

UNIVERSITY OF KENTUCKY
DEPARTMENT OF ECONOMICS

DAVID R. AGRAWAL
Section #001

ECO 751
PUBLIC ECONOMICS

SPRING 2020
230 BE: MW 3:00-4:15

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Course Webpage: <https://www.uky.edu/canvas/>

Personal Webpage: <http://www.uky.edu/~drag222/>

Nature of Syllabus: The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.

Course Description: From the University Catalog – "An advanced study of both how government activities influence allocation, relative prices and welfare and what is the proper role of the public sector in resource allocation. Relevant topics include: public goods, externalities, tax incidence, optimal taxation, benefit-cost analysis, public pricing, fiscal federalism, state-municipal finance and public choice. Prereq: ECO 601 or consent of instructor."

Course Objectives and Learning Outcomes: The principal objective of this course is to provide an understanding of the role of government intervention in the economy from both a theoretical and an empirical perspective. The emphasis will be on learning techniques that can be applied to produce original research and to critically analyze existing research in the field of public economics. The focus in this half of the course will be on tax policy. The course will help you: 1) to provide a working knowledge of modern theoretical and empirical techniques for investigating how taxes affect economic behavior and how tax policy should be designed, 2) to sharpen how to think critically about the economics of taxation, and 3) to gain experience in identifying and answering tax-related research questions.

Textbooks and Readings: The required textbook for the course is *Tax Systems* by Joel Slemrod and Christian Gillitzer (1st edition, MIT Press). We will also make extensive use of journal articles listed at the end of this syllabus. In addition, useful resources include the book titles below. I recommend that anyone wishing to do research in public economics seriously consider all of these textbooks.

- A. Auerbach and M. Feldstein, Handbook of Public Economics, Volumes 1, 2, 3, and 4. (Amsterdam: North Holland, 1985, 1987, 2002, 2002).
- A. Auerbach, R. Chetty, M. Feldstein, E. Saez. Handbook of Public Economics, Volume 5. (Amsterdam: North Holland, 2013).
- L. Kaplow. The Theory of Taxation and Public Economics. (Princeton: Princeton University Press, 2010).
- B. Salanie, Economics of Taxation, 2nd edition (Cambridge: MIT Press, 2011).
- G. Myles, Public Economics (New York: Cambridge University Press, 1995).
- A. Atkinson and J. Stiglitz, Lectures in Public Economics (New York: McGraw Hill, 1980).
- J. Slemrod and J. Bakija. Taxing Ourselves: A Citizen's Guide to the Debate over Tax Reform. Fifth edition. (Cambridge: MIT Press, 2017).
- H. Rosen and T. Gayer. Public Finance. Tenth edition. (McGraw-Hill, 2013).
- D. Wildasin. Urban Public Finance. (Abingdon, UK: Routledge 2013).

Online Materials: We will use the canvas system (<http://www.uky.edu/canvas/>) for this semester. It is important you check this website regularly as I will post assignments to canvas and will use the announcements tool to send you important information. You are responsible for maintaining and checking your University email account and the canvas announcements on a daily basis. Please use your university email account for your academic correspondence to me so that it does not go to my spam folder.

All academic readings will be made available online through canvas. My lecture notes are also posted to canvas. You may not redistribute copies of my slides, lecture notes, or homework solutions to any other person or website.

Grades: Grades for the class will be assigned based on the following information.

Requirement	% of Final Grade
Problem Sets	10%
Final Exam	40%
Paper Summaries	10%
Paper/Mini-papers	30%
Referee Report	10%

Problem Sets: Problem sets will be listed on canvas. You may work in groups on the problem sets and studying in groups is highly encouraged. However, you must write up your own solution to each problem set. Solutions must be typeset and show all work. Given the large amount of mathematical calculations, I highly recommend using \LaTeX or LyX to type your solutions. If you don't know these, now is a good time to learn.

Final Exam: The course will contain a final exam. The final exam is cumulative. The final exam will be given in its university appointed time slot. An excused absence from the final exam will be given if you contact me *before* the exam and for an unexpected emergency (illness that prevents you from taking the exam or could harm the health of others; a documented family emergency). You must provide appropriate documentation; in the case of a medical excuse a Tier 2 or 3 document from UHS will be satisfactory. Leaving early for a vacation, for example, is not an appropriate reason to miss an exam.

Paper Summaries: Graduate education requires careful reading of academic articles. Students are expected to read all required readings, but will be assigned one of the readings for each module to write a paper summary.¹ For the assigned paper in each module, students will write a two-page (typewritten) summary of an empirical paper for the module. The summary must be turned in before the start of the first class where we discuss papers in that module. The summary must address the following (please number answers in the write-up): (1) What is the main question? (2) What does economic theory predict about the main question? (3) What data 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?

Referee Report: The referee report is a critical assessment of an unpublished paper that I will provide to students to review. This report should be no longer than 5 pages and typically is 2-3 single spaced pages. The report should (1) assess the paper's contribution to the relevant literature; (2) discuss key weaknesses of the paper; and (3) make suggestions for improvement. Students should also prepare a one page cover letter containing a confidential recommendation for the journal editor (accept, revise and resubmit, reject) along with a brief justification. Students will be assigned a random article.

Paper/Mini-papers: Students may either write one long paper, due in the last day of class, or two short papers one due in the class before spring break the other on the last day of class. The long paper (which will be your default choice if you do not turn in a short one prior to spring break) will be a standard research paper. If you select this option, you should consult with me before beginning the research agenda. The short papers will be less complete. They will motivate a piece of research (a different one for each paper), describe its methods and the related literature. The only thing distinguishing it from a standard paper is that the actual analysis will not be finished. Note, a critical component of the evaluation of the short papers will include their feasibility. If the work could never be done, they will not be well received. Given this course is on the economics of government revenues, all papers written for this course must be related to a topic of taxation. While papers can be typed in any software, I especially am pleased to see papers written in L^AT_EX or L^yX.

¹This is inspired by Melissa S. Kearney's syllabus.

Letter of Introduction: For the second lecture, please write a one-page letter of introduction of yourself to the instructor. Include your name and anything about yourself that you would like to share such as your future research interests. Please also upload a digital photo to your canvas profile (click account>profile and then edit the image). I want to learn about you and your interests throughout the semester and this will help start that process.

Accommodations: If you have a documented disability that requires academic accommodations, please see me no later than the second week of class during office hours or after class. In order to receive accommodations in this course, you must provide me with a Letter of Accommodation from the Disability Resource Center for coordination of campus disability services available to students with disabilities.

Academic Honesty: As a University of Kentucky student, you have agreed to abide by the University's academic honesty policy. All academic work must meet the standards described in "UK Student Code of Conduct." Cases of cheating on exams or plagiarizing material for a presentation or assignment will result in (as a minimum punishment) final grade of "zero" assigned for the incident and the incident will be reported to university officials. Questions about proper procedures are always appropriate – and welcome – before work is submitted.

Children in the Classroom: To my knowledge, the University does not have a policy on children in the classroom, so I created my own. All babies (nursing, bottle-feeding, etc.) are welcome in class as often as is necessary. For older children I understand that disruptions to childcare may happen. Rather than missing class, you are welcome to bring your child to class. However, for older children, this is not a long-term solution and should only be done when childcare is unavailable. If bringing a child to class, be sure to bring activities and (quiet) toys to keep them having fun.

Electronics: Cell phone usage during class is prohibited. When I am lecturing, laptops are unlikely to be helpful for taking notes and I suggest using pen and paper. See "Laptops Are Great. But Not During a Lecture...". You can download it here:
<https://www.nytimes.com/2017/11/22/business/laptops-not-during-lecture-or-meeting.html>

INSTRUCTOR ABSENCES: Normally, I take care to avoid missing classes. However, some conflicts this semester (related to jury service) mean that I may miss some classes. All of these classes will be rescheduled if we can find a mutually agreeable time to meet.

Schedule: The following list indicates when we will cover various topics. Its highly likely we will deviate from this schedule or that I will not cover certain topics. SG stands for Slemrod and Gillitzer. Readings from journal articles are listed below. This reading list includes articles that are required for the course, for the preliminary exam, and some that are optional. The required readings will be provided as we progress.

Day	Module	Readings	What is due?
01/15	Introduction	SG1	
01/22	Welfare Analysis		
01/27	Welfare Analysis		
01/29	Tax Incidence and Optimal Progressivity	SG2	
02/03	Tax Incidence and Optimal Progressivity		
02/05	Tax Incidence and Optimal Progressivity		
02/10	Measuring Behavioral Response		
02/12	Measuring Behavioral Response		
02/17	Tax Base	SG8	
02/19	Tax Base		
02/24	Consumption vs. Income		
02/26	Consumption vs. Income		
03/02	Evasion	SG3, SG6, SG11	
03/04	Evasion		Mini-paper 1
03/09	Implementing Tax Systems	SG4, SG5	
03/11	Implementing Tax Systems		
03/23	Implementing Tax Systems		
03/25	Optimal Tax Systems	SG7, SG9	
03/30	Optimal Tax Systems		
04/01	Behavioral Tax	SG10	
04/06	Corporate Tax		
04/08	Corporate Tax		
04/13	International Tax		
04/15	International Tax		
04/20	Local Public Economics		
04/22	Local Public Economics		Referee Report
04/27	Local Public Economics		
04/29	Local Public Economics		Mini-paper 2 or Long paper
05/04	10:30-12:30	SG12	Final Exam

MODULES: The following is a list of topics that we will cover under each module. Some article citations are incomplete, but can easily be found online.²

TOOLS OF WELFARE ANALYSIS:

- Social welfare maximization and the theory of sufficient statistics.
Arnold C. Harberger. 1964. The Measurement of Waste. *The American Economic Review*, Vol. 54, No. 3, Papers and Proceedings of the Seventy-sixth Annual Meeting of the American Economic Association, pp. 58- 76
Raj Chetty. 2009. Sufficient Statistics for Welfare Analysis: A Bridge Between Structural and Reduced-Form Methods, *Annu. Rev. Econ.* 1:451–87.
Nathan Hendren. 2016. “The policy elasticity”. *Tax Policy and the Economy* 30 (1).
Amy Finkelstein. 2018. Welfare Analysis Meets Causal Inference: A Suggested Interpretation of Hendren, Working paper.

TAX INCIDENCE AND OPTIMAL PROGRESSIVITY

- Vertical equity
T. Piketty and E. Saez, “Income Inequality in the United States: 1913-1998.” *Quarterly Journal of Economics*, 118 No. 1 (February, 2003): 1-39.
T. Piketty, E. Saez, and G. Zucman. “Distributional National Accounts: Methods and Estimates for the United States.” *Quarterly Journal of Economics*, 131 No. 2 (May, 2018): 519–578.
G. Auten and D. Splinter, “Income Inequality in the United States: Using Tax Data to Measure Long-Term Trends.” Working paper, August 23, 2018.
J. Slemrod, “The Economics of Taxing the Rich,” in J. Slemrod (ed.), *Does Atlas Shrug? The Economic Consequences of Taxing the Rich* (Cambridge and New York: Harvard University Press and the Russell Sage Foundation, 2000): 3-28.
- Excess burden
A. Auerbach and J. Hines, “Taxation and Economic Efficiency,” in A. Auerbach and M. Feldstein (eds.), *Handbook of Public Economics*, Vol. 3 (Amsterdam: North-Holland, 2002) pp. 1347-1421.
A. Auerbach, “The Theory of Excess Burden and Optimal Taxation,” in A. Auerbach and M. Feldstein (eds.), *Handbook of Public Economics*, Vol. 1 (Amsterdam: North-Holland, 1985).
Chipman, John S. and James C. Moore. “Compensating Variation, Consumer’s Surplus and Welfare.” *American Economic Review*, 70(5), 1980, 933-49.
D. Corlett and E. Hauge, “Complementarity and the Excess Burden of Taxation.” *Review of Economic Studies* 21(1): 21-30, 1953
P. Diamond and D. McFadden, “Some Uses of the Expenditure Function in Public Finance,” *Journal of Public Economics* 3 (1974), 3-21.
D. Fullerton, “Reconciling Recent Estimates of the Marginal Welfare Cost of Taxation”, *American Economic Review*, 81(1), March 1991, 302-308.

²Thanks to Joel Slemrod, James Hines, and Raj Chetty for sharing reading lists from their courses.

A. Harberger, "The Measurement of Waste", *American Economic Review*, 54(3), 1964, 58-76.

- Tax Incidence

L. Kotlikoff and L. Summers. "Tax Incidence," in A. Auerbach and M. Feldstein, Volume 2, 1043-1092.

E.G. Weyl and M. Fabinger, "Pass-Through as an Economic Tool," *Journal of Political Economy* 121: 3

S. F. Hamilton, "Excise Taxes with Multiproduct Transactions," *American Economic Review*, vol. 99(1), pages 458-71, March, 2009.

J. Poterba. "Lifetime Incidence and the Distributional Burden of Excise Taxes," *American Economic Review* 79 (May 1989), 325-330.

T. Besley and H. Rosen. "Sales Taxes and Prices: An Empirical Analysis", *National Tax Journal* 52, (1999).

A. Harberger. "The Incidence of the Corporation Income Tax," *Journal of Political Economy*, 1962, 215-240.

L. Kotlikoff and L. Summers. "Tax Incidence," in A. Auerbach and M. Feldstein, *Handbook of Public Economics*, Volume 2.

D. Agrawal and W. Hoyt. "Tax Incidence in a Multiproduct World" Working paper. 2019.

- Optimal progressivity

J. Mirrlees, "An Exploration in the Theory of Optimum Income Taxation," *Review of Economic Studies*, 38 No. 2 (April, 1971): 175-208.

N. Stern, "On the Specification of Models of Optimum Income Taxation," *Journal of Public Economics*, 6 No. 1-2 (July/August, 1976): 123-62.

J. Seade, "On the Shape of Optimal Tax Schedules," *Journal of Public Economics*, 7 No. 2 (April, 1977): 202-35.

E. Sheshinski. "The Optimal Linear Income Tax." *Review of Economic Studies*, 68 (1972): 297-302.

J. Slemrod, S. Yitzhaki, J. Mayshar, and M. Lundholm, "The Optimal Two-Bracket Linear Income Tax," *Journal of Public Economics*, 53 No. 2 (February, 1994): 269-90.

H. Varian, "Redistributive Taxation as Social Insurance," *Journal of Public Economics*, 14 No. 1 (August, 1980): 49-68.

P. Diamond, "Optimal Income Taxation: An Example with a U-Shaped Pattern of Optimal Marginal Tax Rates," *American Economic Review*, 88 No. 1 (March, 1998): 83-95.

E. Saez, "Using Elasticities to Derive Optimal Income Tax Rates," *Review of Economic Studies*, 68 No. 1 (January, 2001): 205-29.

C. Rothschild and F. Scheuer. "Optimal Taxation with Rent-Seeking." *The Review of Economic Studies*, 83 No. 3 (July, 2016): 1225-1262.

B. Lockwood, C. Nathanson, and E.G. Weyl. "Taxation and the Allocation of Talent." *Journal of Political Economy*, 125 No. 5 (October, 2017): 1635-1682.

MEASURING THE BEHAVIORAL RESPONSE TO TAXATION

- Introduction

R. Triest, "Econometric Issues in Estimating the Behavioral Response to Taxation: A Nontechnical Introduction," *National Tax Journal*, 51 No. 4 (December, 1998): 761-72.

J. Angrist and J.S. Pischke. "The Credibility Revolution in Empirical Economics: How Better Research Design Is Taking the Con out of Econometrics." *Journal of Economic Perspectives*, 24 No. 2 (Spring, 2010): 3-30.

A. Goodman-Bacon. "Difference-in-Differences with Variation in Treatment Timing." NBER Working paper #25018. 2018

- Cross-sectional analysis and the progressive income tax

D. Feenberg, "Are Tax Price Models Really Identified: The Case of Charitable Giving," *National Tax Journal*, 40 No. 4 (December 1987): 629-33.

- Panel data analysis

R. Blundell, "Labour Supply and Taxation," in M. Devereux (ed.), *The Economics of Tax Policy* (Oxford: Oxford University Press, 1996) pp. 107-36.

R. Blundell, A. Duncan, and C. Meghir, "Estimating Labor Supply Responses Using Tax Reforms," *Econometrica*, 66 No. 4 (July, 1998): 827-61.

R. Moffitt and M. Wilhelm, "Taxation and the Labor Supply Decisions of the Affluent," in J. Slemrod (ed.), *Does Atlas Shrug? The Economic Consequences of Taxing the Rich* (Cambridge and New York: Harvard University Press and the Russell Sage Foundation, 2000): pp. 193-234.

- Pooled cross-section analysis

N. Eissa, "Tax Reforms and Labor Supply," in J. Poterba, (ed.), *Tax Policy and the Economy*, Vol. 10 (Cambridge, MA: MIT Press, 1996) pp. 119-51.

N. Eissa and J. Liebman, "Labor Supply Response to the Earned Income Tax Credit," *Quarterly Journal of Economics*, 111 No. 2 (May, 1996): 605-37.

- Cross-country analysis

J. Slemrod, "What Do Cross-Country Studies Teach About Government Involvement, Prosperity, and Economic Growth?" *Brookings Papers on Economic Activity*, Issue 2 (1995): 373-431.

L. Robinson and J. Slemrod. "Understanding multidimensional tax systems." *International Tax and Public Finance* 19:2. 2012. 237-267.

E. Prescott, "Why Do Americans Work So Much More than Europeans?" *Federal Reserve Bank of Minneapolis Quarterly Review*, 28 No. 1 (July, 2004): 2-13.

A. Alesina, E. Glaeser, and B. Sacerdote "Work and Leisure in the U.S. and Europe: Why So Different?" in M. Gertler and K. Rogoff (eds.), *NBER Macroeconomics Annual 2005* (Cambridge: MIT Press, 2006).

- Tax-return administrative data
J. Slemrod. "Caveats on the Research Use of Tax-Return Administration Data." *National Tax Journal*, 69 No. 4 (December, 2016): 1003-1020.
- Randomized field experiments
M. Hallsworth, "The Use of Field Experiments to Increase Tax Compliance." *Oxford Review of Economic Policy*, 30 No. 4 (June, 2014): 658-679.
A. Deaton, "Instruments, Randomization, and Learning about Development." *Journal of Economic Literature*, 48 No. 2 (June, 2010): 424-455.
- Lab experiments
J. Alm and S. Jacobson. "Using Laboratory Experiments in Public Economics." *National Tax Journal*, 60 No. 1 (March, 2007): 129-152.
- Bunching at notches and kinks
E. Saez. "Do Filers Bunch at Kink Points?" *American Economic Journal: Economic Policy*, 2 No. 3 (August, 2010): 180-212.
H. Kleven. "Bunching." *Annual Review of Economics*, 8 (2016): 435-464.
J. Slemrod. "Buenas Notches: Lines and Notches in Tax System Design." *eJournal of Tax Research*, 11 No. 3 (2013): 259-283.
- Traces of evasion
J. Slemrod and C. Weber. "Evidence of the Invisible: Toward a Credibility Revolution in the Empirical Analysis of Tax Evasion and the Informal Economy." *International Tax and Public Finance*, 19 No. 1 (February, 2012): 25-53.

THE TAX BASE

- Optimal commodity taxation
F.P. Ramsey. 1927. A Contribution to the Theory of Taxation. *The Economic Journal*, Vol. 37, No. 145, pp. 47-61.
P. Diamond and J. Mirrlees, "Optimal Taxation and Public Production I: Production Efficiency," *American Economic Review*, 61 No. 1 (March, 1971): 8-27.
P. Diamond and J. Mirrlees, "Optimal Taxation and Public Production II: Tax Rules," *American Economic Review*, 61 No. 3, Pt. 1 of 2 (June, 1971): 261-78.
A. Sandmo, "Optimal Taxation: An Introduction to the Literature," *Journal of Public Economics*, 6 No. 1-2 (July/August, 1976): 37-54.
A. Deaton, "Econometric Issues in Tax Design for Developing Countries," in D. Newbery and N. Stern (eds.), *The Theory of Taxation for Developing Countries* (Oxford: Oxford University Press, 1987) pp. 92-113.
M. J. Boskin and E. Sheshinski, "Optimal Tax Treatment of the Family: Married Couples," *Journal of Public Economics*, 20 No. 3 (April, 1983): 281-401.
P. Diamond, "A Many-Person Ramsey Tax Rule," *Journal of Public Economics*, 4, 1975, 335-342.

- Externalities and Internalities

A. Sandmo, "Optimal Taxation in the Presence of Externalities," *Swedish Journal of Economics*, 77 No. 1 (1975): 86-98.

L. Bovenberg and R. de Mooij, "Environmental Levies and Distortionary Taxation." *American Economic Review*, 84, No. 4 (September, 1994): 1085-1089.

B. Lockwood and D. Taubinsky, "Regressive Sin Taxes," NBER WP No. 23085, March 2017.

- Cigarettes and Internalities

W. Evans, J. Ringel, and D. Stech. "Tobacco Taxes and Public Policy to Discourage Smoking." In J. Poterba, ed., *Tax Policy and the Economy*, Vol. 13. (Cambridge, MA: MIT Press). 1999.

P. DeCicca, D. Kenkel, and A. Mathios, "Putting Out the Fires: Will Higher Taxes Reduce the Onset of Youth Smoking?" *Journal of Political Economy*, 110 No. 1 (February, 2002): 144-69.

J. Gruber, A. Sen, and M. Stabile, "Estimating Price Elasticities When There is Smuggling: The Sensitivity of Smoking to Price in Canada," *Journal of Health Economics*, 22 No. 5 (September, 2003): 821-842.

A. Goolsbee, M. Lovenheim, and J. Slemrod, "Playing with Fire: Cigarettes, Taxes, and Competition from the Internet," mimeo, University of Michigan, Ann Arbor, 2007

J. Gruber and B. Koszegi, "Is Addiction 'Rational': Theory and Evidence," *Quarterly Journal of Economics*, 116 No. 4 (November 2001): 1261-1303.

H. Alcott, B. Lockwood, and D. Taubinsky. Should We Tax Soda? An Overview of Theory and Evidence, *Journal of Economic Perspectives*, Vol 33, No. 3 (Summer 2019), pages 202-227.

H. Alcott, B. Lockwood, and D. Taubinsky. Regressive Sin Taxes, with an Application to the Optimal Soda Tax, *Quarterly Journal of Economics*, Vol. 134, No. 3 (August 2019), pages 1557-1626.

M. Lovenheim. How Far to the Border?: The Extent and Impact of Cross-Border Casual Cigarette Smuggling. *National Tax Journal* 61 : 1. 2008. pp. 7-33.

- Horizontal equity

R. Musgrave, "ET, OT, and SBT," *Journal of Public Economics*, 6 No. 1/2 (July-August, 1976): 3-16.

L. Kaplow, "Horizontal Equity: Measures in Search of a Principle," *National Tax Journal*, 42 No. 2 (June, 1989): 139-154.

L. Kaplow and S. Shavell, "Any Non-Welfarist Method of Policy Assessment Violates the Pareto Principle." *Journal of Political Economy*, 109 No. 2 (April 2001): 281-286.

CONSUMPTION VERSUS INCOME TAXATION

- Policy background

D. Bradford, "The Choice between Income and Consumption Taxes," in D. Bradford (ed.), *Taxation, Wealth, and Saving*. (Cambridge, MA: MIT Press, 2000), pp. 41-63.

- Optimal taxation over time

M. Feldstein, "The Welfare Cost of Capital Income Taxation," *Journal of Political Economy*, 86 No. 2, Pt. 2 (April, 1978): S29-S51.

A. Auerbach, L. Kotlikoff and J. Skinner, "The Efficiency Gains from Dynamic Tax Reform," *International Economic Review*, 24 No. 1 (February, 1983): 81-100.

C. Chamley. "Optimal Taxation of Capital Income in General Equilibrium with Infinite Lives." *Econometrica*, 54 No. 3 (May 1986): 607-622.

A. Atkeson, V.V. Chari, and P. Kehoe, "Taxing Capital Income: A Bad Idea," *Federal Reserve Bank of Minneapolis Quarterly Review*, 23, No. 3 (Summer, 1999): 3-17.

M. Golosov, A. Tsyvinski, and I. Werning, "New Dynamic Public Finance: A User's Guide," in *NBER Macroeconomics Annual 2006* (Cambridge: NBER, 2006): 317-388.

- Empirical evidence about saving

D. Bernheim, "Taxation and Saving," in A. Auerbach and M. Feldstein, eds. *Handbook of Public Economics*, Volume 3 (Amsterdam: Elsevier, 2002): 1173-1249.

D. Krueger, "Consumption and Saving: Theory and Evidence." *Mimeo*, University of Pennsylvania, 2004.

- Estate taxation

W. Gale and J. Slemrod. "Overview." In W. Gale, J.R. Hines Jr., and J. Slemrod, *Rethinking Estate and Gift Taxation*. (Washington DC: Brookings Institution Press, 2001).

H. Cremer and P. Pestieau. "Wealth Transfer Taxation: A Survey of the Theoretical Literature." In S.-C. Kolm and J.M. Mercier (eds.) *Handbook on the Economics of Giving, Altruism, and Reciprocity: Applications*, Vol. 2, Elsevier, 2006, pp. 1107-1133.

W. Kopczuk. "The Trick is to Live: Is the Estate Tax Social Security for the Rich?" *Journal of Political Economy*, 111 No. 6 (December, 2003): 1318-1341.

W. Kopczuk, "Bequest and Tax Planning: Evidence from Estate Tax Returns." *Quarterly Journal of Economics*, 122 No. 4 (November, 2007): 1801-1854.

W. Kopczuk and J. Slemrod. "Tax Impacts on Wealth Accumulation and Transfers of the Rich," (with Wojciech Kopczuk), in A. Munnell and A. Sunden (eds.), *Death and Dollars: The Role of Gifts and Bequests in America*, Brookings Institution Press, 2003, pp. 213-249. W. Kopczuk and J. Slemrod "Dying to Save Taxes: Evidence from Estate Tax Returns on the Death Elasticity," (with Wojciech Kopczuk), *Review of Economics and Statistics*, 85 No. 2 (May 2003): 256-265.

EVASION

- Overview

J. Slemrod, "A General Model of the Behavioral Response to Taxation," *International Tax and Public Finance*, 8 No. 2 (March, 2001): 119-128.

M. Allingham and A. Sandmo, "Income Tax Evasion: A Theoretical Analysis," *Journal of Public Economics*, 1 No. 3-4 (November, 1972): 323-338.

C. Clotfelter, "Tax Evasion and Tax Rates: An Analysis of Individual Returns," *Review of Economics and Statistics*, 65 No. 3 (August, 1983): 363-373.

J. Marion and E. Muehlegger, "Measuring Illegal Activity and the Effects of Regulatory Innovation: Taxation and the Dyeing of Untaxed Diesel." *Journal of Political Economy*, 116 No. 4 (August, 2008), pp. 633-666.

R. Fisman and S.-J. Wei, "Tax Rates and Tax Evasion: Evidence from 'Missing' Imports in China." *Journal of Political Economy*, 112, No. 2 (April, 2004): 471-496.

J. Slemrod. "Tax Compliance and Enforcement." *Journal of Economic Literature*, forthcoming.

- The extent and nature of evasion

IRS, Tax Gap Estimates for Tax Years 2008-2010, www.irs.gov

A. Johns and J. Slemrod. "The Distribution of Income Tax Noncompliance." *National Tax Journal*, 63 No. 3 (September, 2010): 397-418.

C. A. Pissarides and G. Weber. "An Expenditure-based Estimate of Britain's Black Economy." *Journal of Public Economics*, 39 No. 1 (June, 1989): 17-32.

N. Feldman and J. Slemrod. "Estimating Tax Noncompliance with Evidence from Unaudited Tax Returns." *Economic Journal*, 117 No. 518 (March, 2007): 327- 352.

E. Hurst, G. Li, and B. Pugsley. "Are Household Surveys Like Tax Forms? Evidence from Income Underreporting of the Self-Employed." *Review of Economics and Statistics*, 96 No. 1 (March, 2014): 19-33.

N. Artavanis, A. Morse, and M. Tsoutsoura. "Measuring Income Tax Evasion Using Bank Credit: Evidence from Greece." *Quarterly Journal of Economics*, 131 No. 2 (May, 2016): 739-798.

A. Alstadsaeter, N. Johannesen, and G. Zucman. 2017. "Tax Evasion and Inequality." *American Economic Review* 109:6 2019, 2073-2103.

- Notification initiatives

J. Slemrod, M. Blumenthal, and C. Christian, "Taxpayer Response to an Increased Probability of Audit: Evidence from a Controlled Experiment in Minnesota," *Journal of Public Economics*, 79 No. 3 (March, 2001): 429-453.

G. Fellner, R. Sausgruber, and C. Traxler. "Testing Enforcement Strategies in the Field: Legal Threat, Moral Appeal, and Social Information." *Journal of the European Economic Association*, 11 No. 3 (June, 2013): 634-660.

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