

THE UNIVERSITY OF CALIFORNIA, SAN DIEGO
Department of Economics

Government Revenues

Economics 230
Fall, 2005
MW 11:00 - 12:20

Roger Gordon

I. Positive and normative models of taxes

A. Tax incidence (9/26)

*Fullerton-Metcalf, "[Tax Incidence](#)," in *Handbook of Public Economics*, vol. 4, ed. by Auerbach and Feldstein, North Holland, 2002, pp. 1787-1872.

Altig et al, "[Simulating Fundamental Tax Reform in the United States](#)," *American Economic Review*, 2001, pp. 574-95.

B. Excess burden of a tax (9/28)

*Auerbach, "[The Theory of Excess Burden and Optimal Taxation](#)," in *Handbook of Public Economics*, vol. 1, ed. by Auerbach and Feldstein, North Holland, 1985, pp. 61-86.

Hausman, "[Exact Consumer Surplus and Deadweight Loss](#)," *American Economic Review*, 1981, pp. 662-676.

Hausman and Newey, "[Nonparametric Measurement of Exact Consumers Surplus and Deadweight Loss](#)," *Econometrica*, 1995, pp. 1445-1476.

C. Equity issues (10/3)

*Kaplow, "[A Fundamental Objection to Tax Equity Norms](#)," *National Tax Journal*, 1995, pp. 497-514.

Buchanan, "[Taxation in Fiscal Exchange](#)," *Journal of Public Economics*, North Holland, 1976, pp. 17-30.

Harsanyi, "[Cardinal Welfare, Individualistic Ethics and Interpersonal Comparisons of Utility](#)," *Journal of Political Economy*, University of Chicago Press, 1955, pp. 309-321.

Drazen-Limão, "[Government Gains from Self-Restraint: A Bargaining Theory of Inefficient Redistribution](#)," NBER Working Paper No. 10375, 2004.

Coate-Morris, "[On the Form of Transfers to Special Interests](#)," *Journal of Political Economy*, 1995, pp. 1210-1235.

D. Optimal commodity tax and expenditure policies (10/5)

*Stern, ["The Theory of Optimal Commodity and Income Taxation: An Introduction."](#) In Newbery and Stern, *The Theory of Taxation For Developing Countries*, World Bank, 1987.

*Atkinson-Stern, ["Pigou, Taxation and Public Goods,"](#) *Review of Economic Studies*, 1974, pp. 119-127.

Kaplow, ["Transition Policy: A Conceptual Framework,"](#) NBER WP #9596, 2003.

E. Optimal income taxes (10/10)

*Saez, Emmanuel, ["Using Elasticities to Derive Optimal Income Tax Rates,"](#) *Review of Economic Studies*, 2001, pp. 205-29.

*Saez, Emmanuel, ["The Desirability of Commodity Taxation under Non-Linear Income Taxation and Heterogeneous Tastes,"](#) *Journal of Public Economics*, 2002, pp. 217-30.

Saez, ["Optimal Income Transfer Programs: Intensive versus Extensive Labor Supply Responses,"](#) *Quarterly Journal of Economics*, 2002, pp. 1039-73.

Naito, ["Re-examination of Uniform Commodity Taxes Under a Non-Linear Income Tax System and its Implication for Production Efficiency,"](#) *Journal of Public Economics*, 1999, pp. 165-188.

Akerlof, ["The Economics of Tagging as Applied to the Optimal Income Tax,"](#) *American Economic Review*, 1978, pp. 8-19.

Besley and Coate, ["Workfare versus Welfare: Incentives Arguments for Work Requirements in Poverty-Alleviation Programs,"](#) *American Economic Review*, 1992, pp. 249-61.

F. Tax Enforcement (10/12)

*Andreoni, Erard, and Feinstein, ["Tax Compliance,"](#) *Journal of Economic Literature*, 1998, pp. 818-60.

Gordon and Li, ["Tax Structure in Developing Countries: Many Puzzles and a Possible Explanation,"](#) NBER WP #11267, 2005.

Kopczuk, ["Tax Bases, Tax Rates and the Elasticity of Reported Income,"](#) NBER WP #10044, 2003.

II. U.S. tax structure

A. Personal taxation

1. Taxes and reported income (10/17)

*Feldstein, ["Tax Avoidance and the Deadweight Loss of the Income Tax,"](#) *Review of Economics and Statistics*, 1999, pp. 674-80.

*Gruber and Saez, ["The Elasticity of Taxable Income: Evidence and Implications,"](#) *Journal of Public Economics*, 2002, pp. 1-32.

Feldstein, ["The Effect of Marginal Tax Rates on Taxable Income: A Panel Study of the 1986 Tax Reform Act,"](#) *Journal of Political Economy*, 1995, pp. 551-72.

Goolsbee, ["It's Not About the Money: Why Natural Experiments Don't Work on the Rich,"](#) in J. Slemrod, ed., *Does Atlas Shrug? The Economic Consequences of Taxing the Rich*, 2000.

Gordon and Slemrod, ["Are 'Real' Responses to Taxes Simply Income Shifting Between Corporate and Personal Tax Bases?"](#) in J. Slemrod, ed., *Does Atlas Shrug? The Economic Consequences of Taxing the Rich*, 2000.

2. Analysis of taxation of labor supply (10/19 and 10/24)

*Blundell and MaCurdy, ["Labor Supply: A Review of Alternative Approaches,"](#) in Ashenfelter and Card, eds., *Handbook of Labor Economics*, Vol. 3, 1999, pp. 1569-1695.

*Eissa, Kleven, and Kreiner, ["Evaluation of Four Tax Reforms in the United States: Labor Supply and Welfare Effects for Single Mothers,"](#) NBER WP #10935, 2004.

Friedberg, ["The Labor Supply Effects of the Social Security Earnings Test,"](#) *Review of Economics and Statistics*, 2000, pp. 48-63.

Blundell, Duncan, and Meghir, ["Estimating Labor Supply Responses Using Tax Reforms,"](#) *Econometrica*, 1998, pp. 827-62.

Lemieux, Fortin, and Frechette, ["The Effect of Taxes on Labor Supply in the Underground Economy,"](#) *American Economic Review*, 1994, pp. 231-54.

Feldstein and Vaillant, ["Can State Taxes Redistribute Income?"](#) *Journal of Public Economics*, 1998, pp. 369-96.

Trostel, ["The Effect of Taxation on Human Capital,"](#) *Journal of Political Economy*, 1993, pp. 327-50.

Cullen and Gordon, ["Taxes and Entrepreneurial Activity: Theory and Evidence for the U.S.,"](#) NBER WP #9015, 2002.

2. Analysis of taxation of income from savings (10/26)

*Bernheim, ["Taxation and Savings,"](#) in *Handbook of Public Economics*, vol. 3, ed. by Auerbach and Feldstein, North Holland, 2002, pp. 1173-1250.

Judd, ["Welfare Cost of Factor Taxation in a Perfect-Foresight Model,"](#) *Journal of Political Economy*, 1987, pp. 675-709.

Gordon, ["Taxation of Interest Income,"](#) *International Tax and Public Finance*, 2004, pp. 5-15.

Smetters, ["Trading with the Unborn: A New Perspective on Capital Income Taxation,"](#) NBER Working Paper No. 9412, 2002.

3. Portfolio composition (10/31)

*Stiglitz, ["The General Theory of Tax Avoidance,"](#) *National Tax Journal*, National Tax Association, 1985, pp. 325-337.

*Poterba, ["Taxation, Risk-Taking, and Household Portfolio Behavior,"](#) in *Handbook of Public Economics*, vol. 3, ed. by Auerbach and Feldstein, North Holland, 2002, pp. 1109-1172.

Gordon, ["Taxation of Investment and Savings in a World Economy,"](#) *American Economic Review*, 1986, pp. 1086-1102.

Auerbach, ["Retrospective Capital Gains Taxation,"](#) *American Economic Review*, 1991, pp. 167-78.

Burman and Randolph, ["Measuring Permanent Responses to Capital Gains Tax Changes in Panel Data,"](#) *American Economic Review*, 1994, pp. 794-809.

4. Deductible or excludable items (evening of 11/1)

*Saez, ["The Optimal Treatment of Tax Expenditures,"](#) *Journal of Public Economics*, 2004, pp. 2657-84.

*Gruber-Poterba, ["Tax Incentives and the Decision to Purchase Health Insurance,"](#) *Quarterly Journal of Economics*, 1994, pp. 701-33.

Kaplow, ["Transfer Motives and Tax Policy,"](#) NBER Working Paper No. 6340, 1997.

B. Corporate income taxation

1. Choice of Organizational form (11/7)

*Gordon and MacKie-Mason, ["Tax Distortions to the Choice of Organizational Form,"](#) *Journal of Public Economics*, 1994, pp. 279-306.

Gordon and MacKie-Mason, ["How Much do Taxes Discourage Incorporation,"](#) *Journal of Finance*, 1997, pp. 477-505.

Goolsbee, ["The Impact and Inefficiency of the Corporate Income Tax: Evidence from State Organizational Form Data,"](#) *Journal of Public Economics*, 2004, pp. 2283-2299.

2. Dividends (11/9)

*Poterba-Summers, ["The Economic Effects of Dividend Taxation,"](#) in *Recent Advances in Corporate Finance*, ed. by Altman and Subrahmanyam, Richard D. Irwin, 1985, pp. 227-284.

*Bernheim-Wantz, ["A Tax-Based Test of the Dividend Signaling Hypothesis,"](#) *American Economic Review*, 1995, pp. 532-551.

Chetty-Saez, ["Do Dividend Payments Respond to Taxes? Preliminary Evidence from the 2003 Dividend Tax Cut,"](#) NBER Working Paper No. 10572, 2004.

Poterba, ["Taxation and Corporate Payout Policy,"](#) NBER Working Paper No. 10321, 2004.

3. Financial Policy (11/14)

*Auerbach, ["Taxation and Corporate Financial Policy,"](#) in *Handbook of Public Economics*, vol. 3, ed. by Auerbach and Feldstein, North Holland, 2002, pp. 1251-92.

Graham, ["Taxes and Corporate Finance: A Review,"](#) *Review of Financial Studies*, 2003, pp. 1075-1129.

Myers-Majluf, ["Corporate Financing and Investment Decisions when Firms have Information that Investors Do Not Have,"](#) *Journal of Financial Economics*, 1984, pp. 187-221.

Gordon-Lee, ["Do Taxes Affect Corporate Debt Policy? Evidence from U.S. Corporate Tax Return Data,"](#) *Journal of Public Economics*, 2001, pp. 195-224.

4. Investment decisions (11/16)

*Hassett and Hubbard, ["Tax Policy and Business Investment,"](#) in *Handbook of Public Economics*, vol. 3, ed. by Auerbach and Feldstein, North Holland, 2002, pp. 1293-1343.

*Gordon, Kalambokidis, and Slemrod, ["If Capital Income Taxes Are So High, Why Do We Collect So Little Revenue? A New Summary Measure of the Effective Tax Rate on Investment."](#) In *Measuring the Tax Burden on Capital and Labor*, edited by Peter Birch Sorensen, 2005.

Goolsbee, ["Investment, Tax Incentives, Prices, and the Supply of Capital Goods,"](#) NBER WP #6192, 1997.

Goolsbee, ["Taxes and the Quality of Capital,"](#) *Journal of Public Economics*, 2004, pp. 519-543.

5. International issues (11/21)

*Gordon-Hines, ["International Taxation,"](#) in *Handbook of Public Economics*, vol. 4, ed. by Auerbach and Feldstein, North Holland, 2002, pp. 1935-96.

Altshuler and Grubert, ["Repatriation Taxes, Repatriation Strategies and Multinational Financial Policy,"](#) *Journal of Public Economics*, 2003, pp. 73-107.

Keen and Ligthart, ["Information Sharing and International Taxation,"](#) mimeo, 2004.

Baldwin-Krugman, ["Agglomeration, Integration and Tax Harmonization,"](#) NBER Working Paper No. 9290, 2002.

C. Estate taxation (11/23)

*Cremer-Pestieau, ["Wealth Transfer Taxation: A Survey,"](#) CESifo Working Paper No. 1061, 2003.

*Kopczuk, ["The Trick is to Live: Is the Estate Tax Social Security for the Rich?"](#) *Journal of Political Economy*, 2003, pp. 1318-41.

Bernheim, Lemke, and Scholz, ["Do Estate and Gift Taxes Affect the Timing of Private Transfers?"](#), *Journal of Public Economics*, 2004, pp. 2617-34.

Joulfaian, ["Gift Taxes and Lifetime Transfers: Time Series Evidence,"](#) *Journal of Public Economics*, 2004, pp. 1917-29.

Poterba, ["Estate and Gift Taxes and Incentives for Inter-Vivos Giving in the U.S.,"](#) *Journal of Public Economics*, 2001, pp. 237-64.

D. Government debt (11/28)

*Kotlikoff, ["Taxation and Savings,"](#) *Journal of Economic Literature*, 1984, pp. 1576-1629.

E. Inflation (11/30)

*Auerbach, ["Inflation and the Tax Treatment of Firm Behavior,"](#) *American Economic Review*, May 1981, pp. 419-42.

Feldstein, ["Capital Income Taxes and the Benefits of Price Stability,"](#) In Feldstein, ed., *The Costs and Benefits of Price Stability*, University of Chicago Press, 1999, pp. 9-40.