1. Importance of a well-defined question
   A. How do marginal taxes affect decision to buy a house
   B. Does a capital gains tax cut increase realizations
   C. What is the incidence of an increase in the gas tax
   D. Do tax-free accounts increase individual savings

2. Types of Unsolvable/Uninteresting Questions
   A. Questions about economists not about the economy
      - testing the 3rd derivative of the utility function/can your Mom understand it?
   B. Not well tailored: do taxes lead to economic growth?
      - need a specific test: how does firm productivity respond to tax on investment
   C. Most simple measurement issues: what is the average tax paid by different industries
      - publicity not the same as a good question (audit rates across the country)
   D. Most replication studies (new country, new functional form, new control variables)
      - a good place to start, though
      - if it disproves a commonly used method or well read paper, it is interesting
   E. Studies that have only two real data points (effect of TRA86 on many things)
      - national time series change-before and after-with no cross-sectional variation

3. Find a sources of Identification—the ultimate requirement of policy variation
   A. Across time: (Federal corporate tax rate)
      - Problem: business cycle and other spurious time-series factors
   B. Across locations (state corporate income tax rates):
      - Problem: adopting and non-adopting locations not random
   C. Across individuals (MTR progressivity means affects different individuals)
      - Problem: income determines tax rate and is correlated with many things

4. Look for effects on
   A. Quantities
      - hours worked, buy a house, savings
B. Timing
   - timing of compensation

C. Form/Shifting
   - switching savings from one account to another, shifting across countries

D. Prices and Incidence
   - consumers versus producers, capitalization of property taxes

E. Deadweight Loss
   - efficiency losses from taxation (here partial equilibrium)

F. New margins
   - quality, risk, health, etc.

G. Who shifts
   - interacting the impact of taxes with other economic variables

5. Find Data that will allow you to answer the question
   A. Sometimes the Data comes first
      - Find a policy experiment (draft lottery, birth timing rule change)
      - Find a data source (doctors hours worked)

   B. Try to get the micro data and explore the cross-sectional variation in policy

   C. Think about who should respond the most
      - do some aggregate checks before you plunge in too far
      - Example: Internet Taxes

6. Try to address problems
   A. Endogenous Tax Policy
      - Investment subsidies when investment is low

   B. Standard Errors
      - individual level data but only state level policy

   C. Non-comparable groups/correlated unobservables
      - underlying trends may provide alternative explanations

7. Structure the paper
   A. Introduce the topic (literature and importance)
   B. Discuss the idea—theory etc.
C. Describe the data and present aggregate results
D. Present basic regression results
E. Discuss alternative explanations
   - bring in new data