

UNIVERSITY OF CHICAGO
ECONOMICS Ph.D. 36400/Bus 33936:
EMPIRICAL PUBLIC FINANCE

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Winter 2003
Reading List

1. EMPIRICAL PUBLIC ECONOMICS IN MICROCOSM: CIGARETTE TAXES

Basic Responses:

Wasserman, J, W. Manning, J. Newhouse, J. Winkler, "The Effects of Excise Taxes and Regulations on Cigarette Smoking," *Journal of Health Economics*, 1991; 10(1), 43-64.

Differential Responses:

Gruber, Jonathan, "Youth Smoking in the U.S.: Prices and Policies" NBER Working Paper #7506, January 2000

DeCicca, Philip, Donald Kenkel and Alan Mathios, "Putting Out the Fires: Will Higher Taxes Reduce the Onset of Youth Smoking?," *Journal of Political Economy*, 2002, 110 (1), 144-169.

Prices, Incidence and Deadweight Loss:

Barnett, Paul, Theodore Keeler and The-Wei Hu, "Oligopoly Structure and the Incidence of Cigarette Excise Taxes," *Journal of Public Economics*, 57 (1995), 457-470.

Delipalla, Sophia and Owen O'Donnell, "Estimating Tax Incidence, Market Power and Market Conduct: The European Cigarette Industry," *International Journal of Industrial Organization*, 19 (2001), 885-908.

Parry, Ian, "Comparing the Marginal Excess Burden of Labor, Petrol, Cigarette, and Alcohol Taxes: An Application to the United Kingdom," *Resources for the Future Discussion Paper 00-33REV*, June 2001.

Viscusi, Kip, "Cigarette Taxation and the Social Consequences of Smoking," in *Tax Policy and the Economy*, 1995, J. Poterba, Ed. MIT Press (Cambridge, MA).

Shifting Across Time, Products, and Locations

Galbraith, John and Murray Kaiserman, "Taxation, Smuggling and Demand for Cigarettes in Canada: Evidence from Time-Series Data," *Journal of Health Economics*, 1997 v16, 287-301.

Gruber, Jonathan, Anindya Sen and Mark Stabile, "Estimating Price Elasticity When There is Smuggling: The Sensitivity of Smoking to Price in Canada," NBER Working Paper 8962, May 2002.

Thursby, Jerry and Marie Thursby, "Interstate Cigarette Bootlegging: Extent, Revenue Losses, and Effects of Federal Intervention," 53(1), March 2000, 59-78.

Coats, R. Morris, "A Note on Estimating Cross-Border Effects of State Cigarette Taxes," *National Tax Journal*, December 1995, 48(4), 573-584.

Bekcer, Gary, Michael Grossman, and Kevin Murphy, "An Empirical Analysis of Cigarette Addiction," *American Economic Review*, 84(3), 1994, 396-418.

Gruber, Jonathan and Botand Koszegi, "Is Addiction 'Rational': Theory and Evidence," *Quarterly Journal of Economics*, 116(4), November 2001 1261-1303

Farrelly, Matthew, Jeremy Bray, Gary Zarkin, and Brett Wendling, "The Joint Demand for Cigarettes and Marijuana: Evidence from the National Household Surveys of Drug Abuse," *Journal of Health Economics*, 20 (2001), 51-68.

Williams, Jenny, Rosalie Liccardo Pacula, Frank Chaloupka, Henry Wechsler, "Alcohol and Marijuana Use Among College Students: Economic Complements or Substitutes?" NBER WP #8401, June 2001.

New Margins:

- Barzel, Yoram, "An Alternative Approach to the Analysis of Taxation," *Journal of Political Economy*, 1976, 84(6), 1177-1197.
- Evans, William and M. Farrelly, "The Compensating Behavior of Smokers: Taxes, Tar and Nicotine," forthcoming, *RAND Journal of Economics*
- Evans, William and Jeanne Ringel, "Can Higher Cigarette Taxes Improve Birth Outcomes?" *Journal of Public Economics*, 72(1999), 135-154.
- Sobel, Russell and Thomas Garrett (1997), "Taxation and Product Quality: New Evidence from Generic Cigarettes," *J.P.E.*, 105(4): 880-887

Endogenous Policy

- Keeler, Theodore, Teh-wei Hu, Willard G. Manning, Hai-Yen Sung, "State Tobacco Taxation, Education and Smoking: Controlling for the Effects of Omitted Variables," *54 National Tax Journal* 83-102 (March 2001)

2. DEADWEIGHT LOSS

- Auerbach, Alan, "The Theory of Excess Burden and Optimal Taxation," in Martin Feldstein and Alan Auerbach, eds., *Handbook of Public Economics*, Volume 1 (Amsterdam: North Holland, 1985): 61-125.
- Browning, Edgar, "The Non-Tax Wedge," *Journal of Public Economics* 53 (1994): 419-434.
- Diamond, Peter, and Daniel L. McFadden, "Some Uses of the Expenditure Function in Public Finance," *Journal of Public Economics* 3 (1974): 3-21.**
- Hausman, Jerry A., "Exact Consumer's Surplus and Deadweight Loss," *American Economic Review*, September 1981, pp. 662-676.**
- Hausman, Jerry A and Whitney Newey, "Nonparametric Measurement of Exact Consumer's Surplus and Deadweight Loss," *Econometrica*, 63 (1995): 1145-76.
- Hines, Jr., James R., "Three Sides of Harberger Triangles," *Journal of Economic Perspectives* 13:2 (1999): 167-188.
- Irvine, Ian J., and William A. Sims, "Measuring Consumer Surplus with Unknown Hicksian Demands," *American Economic Review* 88:1 (1998): 314-322.**
- King, Mervyn, "Welfare Analysis of Tax Reforms Using Household Data," *Journal of Public Economics* 21 (1983): 183-215.
- Vartia, Yrjo, "Efficient Methods of Measuring Welfare Change and Compensated Income in Terms of Ordinary Demand Functions," *Econometrica* 51:1 (1983): 79-98.
- Willig, Robert, "Consumer's Surplus Without Apology," *American Economic Review* 66:4 (1976): 589-597.

3. REPORTED TAXABLE INCOME AND THE NEW TAX RESPONSIVENESS

- Aarbu, K. and T. Thoresen, "Income Responses to Tax Changes: Evidence from the Norwegian Tax Reform," *National Tax Journal* 54 (June 2001), 319-338.
- Auerbach, Alan and Joel Slemrod, "The Economic Effects of the Tax Reform Act of 1986," *Journal of Economic Literature* 35 (June 1997), 589-632.
- Auten, Gerald and Robert Carroll, "The Effect of Income Taxes on Household Income," *Review of Economics and Statistics* 81 (November 1999), 681-693.
- Feenberg, Daniel, and James M. Poterba, "Income Inequality and the Incomes of High Income Taxpayers: Evidence from Tax Returns," in J. Poterba, ed., *Tax Policy and the Economy* 7 (1993), 145-173.**
- Feldstein, Martin, "Tax Avoidance and the Deadweight Loss of the Income Tax," *Review of Economics and Statistics* 81 (November 1999), 674-681.

- Feldstein, Martin, "The Effects of Marginal Tax Rates on Taxable Income: A Panel Study of the 1986 Tax Reform," *Journal of Political Economy* 103 (June 1995), 551-571.**
- Goolsbee, Austan, "What Happens When You Tax the Rich? Evidence from Executive Compensation," *Journal of Political Economy* 108 (April 2000), 352-378.**
- Goolsbee, Austan, "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: Harvard University Press, 2000).
- Goolsbee, Austan, "Evidence on the High-Income Laffer Curve from Six Decades of Tax Reform," *Brookings Papers on Economic Activity* 2 (1999), 1-47.
- Gruber, Jonathan and Emmanuel Saez, "The Elasticity of Taxable Income: Evidence and Implications," *Journal of Public Economics* 84 (April 2002), 1-32.**
- Lindsey, Lawrence, "Individual Taxpayer Response to Tax Cuts, 1982-1984: With Implications for the Revenue Maximizing Tax Rate," *Journal of Public Economics*, 33 (July 1987), 173-206.
- Saez, Emmanuel, "The Effect of Marginal Tax Rates on Taxable Income: A Panel Study of Bracket Creep," forthcoming, *Journal of Public Economics*.
- Saez, Emmanuel, "Using Elasticities to Derive Optimal Income Tax Rates," *Review of Economic Studies*, 68 (2001), 205-229.
- Saez, Emmanuel, "Do Taxpayers Bunch at Kink Points?," NBER Working Paper 7366, 1999.
- Slemrod, Joel, "Income Creation or Income Shifting? Behavioral Responses to the Tax Reform Act of 1986," *American Economic Review* 85:2 (1995): 175-180.
- Slemrod, Joel "On the High Income Laffer Curve," in J. Slemrod ed., *Tax Progressivity and Income Inequality* (Cambridge, U.K.: Cambridge University Press, 1994).
- Slemrod, Joel, "The Economics of Taxing the Rich," in J. Slemrod, ed., *Does Atlas Shrug? The Economic Consequences of Taxing the Rich*, (Cambridge: Harvard University Press, 2000. Slemrod, Joel, "Methodological Issues in Measuring and Interpreting Taxable Income Elasticities," *National Tax Journal* 51 (1998), 773-788.
- Sillamaa, M. and M. Veall, "The Effect of Marginal Tax Rates on Taxable Income: A Panel Study of the 1988 Tax Flattening in Canada," *Journal of Public Economics* 80 (2001), 341-356.