

Department of Economics
Duke University
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Fall Semester, 2014
1:25 – 2:40 MW
Oct. 15 – Nov. 24, 2014
Revised: Dec. 31, 2014

Economics 881.19 **Effects of Taxes and Transfer Programs**

Course Description

In this course, we will examine the literature on the effects of taxes and transfer programs. Topics that will be covered include (a) income taxes and labor supply, including alternative strategies for estimating these effects; (b) the employment, labor supply and “income” responses to income taxes, its progressivity, and to tax credits, such as the Earned Income Tax Credit (EITC); (c) participation in (take-up of) other transfer programs, such as AFDC/TANF, Social Security, and unemployment and disability insurance and their effects on employment, labor supply and other measures of well-being (e.g., economic welfare); (d) models and analyses of optimal taxation schemes and their distortionary impacts. A good deal of emphasis will be placed on the econometric models and methods used to estimate these effects, including structural, experimental and quasi-experimental models. We will examine the literature in these areas and assess the literature with the goal of identifying promising research topics and areas for possible application of innovative modeling approaches.

Course Structure, Requirements, and Grading

This will not be a lecture course. This is a “critically read and discuss papers” course.

All students in the course will be expected to read the papers before class and to actively participate in these discussions. To foster this participation and to fulfill the requirements of this course, *all students* are required to serve as a **student leader** for one class and to **post comments and questions** on the readings for the classes for which they are not student leaders. Below, I describe each of these student responsibilities.

Student Leader and Materials to be Prepared and Turned In

In their role as the **student leader** for a class session, the student is responsible for:

- (a) Preparing a set of **background notes** on the readings to be covered in the class and a set of **key discussion questions** to focus the discussion. These notes can be in the form of **presentation slides**.
- (b) Making a short (10 minutes maximum) **presentation** of the key points of the papers and **guiding the discussion** of the key questions during the class period.
- (c) Writing a 10-15 **summary paper** on the **readings** and a **critical assessment of general topic(s) and issues** addressed in these papers. In **summarizing** the papers, the student should try

to cover the following:

- What is the main point(s) of the papers?
- If there were model developed in the papers, briefly summarize them. (This should be done with a minimum of equations, showing the models but not the derivations.)
- If the papers present empirical work, briefly summarize the (i) data used; (ii) econometric methods and/or identifying strategies that are used; and (iii) key empirical findings.

The *summary notes* or *slides* should be *posted* on the course website on Sakai *no later than 6:00 p.m. on the day before the class* the student is leading. More on where to post and find things on the course website below.

With respect to the *summary paper*, the student should:

- *Identify* the broader topics, issues and literatures to which the papers contribute.
- *Identify* and *critically assess contributions* of the paper to these topics, issues and literatures.
- Provide if possible, a *brief summary* of the *current state of the literature* on these topics and issues.

The last point will probably require you to read more than the assigned papers. You can draw from the more extensive list of papers provided in the syllabus below and/or you can consult with me about what other papers you might want to consult.

The summary paper will be due no later than *December 5, 2014*.

Posting Comments & Questions on Readings for Classes

As noted above, all students are expected to read all of the papers, whether they are acting as a student leader or not. To help encourage everyone to keep up with the readings and the class, *all students are expected to post their comments and questions on the readings before class*. These comments will be posted to the *Forum* section of the Sakai course website.

Sakai Course Website

All of the classes in this course will be organized on the course website on Sakai, under the **Resources** and **Forums** sections listed in the menu on the lefthand side of the screen when you are logged in to ECON.881.19.F14 on Sakai.

Within the folder “Student Leader Summaries & Slides” in the **Resources** section of the Sakai course website, there are subfolders for each class in the courses, labeled by the day and date of the class. Within each Class subfolder students will find:

- (a) list of the **papers to be covered** for that class;

- (b) *summary notes* or *slides* of the **student leader(s)** for that class, that the student will post before class as an attachment.

As noted above, the student leader(s) should have their summary notes posted by 6:00 p.m. on the day before the class. This will allow student notes at least **24 hours before the class** she/he is leading.

Within the folder use is labeled, “Course Topics & Papers Forum,” in the **Forum** section of the course website, a separate **Topic** has been set up for each class, with headings indicating the date of and topic for the class. Under each Class, all students are encouraged to **post comments and questions** about the readings for each class. To post their comments/questions, students should go to the Class listed in the Course Topics & Paper Forum and either click on the **Post New Thread** to start a new comment or click on **Reply** within an existing thread to add a comment/question. Students (and me!) should read the threads before class so that we can make efficient use of our time in class, focusing on issues that the class finds most interesting and/or about which there are more questions.

Schedule for Student Leaders

The following is the schedule for the leaders of the various classes. The topics for each of the classes are listed on pp. 4 and 5. I tried to accommodate students’ preferences as much as a could, but there were a few cases in which that was not possible. For the classes in which two students are designated as leaders, I am glad to discuss possible ways to divide up the work for the presentations, but each student should write summary papers that cover all of the material assigned for the class.

Class	Date	Student/Faculty Leader(s)
Class 1	Wed., Oct. 15	Hotz
Class 2	Mon., Oct. 20	Hotz
Class 3	Wed., Oct. 22	Eugene Tan
Class 4	Mon., Oct. 27	Laurel Wheeler
Class 5	Wed., Oct. 29	Maria Zhu
Class 6	Mon., Nov. 3	Chuhang Yin
Class 7	Wed., Nov. 5	Xian Jiang; Chelsea Garber
Class 8	Mon., Nov. 10	Danyang Su
Class 9	Wed., Nov. 12	Gina Turrini
Class 10	Mon., Nov. 17	Javier Romero Haaker
Class 11	Wed., Nov. 19	Rebecca Lehrman
Class 12	Mon., Nov. 24	Maria Carnovale; Rachel Sayers

Schedule of Topics and Papers

Class 1: Wed, Oct. 15 Trends for Labor Supply and Taxes

Readings: Handouts on *Labor Supply Trends* and *Trends & Patterns in U.S. Tax Rates & Deductions*.
Read sections on Trends & Static Models in Blundell and MaCurdy (1999) and Keane (2011a).
Piketty & Saez (2007).

Class 2: Mon, Oct. 20 Overview of Static & Dynamic Models of Labor Supply

Readings: Handouts on *Static Labor Supply*.
Read Keane (2011a), Sects. 3.1 and 4; Blundell and MaCurdy (1999), Section 4.1.

Class 3: Wed, Oct. 22 Modeling Taxes & Labor Supply: Hausman and MaCurdy on Modeling Non-linear budget sets

Readings: Hausman (1981); MaCurdy, Green and Paarsch (1990); Eklöf, M. and H. Sacklén (2000).
See also Hausman, J. A. (1985b) and Blomquist & Newey (2002).

Class 4: Mon, Oct. 27 Modeling Taxes & Labor Supply: ‘New’ Natural Experiment Approach

Readings: Eissa (1995, 1996b); Moffitt and Wilhelm (2000), pp. 193-200; and Blundell, Duncan & Meghir (1998).
See also Eissa (1996a); Blundell and MaCurdy (1999), Section 5; Blundell, MaCurdy and Meghir (2007), Section 3.

Class 5: Wed, Oct. 29 Modeling Taxes & Labor Supply: ‘New’ Natural Experiment Approach (cont.)

Readings: Feldstein (1995a); Moffitt and Wilhelm (2000); Gruber and Saez (2002).
See also Meghir and Phillips (2011), Sections 3.1.4 & 3.2.5 and Saez, Slemrod & Giertz (2009).

Class 6: Mon, Nov. 3 Estimating Life Cycle Models of Labor Supply: Initial Advances

Readings: Handout on *Life Cycle Labor Supply Models*; MaCurdy (1981); Heckman and MaCurdy (1980); Altonji (1986); Browning, Deaton and Irish (1985).
See also MaCurdy (1985), Blundell & MaCurdy (1999), Section 4.2; Blundell, MaCurdy & Meghir (2007), Section 6.1; Keane (2011a), Sects. 3.2 and 4.

Class 7: Wed, Nov. 5 **Estimating Life Cycle Models of Labor Supply: Incorporating Taxes & Savings I**

Readings: MaCurdy (1983); Ziliak & Kneisner (1999, 2005).
 See also Blundell & Walker (1986); Keane (2011a).

Class 8: Mon, Nov. 10 **Estimating Life Cycle Models of Labor Supply: Incorporating Taxes and Savings II**

Readings: Imai and Keane (2004) and Keane (2011b).
 See also Blundell & Walker (1986); Keane (2011a).

Class 9: Wed, Nov. 12 **Estimating Effects of Cash- & Tax-Based Transfer Programs on Labor Supply**

Readings: Moffitt (2002).
 See also Moffitt (1992).

Class 10: Mon, Nov. 17 **Estimating Effects of Cash- & Tax-Based Transfer Programs: Modeling Multiple Program Participation**

Readings: Keane and Moffitt (1998).

Class 11: Wed, Nov. 19 **Estimating Effects of Cash- & Tax-Based Transfer Programs: Effects on Employment of Low-Skilled Women**

Readings: Meyer & Rosenbaum (2001); Hotz, Mullin & Scholz (2011).
 See also Hotz and Scholz (2003).

OR

Estimating Effects of Cash- & Tax-Based Transfer Programs: Dynamics

Readings: Keane & Wolpin (2002a; 2002b).

Class 12: Mon, Nov. 24 **Optimal Taxation & Transfer Programs**

Readings: Saez (2001; 2002); Blundell & Shephard (2013).
 See also Mirrlees (1971); Stern (1976); Brewer, Saez & Shephard (2010).

OR

Estimating the Effects of Taxes and Transfers on Other Outcomes

Readings: Mulligan (2013; 2014a; 2014b); Bitler, Hoynes & Kuka (2014); Kopczuk & Munroe (2014).

Reading List

1. The Supply of Labor

1.1 Survey & Overview Papers

Pencavel, J. (1986). "Labor Supply of Men: A Survey," in *The Handbook of Labor Economics*, Vol. 1.

Killingsworth, M. and J. Heckman. (1986). "Labor Supply of Women," in Ashenfelter and Layard (eds.) *Handbook of Labor Economics*, Vol. 1.

Blundell, R. and T. MaCurdy, (1999). "Labor Supply: A Review of Alternative Approaches," in *Handbook of Labor Economics*, Vol. 3, O. Ashenfelter & D. Card, Eds., Elsevier, pp. 1599-1695.

Blundell, R., T. MaCurdy & C. Meghir (2007). "Labor Supply Models: Unobserved Heterogeneity, Non-Participation & Dynamics," *Handbook of Econometrics*, Vol. 6A, J. Heckman and E. Leamer, eds. Elsevier Press: 4668-4775.

Meghir, C. and D. Phillips (2010). "Labour Supply and Taxes," in *Dimensions of Tax Design: The Mirrlees Review*, J. Mirrlees, S. Adam, et al., New York: Oxford University Press, 202-274.

Keane, M. (2011a). "Labor Supply & Taxes: A Survey," *Journal of Economic Literature*, 49(4): 961-1075.

Piketty, T. and E. Saez. (2007). "How Progressive is the U.S. Federal Tax System? A Historical and International Perspective," *Journal of Economic Perspectives*, 21(1): 3-24.

Mulligan, C. (2012). "Recent Marginal Labor Income Tax Rate Changes by Skill and Marital Status." NBER Working Paper #18426.

1.2 Optimal Income Tax Models

Blundell, R. and A. Shephard. (2013). "Employment, Hours of Work and the Optimal Taxation of Low-Income Families." *Review of Economic Studies*. 128(2): 669-723.

Blundell, R., M. Brewer, P. Haan and A. Shephard. (2009). "Optimal Income Taxation of Lone Mothers: An Empirical Comparison of the UK and Germany." *Economic Journal*. 119(535): F101-F121.

Brewer, M., E. Saez and A. Shephard. (2010). "Means-Testing and Tax Rates on Earnings," (with commentary) in *Dimensions of Tax Design: The Mirrlees Review*. J. Mirrlees, S. Adam et al., Eds. New York: Oxford University Press, 91-197.

Gordon, R. and W. Kopczuk. (2014). "The Choice of Personal Income Tax Base." NBER Working Paper #20227.

- Heathcote, J., K. Storesletten, & G. Violante. (2014). “Optimal Tax Progressivity: An Analytical Framework.” NBER Working Paper #19899.
- Mirrlees, J. A. (1971). “An Exploration in the Theory of Optimal Income Taxation,” *Review of Economic Studies*, XXXVIII: 175-208.
- Piketty, T. and E. Saez. (2012). “Optimal Labor Income Taxation.” NBER Working Paper #18521.
- Rothschild, C. and F. Scheuer. (2012). “Redistribute Taxation in the Roy Model.” NBER Working Paper #18228.
- Rothschild, C. and F. Scheuer. (2014). “A Theory of Income Taxation under Multidimensional Skill Heterogeneity.” NBER Working Paper #19822.
- Saez, E. (2001). “Using Elasticities to Derive Optimal Income Tax Rates” *Review of Economic Studies*, 68, 205-229
- Saez, E. (2002). “Optimal Income Transfer Programs: Intensive Versus Extensive Labor Supply Responses,” *Quarterly Journal of Economics*, 117, 1039-1074.
- Slemrod, J., S. Yitzhaki, J. Mayshar, and M. Lundholm (1994). “The Optimal Two-Bracket Linear Income Tax,” *Journal of Public Economics*, 53, 269-290.
- Stern, N. H. (1976). “On the Specification of Models of Optimum Income Taxation,” *Journal of Public Economics*, 6, 123-162.

1.3 Static Labor Supply Model

- Blundell, R. and T. MaCurdy. (1999). “Labor Supply: A Review of Alternative Approaches,” in *Handbook of Labor Economics*, Vol. 3, O. Ashenfelter & D. Card, Eds., Elsevier, pp. 1599-1695.
- Heckman, J. (1974a). “Shadow Prices, Market Wages, and Labor Supply.” *Econometrica*, July 1974.
- Heckman, J. (1974b). “Effects of Child-Care Programs on Women’s Work Effort,” *Journal of Political Economy*, 82, S136-S163.
- Heckman, J. (1979). “Sample Selection Bias as a Specification Error.” *Econometrica*, 47: 153-162.
- Keane, M. (2011a). “Labor Supply & Taxes: A Survey,” *Journal of Economic Literature*, 49(4): 961–1075.

1.4 Taxes & Labor Supply: Static Model Case

- Blomquist, S. and W. Newey (2002). “Nonparametric Estimation with Nonlinear Budget Sets.” *Econometrica* 70: 2455-2480.

- Blomquist, S., M. Eklöf and W. Newey (2001). "Tax reform evaluation using non-parametric methods: Sweden 1980–1991," *Journal of Public Economics* 79: 543–568.
- Blundell, R. and T. MaCurdy. (1999). "Labor Supply: A Review of Alternative Approaches," in *Handbook of Labor Economics*, Vol. 3, O. Ashenfelter & D. Card, Eds., Elsevier, pp. 1599-1695.
- Blundell, R., A. Duncan, and C. Meghir (1998). "Estimation of Labour Supply Responses using Tax Policy Reforms," *Econometrica*, 66(4): 827-861.
- Burtless, G. and J. Hausman. (1978). "The Effect of Taxation on Labor Supply." *Journal of Political Economy*, pp. 1103-31.
- Eissa, N. (1995). "Taxation and the Labor Supply of Married Women: The Tax Reform Act of 1986 as a Natural Experiment," NBER Working Paper No. 5023, February 1995.
- Eissa, N. (1996a). "Labor Supply and the Economic Recovery Tax Act of 1981," in *Empirical foundations of household taxation*, M. Feldstein and J. Poterba, eds., University of Chicago Press, 5-32.
- Eissa, N. (1996b). "Tax Reforms and Labor Supply," *Tax Policy and the Economy*, 10: 119-151.
- Eklöf, M. and H. Sacklén (2000). "The Hausman-MaCurdy Controversy: Why Do the Results Differ across Studies?" *Journal of Human Resources*, 35(1): 204-220.
- Hausman, J. A. (1981). "Labor Supply." In *How Taxes affect Economic Behavior*. H. J. Aaron and J. A. Pechman, Eds. Washington: Brookings.
- Hausman, J. A. (1985a) "Taxes and Labor Supply," in *Handbook of Public Economics*, Vol. 1. Alan Auerbach and Martin Feldstein, Eds. Amsterdam: North-Holland.
- Hausman, J. A. (1985b). "The Econometrics of Nonlinear Budget Sets," *Econometrica*, November 1985.
- Hausman, J. A. (1980). "The Effect of Wages, Taxes, and Fixed Costs on Women's Labor Force Participation." *Journal of Public Economics*, 161-194.
- MaCurdy, T. (1992). "Work Disincentive Effects of Taxes: A Reexamination of Some Evidence," *American Economic Review*, Papers and Proceedings, 82: 243-249.
- MaCurdy, T., D. Green, and H. Paarsch (1990). "Assessing Empirical Approaches for Analyzing Taxes and Labor Supply," *Journal of Human Resources*, Summer 1990.
- Manski, C. (2014). "Identification of Income-Leisure Preferences and Evaluation of Income Tax Policy." *Quantitative Economics*. 5: 145-174.
- Moffitt, R. A., and M. O. Wilhelm. (2000). "Taxation and the Labor Supply Decisions of the Affluent." In *Does Atlas Shrug? The Economic Consequences of Taxing the Rich*, ed. Joel

Slemrod. Cambridge, MA: Harvard University Press and Russell Sage Foundation.

Ohanian, L., A. Raffo, R. Rogerson (2008). "Long-term changes in labor supply and taxes: Evidence from OECD countries," *Journal of Monetary Economics*, 55: 1353-1362.

1.5 The Life Cycle Labor Supply Model with Exogenous Wage Rates

Altonji, J. G. (1986). "Intertemporal Substitution in Labor Supply: Evidence from Micro Data," *Journal of Political Economy*, 94(3, Part 2): S176-S215.

Altug, S. and R. A. Miller. (1990). "Household Choices in Equilibrium." *Econometrica*, 58(3): 543-70.

Blundell, R. and I. Walker (1986). "A Life-Cycle Consistent Empirical Model of Family Labour Supply Using Cross-Section Data," *Review of Economic Studies*, 53(4): 539-558.

Blundell, R. and T. MaCurdy (1999). "Labor Supply: A Review of Alternative Approaches," in *Handbook of Labor Economics*, Vol. 3, 1999.

Browning, M., A. Deaton and M. Irish (1985). "A Profitable Approach to Labor Supply and Commodity Demand Over the Life-Cycle," *Econometrica*, 1985, 503-543.

Domeij, D. & M. Floden. (2006). "The labor supply elasticity and borrowing constraints: Why estimates are biased." *Review of Economic Dynamics*, 9: 242-262.

Guner, N., R. Kaygusuz, & G. Venture (2012), "Taxation and Household Labour Supply." *Review of Economic Studies*. 79(3): 1113-1149.

Haan, P. (2010). "A Multi-state model of state dependence in labor supply: Intertemporal labor supply effects of a shift from joint to individual taxation." *Labour Economics*. 17(2): 323-335.

Haan, P. and V. Prowse (2010). "A structural approach to estimating the effect of taxation on the labour market dynamics of older workers." *Econometrics Journal*. 13(3): S99-S125.

Heckman, J. (1976). "A Life Cycle Model of Earnings, Learning and Consumption." *Journal of Political Economy*, 84(4, part 2): S11-S44.

Heckman, J. and T. MaCurdy (1980). "A Life Cycle Model of Female Labour Supply." *Review of Economic Studies*, 47(1): 47-74.

Kaygusuz, R. (2010). "Taxes and Female Labor Supply." *Review of Economic Dynamics*, 13(4): 725-741.

MaCurdy, T. (1981). "An Empirical Model of Labor Supply in a Life Cycle Setting," *Journal of Political Economy*, 89(6): 1059-1089.

MaCurdy, T. (1983). "A Simple Scheme for Estimating an Intertemporal Model of Labor Supply and Consumption in the Presence of Taxes and Uncertainty," *International Economic Re-*

view, June 1983, 265-289.

MaCurdy, T. E. (1985). "Interpreting empirical models of labor supply in an intertemporal framework with uncertainty," in *Longitudinal Analysis of Labor Market Data*. J. J. Heckman and B. Singer, eds. Cambridge University Press, 111-155.

Pistaferri, L. (2003). "Anticipated and Unanticipated Wage Changes, Wage Risk, and Intertemporal Labor Supply." *Journal of Labor Economics*, 21(3): 729-54.

Rust, J., (1989). "A Dynamic Programming Model of Retirement Behavior," in *The Economics of Aging*, D. Wise, ed., University of Chicago Press, 1989, 359-98.

Ziliak, J. P. and T. J. Kniesner. (1999). "Estimating Life Cycle Labor Supply Tax Effects." *Journal of Political Economy*, 107(2): 326-59.

Ziliak, J. P., and T. J. Kniesner. (2005). "The Effect of Income Taxation on Consumption and Labor Supply." *Journal of Labor Economics*, 23(4): 769-96.

1.6 Life Cycle Labor Supply Model with Human Capital Accumulation & Endogenous Wages

Altug, S. and R. A. Miller. (1998). "The Effect of Work Experience on Female Wages and Labour Supply." *Review of Economic Studies*, 65(1): 45-85.

Imai, S. and M. P. Keane. (2004). "Intertemporal Labor Supply and Human Capital Accumulation." *International Economic Review*, 45(2): 601-41.

Keane, M. P. (2011b). "Income Taxation in a Life-Cycle Model with Human Capital." NBER Working Paper.

1.7 Effects of "Other Taxes" on Employment & Labor Supply

Mulligan, C. (2013). "Average Marginal Labor Income Tax Rates under the Affordable Care Act." NBER Working Paper #19365.

Mulligan, C. (2014a). "The Economics of Work Schedules under the New Hours and Employment Taxes." NBER Working Paper #19936.

Mulligan, C. (2014b). "The New Full-Time Employment Taxes." NBER Working Paper #20580.

2. The Impacts of Taxes on Other Outcomes & Elasticity of Taxable Income

Auten, G. and R. Carroll. (1999). "The Elasticity of Income Taxes on Household Behavior." *Review of Economics and Statistics*, 81(4): 681-693.

Auten, G., R. Carroll and G. Gee (2008) "The 2001 and 2003 tax rate reductions: An overview and estimate of the taxable income response." *National Tax Journal*, 61(3): 345-364.

Bruce, D. (2000). "Effects of the United States Tax System on Transitions into Self-

- Employment.” *Labour Economics*, 7(5): 545–74.
- Bruce, D. (2002). “Taxes and Entrepreneurial Endurance: Evidence from the Self-Employed.” *National Tax Journal*, 55(1): 5–24.
- Dynarski, S., J. Scott-Clayton, & M. Wiederspan. (2013). “Simplifying Tax Incentives & Aid for College: Progress and Prospects.” NBER Working Paper #18707.
- Feldstein, M. (1995a). “The Effect of Marginal Tax Rates on Taxable Income: A Panel Study of the 1986 Tax Reform Act,” *Journal of Political Economy* 103, 551-72.
- Feldstein, M. (1995b). “Behavioral Responses to Tax Rates: Evidence from the Tax Reform Act of 1986,” *American Economic Review*, 85(2): 170-174.
- Feldstein, M. (1999). “Tax Avoidance and the Deadweight Loss of the Income Tax.” *Review of Economics and Statistics*, 81(4): 674–80.
- Gelber, A. and M. Weinzierl. (2012). “Equalizing Outcomes and Equalizing Opportunities: Optimal Taxation when Children's Abilities Depend on Parents' Resources.” NBER Working Paper #18332.
- Gentry, W. M. and R. G. Hubbard (2000). “Tax Policy and Entrepreneurial Entry.” *American Economic Review*, 90(2): 283–87.
- Gentry, W. M. and R. G. Hubbard (2004). “The Effects of Progressive Income Taxation on Job Turnover.” *Journal of Public Economics*, 88(11): 2301–22.
- Goolsbee, A. (1999). “Evidence on the High-Income Laffer Curve from Six Decades of Tax Reform.” *Brookings Papers on Economic Activity*, 2: 1-47.
- Goolsbee, A. (2000a). “What Happens When You Tax the Rich? Evidence from Executive Compensation.” *Journal of Political Economy*, 108(2): 352-378.
- Goolsbee, A. (2000b). “It’s not about the Money: Why Natural Experiments Don’t Work on the Rich.” In Joel Slemrod , ed., *Does Atlas Shrug? The Economic Consequences of Taxing the Rich*. Cambridge University Press.
- Gruber, J. and E. Saez (2002). “The elasticity of taxable income: evidence and Implications,” *Journal of Public Economics*. 84: 1-32.
- Heim, B. (2009). “The Effect of Recent Tax Changes on Taxable Income: Evidence from a New Panel of Tax Returns.” *Journal of Policy Analysis and Management*, 9(1): 147-163.
- Keane, M. P. (2011b). “Income Taxation in a Life-Cycle Model with Human Capital.” NBER Working Paper.
- Kopczuk, W. (2005). “Tax Bases, Tax Rates and the Elasticity of Reported Income.” *Journal of Public Economics*, 89(11-12): 2093-2119.

- Kopczuk, W. and D. Munroe. (2014). “Mansion Tax: The Effect of Transfer Taxes on Residential Real Estate Market, NIBER Working Paper #20084.
- Kopczuk, W. (2012). “Taxation of Intergenerational Transfers and Wealth.” NBER Working Paper #18584.
- Lindsey, L. (1987). “Individual Taxpayer Response to Tax Cuts: 1982-1984, with Implications for the Revenue Maximizing Tax Rate.” *Journal of Public Economics*, 33: 173-206.
- Meghir, C. and D. Phillips (2010). “Labour Supply and Taxes,” in *Dimensions of Tax Design: The Mirrlees Review*, J. Mirrlees, S. Adam, T. Besley, R. Blundell, S. Bond, M. Gammie, P. Johnson, G. Myles and J. Poterba, Eds., Oxford University Press, 202-274.
- Powell, D. and H. Shan (2012). “Income Taxes, Compensating Differentials, and Occupational Choice: How Taxes Distort the Wage-Amenity Decision, *American Economic Journal: Economic Policy*, 4(1): 224–247.
- Powell, D. M. (2010). “Heterogeneity in Income Tax Incidences: Are the Wages of Dangerous Jobs More Responsive to Tax Changes than the Wages of Safe Jobs?” RAND Working Paper WR-706-1.
- Romer, C. and D. Romer. (2014). “The Incentive Effects of Marginal Tax Rates: Evidence from the Interwar Era.” *American Economic Journal: Policy*. 6(3): 242-281.
- Saez, E. (2003). “The Effect of Marginal Tax Rates on Income: A Panel Study of ‘Bracket Creep’.” *Journal of Public Economics*, 87: 1231-1258.
- Saez, E. (2004a). “Reported Incomes and Marginal Tax Rates, 1960-2000: Evidence and Policy Implications.” in James Poterba, ed., *Tax Policy and the Economy*, 18: 117-174.
- Saez, E. (2004b). “The Optimal Treatment of Tax Expenditures”, *Journal of Public Economics*, 88(12): 2657-2684.
- Saez, E., J. B. Slemrod, and S. H. Giertz (2009). “The Elasticity of Taxable Income with Respect to Marginal Tax Rates: A Critical Review.” National Bureau of Economic Research Working Paper 15012.
- Sammartino, F. and D. Weiner (1997). “Recent evidence on taxpayers’ response to the rate increases in the 1990s.” *National Tax Journal*, 50(3): 683-705.
- Slemrod, J. (1995). “Income Creation or Income Shifting? Behavioral Responses to the Tax Reform Act of 1986.” *American Economic Review*, 85(2): 175-180.
- Slemrod, J. (1998). “Methodological Issues in Measuring and Interpreting Taxable Income Elasticities.” *National Tax Journal*, 51(4): 773-788.
- Slemrod, J. and J. Bakija (2001). “Growing Inequality and Decreased Tax Progressivity.” in Kevin Hassett, ed., *Inequality and Tax Policy*, Washington D.C: American Enterprise In-

stitute Press.

Slemrod, J. and S. Yitzhaki (2002). "Tax Avoidance, Evasion and Administration." in Alan Auerbach and Martin Feldstein, ed., *Handbook of Public Economics*, v3, North-Holland: 1423-1470.

Slemrod, J. and W. Kopczuk (2002). "The Optimal Elasticity of Taxable Income." *Journal of Public Economics*, 84(1): 91-112.

3. Taxes & Effects of Social Programs on Labor Supply

3.1 Theoretical Effects of Cash Welfare

Akerlof, G. A. (1978). "The Economics of Tagging as Applied to the Optimal Income Tax," *American Economic Review*, 68 (March): 8-19.

Atkinson, A. B. (1987). "Income Maintenance and Social Insurance," in *Handbook of Public Economics*, ed. by Alan Auerbach and Martin Feldstein. Amsterdam: North-Holland.

Besley, T. and S. Coate (1995). "The Design of Income Maintenance Programmes," *Review of Economic Studies* 62, 187-221.

Saez, E. (2002). "Optimal Income Transfer Programs: Intensive versus Extensive Labor Supply Responses." *Quarterly Journal of Economics*, 117(3): 1039-1073.

3.2 Welfare Programs and Labor Supply

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