

# Economics 450 (F2023): Economics of Taxation

**Instructor:** Professor Terry Moon (Email: tsmoon@mail.ubc.ca)

## Tentative Schedule & Reading List

### 1. *Course Overview*

- 2023-09-06 (lecture 1): Introduction & Course Overview
- 2023-09-11 (lecture 2): The Role of the Government

### 2. *Labor Supply & Taxable Income Responses*

- 2023-09-13 (lecture 3): Labor Supply Responses
  - (1) Eissa, Nada (1995). "Taxation and Labor Supply of Married Women: The Tax Reform Act of 1986 as a Natural Experiment". NBER Working Paper 5023.
  - (2) Eissa, Nada, and Jeffrey B. Liebman (1996). "Labor Supply Response to the Earned Income Tax Credit". *Quarterly Journal of Economics* 111(2), 605-637.
- Problem Set #1 posted on Canvas (due date: 2023-10-04)
- 2023-09-18 (lecture 4): Taxable Income Responses
  - (1) Feldstein, Martin S. (1995). "The Effect of Marginal Tax Rates on Taxable Income: A Panel Study of the 1986 Tax Reform Act". *Journal of Political Economy* 103(3), 551-572.
  - (2) Kleven, Henrik J., and Esben Schultz (2014). "Estimating Taxable Income Responses using Danish Tax Reforms". *American Economic Journal: Economic Policy* 6(4), 271-301.

### 3. *Savings and Retirement*

- 2023-09-20 (lecture 5): Savings and Retirement
  - (1) Duflo, E., W. Gale, J. Liebman, P. Orszag and E. Saez "Saving Incentives for Low- and Middle-Income Families: Evidence from a Field Experiment with H&R Block". *Quarterly Journal of Economics*, Vol. 121, 2006, 1311- 1346.
  - (2) Chetty, Raj, John Friedman, Soren Leth-Petersen, Torben Nielsen, and Tore Olsen "Active vs. Passive Decisions and Crowd-out in Retirement Savings Accounts: Evidence from Denmark". *Quarterly Journal of Economics*, 2014.

### 4. *Capital and Corporate Taxes & Investment*

- 2023-09-25 (lecture 6): Capital Tax Incidence – Rental and Asset Markets for Capital
  - (1) Poterba, J.M., 1984. "Tax subsidies to owner-occupied housing: an asset-market approach". *Quarterly Journal of Economics*, 99(4), pp.729-752.
- 2023-09-27 (lecture 7): Capital Tax Incidence – Fullerton and Ta (2017) & Harberger Model
  - (1) Harberger, Arnold. 1962. "The Incidence of the Corporation Tax". *Journal of Political Economy* 70(3): 215-240.
  - (2) Fullerton, Don and Chi L. Ta. 2017. "Public Finance in a Nutshell: A Cobb Douglas Teaching Tool for General Equilibrium Tax Incidence and Excess Burden". *National Tax Journal* 70(1): 155-170.
- Problem Set #1 due at the beginning of lecture 8 (2023-10-04)

- 2023-10-04 (lecture 8): Empirical Evidence on Corporate Taxation and Investment  
(1) Zwick, E. and Mahon, J., 2017. "Tax policy and heterogeneous investment behavior". *American Economic Review*, 107(1), pp.217-48.
- Problem Set #2 posted on Canvas (due date: 2023-10-25)
- 2023-10-11 (lecture 9): Empirical Evidence on Corporate Taxation and Incidence on Wages  
(1) Fuest, C., Peichl, A. and Sieglösch, S., 2018. "Do higher corporate taxes reduce wages? Micro evidence from Germany". *American Economic Review*, 108(2), pp.393-418.
- 2023-10-12: (Optional) Office Hours

#### 5. *Payout Taxes & Investment*

- 2023-10-16 (lecture 10): Payout Taxation – "Old View" vs. "New View"  
(1) Auerbach, Alan. 1979. "Wealth Maximization and the Cost of Capital". *Quarterly Journal of Economics*, 93(3): 433-446.  
(2) Chetty, Raj, and Emmanuel Saez. 2010. "Dividend and Corporate Taxation in an Agency Model of the Firm". *American Economic Journal: Economic Policy*, 2(3): 131.
- 2023-10-18 (lecture 11): Dividend Taxation and Investment  
(1) Yagan, D., 2015. Capital tax reform and the real economy: The effects of the 2003 dividend tax cut. *American Economic Review*, 105(12), pp.3531-63.
- 2023-10-23 (lecture 12): Capital Gains Taxation and Firms' Investment  
(1) Moon, Terry S. 2023. "Capital Gains Taxes and Real Corporate Investment: Evidence from Korea." *American Economic Review*, 112 (8): 2669-2700.
- Problem Set #2 due at the beginning of lecture 14 (2023-10-24)
- 2023-10-25 (lecture 13): Capital Gains Taxation and Investor Behavior  
(1) Lavecchia, A.M. and Tazhitdinova, A., 2023. Permanent and Transitory Responses to Capital Gains Taxes: Evidence from a Lifetime Exemption in Canada (No. w28514). National Bureau of Economic Research.

#### 6. *Tax Enforcement*

- 2023-10-30 (lecture 14): Tax Enforcement and Evasion  
(1) Allingham, Michael G., and Agnar Sandmo (1972). "Income Tax Evasion: A Theoretical Analysis". *Journal of Public Economics* 1(3-4), 323-338.  
(2) Kleven, Henrik J., Martin B. Knudsen, Claus T. Kreiner, Sren Pedersen, and Emmanuel Saez (2011). "Unwilling or Unable to Cheat? Evidence from a Tax Audit Experiment in Denmark". *Econometrica* 79(3), 651-692.

7. 2023-11-01: Review Session I

8. 2023-11-06: Review Session II

9. 2023-11-08: Mid-term Exam (in-class)

10. 2023-11-20: Research Proposal Assignment Overview

11. *Innovation Policies*

- 2023-11-22 (lecture 15): Innovation Policy (Part I)
  - (1) Kline, P., Petkova, N., Williams, H. and Zidar, O., 2019. “Who profits from patents? rent-sharing at innovative firms”. *The Quarterly Journal of Economics*, 134(3), pp.1343-1404.
  
- 2023-11-27 (lecture 16): Innovation Policy (Part II)
  - (1) Bell, A., Chetty, R., Jaravel, X., Petkova, N. and Van Reenen, J., 2018. “Who becomes an inventor in America? The importance of exposure to innovation”. *The Quarterly Journal of Economics*, 134(2), pp.647-713.
  - (2) Akcigit, U., Grigsby, J., Nicholas, T. and Stantcheva, S., 2023. “Taxation and Innovation in the 20th Century.” *The Quarterly Journal of Economics*.

12. *Competition Policies*

- 2023-11-29 (lecture 17): Competition Policy
  - (1) Arnold, D., Moon, T., Milligan, Kevin, and Tavakoli Amir. “Job Transitions and Employee Earnings After Acquisitions: Linking Corporate and Worker Outcomes ”. Working Paper.

13. *Office Hours*

- 2023-12-04: (Optional) Office Hours
  
- 2023-12-06: (Optional) Office Hours

14. Research Proposal Deadline (TBD)