DESCRIPTION: This course which is primarily designed for Ph.D. students covers areas of active empirical research on the effects of taxes and government spending programs. The areas covered are welfare economics, quasi-experimental and structural estimation methods, income taxation and labor supply, the effects of welfare and social insurance programs including AFDC/TANF, social security, unemployment insurance, workers’ compensation, and disability insurance. The emphasis in the course will be on empirical research. Those who are not Ph.D. students must have instructor’s permission.

EVALUATION: Participation in class discussions, a 15 double-spaced page research proposal due Thursday, March 12 and an in class final exam on Tuesday, March 17. For master’s students I will substitute a literature review for the research proposal.

READINGS: Selected readings. No required text.

1. Welfare Economics and Methodology

1.1 Social Welfare, Analysis of Tax Reforms


1.2 Estimation of Causal Effects; Quasi-Experiments


2. Income Taxation

2.1 Theory: Optimal Income Taxation


2.2 Taxes and Labor Supply: Nonlinear Budget Sets and Critiques


2.3 Taxes and Labor Supply: The Natural Experiment Literature


2.4 The Earned Income Tax Credit


3. Welfare Programs

3.1 Background and Surveys


3.2 Theoretical Effects of Cash Welfare


3.3 Poverty and Inequality in the U.S.: Measurement and Trends


3.5. Behavioral Effects of Cash Welfare: Marriage and Fertility


3.6 Behavioral Effects of Cash Welfare: Migration


3.7 Cash Welfare, Takeup and Other Effects


3.8 Medicaid, Medicare and Health Care for the Poor


4.1 Characteristics of Programs and Surveys


4.2 Theoretical Work on Workers' Compensation


4.3 Empirical Work on Workers' Compensation


5. Unemployment Insurance: Labor Supply, Labor Demand, Incidence, Inequality, Insurance

5.1 Characteristics of Programs and Surveys


5.2 Theoretical Work on Unemployment Insurance


5.3 Empirical Work on Unemployment Insurance


6.1 Social Security and Retirement Surveys


6.2 Theoretical Work on Social Security


6.3 Social Security and Savings


6.4 Social Security and Labor Supply


6.5 Social Security: Distribution, Reform and Privatization


7.1 Surveys of Disability Insurance


7.2 Theoretical Work on Disability Insurance


7.3 Empirical Work on Disability Insurance


