium.” *Journal of Public Economics* April 2008

W. Evans, J. Ringel, and D. Stech. “Tobacco Taxes and Public Policy to Discourage Smoking,” in *Tax Policy and the Economy*, vol. 13, ed. J. Poterba, MIT Press: Cambridge, 1999.

Finkelstein, Amy (2009) “EZ-Tax: Tax Salience and Tax Rates.” Quarterly Journal of Economics 124(3): 969-1010.

Hastings, Justine and Ebonya Washington, “The First of the Month Effect: Consumer Behavior and Store Responses,” *American Economic Journal: Economic Policy*, 2010, 2,142-162.

**Busso, Matias, Jesse Gregory, and Patrick Kline.** [**Assessing the Incidence and Efficiency of a Prominent Place Based Policy**](https://eml.berkeley.edu/~pkline/papers/BGK_2013.pdf)***American Economic Review*, 103 (April 2013), pp. 897-947.**

J. Kubik. 2004. “The Incidence of the Personal Income Taxation: Evidence from the Tax Reform Act of 1986.” *Journal of Public Economics* 88: 1567-1588.

**C. Mandated Benefits**

**Summers, Larry. “Some Simple Economics of Mandated Benefits”, American Economic Review, 79(2), May 1989, 177-183.**

*Applications:*

Acemoglu and J. Angrist, “Consequences of Employment Protection? The Case of the Americans with Disabilities Act,’’ *Journal of Political Economy* 109(5) 915-957, 2001

**Bailey, Martha, Tanya Byker, Elena Patel, and Shanthi Ramnath. “The Long-Term Effects of California’s 2004 Paid Family Leave Act on Women’s Careers: Evidence from U.S. Tax Data” working paper October 23, 2019 (under revision at AEJ: Economic Policy)**

*\*Paper summary*

**J. Gruber. 1994. “The Incidence of Mandated Maternity Benefits.” *American Economic Review* 84: 622-41.**

J. Kolstad and A. Kowalski, "Mandate-Based Health Reform and the Labor Market: Evidence from the Massachusetts Reform,” *Journal of Health Economics* 47, February 2016: 81-106.

C. Ruhm. 1998. “The Economic Consequences of Parental Leave Mandates: Lessons from Europe.” *The Quarterly Journal of Economics* 113 (1): 285-317.

**PART 11. TAXATION, WEALTH, AND SAVINGS**

1. **Facts about Savings in the U.S.**

Boddy, D., J. Dokko, B. Hershbein, and M. Kearney “Ten Economic Facts about Financial Well-Being in Retirement,” The Hamilton Project, June 2015.

(http://www.hamiltonproject.org/assets/files/ten\_economic\_facts\_about\_financial\_well\_being\_in\_retirement.pdf)

K. Dynan, J. Skinner, and S. Zeldes,”Do the Rich Save More?,” *Journal of Political Economy* 112 (April 2004), 397-444.

John Karl Scholz, Ananth Seshadri, and Surachai Khitatrakun (2005) “Are Americans Saving “Optimally” for Retirement?” forthcoming *Journal of Political Economy.*

Skinner, Jonathan. 2007. "Are You Sure You're Saving Enough for Retirement?" Journal of Economic Perspectives, 21(3): 59-80.

**B. Savings Models**

A. Atkinson and J. Stiglitz, *Lectures in Public Economics*, Chapter 3.

A. Bernheim, A. Shleifer, and L. Summers, “The Strategic Bequest Motive,” *Journal of Political Economy* 93 (December 1985), 1045-1076.

D. Bernheim, “Taxation and Saving,” in A. Auerbach and M. Feldstein, *Handbook of Public Economics*, Volume 3, Chapter 18, Amsterdam: North Holland, 2002, Section 4, or NBER Working Paper No. 7061, 1999.

M. Boskin, “Taxation, Savings, and the Rate of Interest,” *Journal of Political Economy* 96 (1978), S3-S27.

L. Summers, “Capital Taxation and Accumulation in a Life-Cycle Model,” *American Economic* Review 71 (September 1981), 533-544.

J. Poterba, "Personal Saving Behavior and Retirement Income Modelling: A Research Assessment," in E. Hanushek and N. Maritato, *Assessing Knowledge of Retirement Behavior* (Washington: National Academy of Sciences, 1996), 123-148.

**C. Behavioral Insights and Innovations**

**Chetty, Raj, John N. Friedman, Søren Leth-Petersen, Torben Heien Nielsen, and Tore Olsen, 2014. "**[**Active vs. Passive Decisions and Crowd-Out in Retirement Savings Accounts: Evidence from Denmark,**](http://ideas.repec.org/a/oup/qjecon/v129y2014i3p1141-1219.html)**" *The Quarterly Journal of Economics*, Oxford University Press, vol. 129(3): pp 1141-1219.**

Choi, J., Laibson, D., Madrian, B. and Metrick A. “For Better or For Worse: Default Effects and 401(k) Savings Behavior”. In David Wise, editor, *Perspectives on the Economics of Aging*, pp. 81-121. Chicago: University of Chicago Press, 2004, also NBER Working Paper No. 8651, 2001.

Duflo, Esther and Emmanuel Saez, 2002. “Participation and Investment Decisions in a Retirement Plan: The Influence of Colleagues' Choices.” *Journal of Public Economics*, 85, 121-148.

Duflo, Esther and Emmanuel Saez, 2003. “The Role of Information and Social Interactions in Retirement Plan Decisions: Evidence from a Randomized Experiment.” *Quarterly Journal of Economics*, 118(3), 815-842.

**Filiz-Ozbay, Emel, Kyle Hyndman, Jonathan Guryan, Melissa Kearney, and Erkut Ozbay, “Do Lottery Payments Induce Savings Behavior? Evidence from the Lab.” forthcoming, *Journal of Public Economics* (NBER working paper 19130, June 2013)**

**Madrian, Bridget and D. Shea, “The Power of Suggestion: Inertia in 401(k) Participation and Savings Behavior.”*Quarterly Journal of Economics*, 2001, 116(4), 1149-1188.**

Thaler, Richard H. and Shlomo Benartzi, 2004, “Save More Tomorrow: Using Behavioral Economics to Increase Employee Saving.” *Journal of Political Economy*, 112, S164-S187.

**D. Empirical Evidence on Targeted Tax Subsidies to Saving**

**Duflo, Esther, William Gale, Jeffrey Liebman, Peter Orszag, and Emmanuel Saez, “Saving Incentives for Low- and Middle-Income Families: Evidence from a Field Experiment with H&R Block,” *Quarterly Journal of Economics*, Nov 2006, 121(4):1311-1346.**

E. Engen, W. Gale, and J. Scholz, “The Illusory Effects of Saving Incentives,” Journal of Economic Perspectives 10 (Fall 1996), 113-138.

W. Gale and J. Scholz, "IRAs and Household Saving," American Economic Review 84 (December 1994), 1233-1260.

W. Gale, “The Effects of Pensions on Household Wealth: A Re-Evaluation of Theory and Evidence,” Journal of Political Economy 106 (August1998), 706-723.

**Alexander Gelber, “How Do 401(k)s Affect Saving? Evidence from Changes in 401(k) Eligibility,” *American Economic Journal: Economic Policy*, November 2011.**

J. Poterba, S. Venti, and D. Wise, "Do 401(k) Contributions Crowd Out Other Personal Saving?," Journal of Public Economics 58 (September 1995), 1-32.

J. Poterba, S. Venti, and D. Wise, "How Retirement Saving Programs Increase Saving," *Journal of Economic Perspectives* 10 (Fall 1996), 91-112.