

THE UNIVERSITY OF CALIFORNIA, SAN DIEGO
Department of Economics

Government Revenues

Economics 230
Spring, 2011
TTh 8:00 - 9:20

Roger Gordon

I. Positive and normative models of taxes

A. Tax incidence (3/29)

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

Goolsbee, "[Investment Subsidies and Wages in Capital Goods Industries: To the Workers Go the Spoils?](#)" *National Tax Journal*, 2003, pp. 153-65.

Eijffinger et al, "[Short-Term and Long-Term Government Debt and Nonresident Interest Withholding Taxes](#)," *Journal of Public Economics*, 1998, pp. 309-34.

Saez et al, "Earnings Determination and Taxes: Evidence from a Cohort Based Payroll Tax Reform in Greece," NBER Working Paper No. 15745, 2010.

B. Excess burden of a tax (3/31)

*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.

Bernheim and Rangel, "[Behavioral Public Economics: Welfare and Policy Analysis with Non-Standard Decision Makers](#)," NBER Working Paper No. 11518, 2005.

C. Equity issues (4/5)

*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.

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.

Reynolds, "[The Misuse of Tax Data to Estimate Income Distribution,](#)" mimeo, 2006.

D. Optimal commodity tax and expenditure policies (4/7)

*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 (4/12)

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

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.

Blackorby and Donaldson, "[Cash versus Kind, Self-Selection, and Efficient Transfers,](#)" *American Economic Review*, 1988, pp. 691-700.

F. Tax Enforcement (4/14)

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

Davis-Henrekson, "[Tax Effects on Work Activity, Industry Mix and Shadow Economy Size: Evidence from Rich-Country Comparisons,](#)" NBER Working Paper No. 10509, 2004.

Kleven et al, "Unwilling or Unable to Cheat? Evidence from a Randomized Tax Audit Experiment in Denmark," NBER Working Paper No. 15769, 2010.

II. U.S. tax structure

A. Personal taxation

1. Taxes and reported income (4/19)

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

Saez, "[Reported Incomes and Marginal Tax Rates, 1960-2000: Evidence and Policy Implications,](#)" NBER Working Paper No. 10273, 2004.

Gruber and Saez, "[The Elasticity of Taxable Income: Evidence and Implications,](#)" NBER WP #7512, 2000.

Saez et al, "The Elasticity of Taxable Income with Respect to Marginal Tax Rates: A Critical Review," *Journal of Economic Literature*, forthcoming.

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 (4/21, 4/26)

*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.

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

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

Chetty et al, "Adjustment Costs, Firm Responses, and Micro vs. Macro Labor Supply Elasticities: Evidence from Danish Tax Records," NBER Working Paper No. 15617, 2011.

Chetty, "Sufficient Statistics for Welfare Analysis: A Bridge Between Structural and Reduced-Form Methods," *Annual Review of Economics*, 2009, pp. 451-88.

2. Analysis of taxation of income from savings (4/28)

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

Golosov et al, "[New Dynamic Public Finance: A User's Guide,](#)" mimeo, 2006.

Choi et al, "[Plan Design and 401\(k\) Outcomes,](#)" NBER Working Paper No. 10486, 2004.

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 (5/3)

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

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

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.

Auerbach, Burman, and Siegel, ["Capital-Gains Taxation and Tax Avoidance: New Evidence from Panel Data,"](#) in Slemrod, ed., *Does Atlas Shrug? The Economic Consequences of Taxing the Rich*, 2000, pp. 355-88.

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

4. Deductible or excludable items (5/5)

*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.

Bakija, Gale, and Slemrod, ["Charitable Bequests and Taxes on Inheritances and Estates,"](#) NBER Working Paper No. 9661, 2003.

Finkelstein, ["Interactions of Partial Public Insurance Programs and Residual Private Insurance Markets: Evidence from the U.S. Medicare Program,"](#) *Journal of Health Economics*, 2004, pp. 1-24.

B. Corporate income taxation

1. Choice of Organizational form (5/10)

*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.

Goalsbee, ["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 (5/12)

*Gordon and Dietz, ["Dividends and Taxes,"](#) NBER Working Paper No. 12292, 2006.

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

Chetty-Saez, ["Dividend Taxes and Corporate Behavior: Evidence from the 2003 Dividend Tax Cut,"](#) *Quarterly Journal of Economics*, 2005, pp. 791-833.

3. Financial Policy (5/17)

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

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

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

4. Investment decisions (5/19)

*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.

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

Goalsbee, ["The Value of Broadband and the Deadweight Loss of Taxing New Technology,"](#) NBER Working Paper No. 11994, 2006.

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

5. International issues (5/24)

*Sørensen, ["Can Capital Income Taxes Survive? And Should They?"](#) mimeo, 2006.

Gordon and 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.

Grubert, ["Intangible Income, Intercompany Transactions, Income Shifting, and the Choice of Location,"](#) *National Tax Journal*, 2003.

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

C. Tax Policy in Developing Countries (5/26)

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

Kleven et al, "Why Can Modern Governments Tax So Much? An Agency Model of Firms as Fiscal Intermediaries," NBER Working Paper No. 15218, 2009.

C. Estate taxation (5/31)

*Kopczuk, "Economics of Estate Taxation: A Brief Review of Theory and Evidence," NBER Working Paper No. 15741, 2010.

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

Kopczuk, "To Leave or Not to Leave: The Distribution of Bequest Motives," *Review of Economic Studies*, 2007, pp. 207-235.

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.

E. Government debt and monetary finance (6/2)

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

*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.