

University of California, Davis  
 Department of Economics  
 Spring 2009

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EC230C  
 PUBLIC ECONOMICS

Government intervention changes opportunities and incentives for firms, families, individuals, service providers, and state and local governments. This course considers the incentive effects of government expenditure programs. Primary emphasis will be in the examination of the effects of public assistance and social expenditure programs on individuals and families. 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 course will emphasize empirical research and will contain a discussion of relevant econometric techniques used in public economics.

**Class Meetings:** Tuesday and Thursday, 116 Veihmeyer, 9-10:20a

**Office Hours:** Tuesday 3:30-4:30, Thursday 11-12 and by appointment  
 (hwhoynes@ucdavis.edu)

**Course Requirements:**

<del>Lead off discussion on one paper</del>	<del>15%</del>
Paper Summaries (3)	18%
Empirical Problem sets	41%
Referee report	18%
Research proposal	23%

~~*Lead off Discussion on 1 paper:* Each student leads the discussion of one paper in class. The presentations should last 20-30 minutes. These have to be coordinated with me in advance. Please let me know ASAP which papers/topics you are interested in covering.~~

*Paper Summaries:* Over the course of the term, each student has to complete 3 summaries of a paper discussed in class. These summaries are handed in at the beginning of class. The assignment should include a summary of the paper, its conclusions, and answers to the problems listed below. Keep the summaries to around one page.

*Empirical problem sets:* There will be 3 problem sets. We will use STATA and estimate models similar to those in papers we have discussed in class. You can work on problem sets together; however, I expect each of you to submit your own solutions. Please present your answers in a clear, concise, preferably typed fashion. In your solution packet, make sure you include Stata do and log files. (Do NOT include pages and pages of “undigested” Stata log files.) Place the .do files in an appendix and make clear reference to regression output and figures in your written answers.

Referee Report: The referee report is a critique of an unpublished empirical paper. You are free to choose the paper you write on. The only papers that are off limits are those we discuss in class. You may, however, choose one on the reading list that we are not discussing in class. Other places to look for unpublished papers are the NBER and SSRN working paper web sites. This report should be no longer than 5 pages and typically is 2-3 single spaced pages. In general, the purpose of a referee report is to assist a journal editor in deciding whether to pursue publication of a paper, and if so, which revisions to request. Your report should therefore detail—in your own words—the paper’s contribution to the literature, key weakness(es), and thoughts on/recommendations for future improvement. Said differently, it should be a critical assessment of the paper, not simply a summary.

Research proposal: The goal of this exercise is to help you move toward developing a research project. Ideally, this paper would be a short review of the relevant literature (or a particular paper) with ideas about your own project. Depending on how far along you are, this may also include some empirical analysis. I know those of you who have been taking the Labor and/or Public sequences in Economics have had completed research papers (of some sort) for those courses. I want you to send those to me ASAP. I will then read them and give you input on how to push the project further along this quarter. If you absolutely want to scrap what you have covered in the prior paper that is fine but please let me know.

Attend seminars when you can! Attending seminars is one of the most human capital enhancing activities that we engage in.

I make heavy use of lecture notes. You should download the notes and print them out before class. You can find these and other course materials at:

<http://www.econ.ucdavis.edu/faculty/hoynes/>

## Course Outline

I will require no more than 3, and typically only 1 or 2 articles per lecture. I expect you to carefully read these required papers and to be prepared to discuss them in class. The required readings are inside the box. Papers outside the boxes are for your reference, some of which I will mention in the lecture.

Most of the readings can be obtained from JSTOR ([www.jstor.org](http://www.jstor.org)) or NBER ([www.nber.org](http://www.nber.org)) or directly through UCD online journal access.

### Questions to think about when reading empirical papers:

What question does it ask?

What data is used? What are the key variables?

What empirical model is used? What is the key parameter to be identified?

What is the variation in the “treatment”? Do you believe this variation?

What are the results and their interpretation? Is there an alternative interpretation?

How does the paper contribute to the literature?

## 0. Empirical Approaches in Public Finance

Angrist, Joshua D., and Alan B. Krueger. "Empirical Strategies in Labor Economics." Handbook of Labor Economics, Vol. 3A, 1277-1291. [Available as working paper 401 at [http://www.irs.princeton.edu/pubs/working\\_papers.html](http://www.irs.princeton.edu/pubs/working_papers.html)]

Smith, Jeffrey, "A critical survey of empirical methods for evaluating active labor market policies," *Schweiz Zeitschrift für Volkswirtschaft und Statistik*, Vol 166 (3), 2000 pp. 1-22.

Meyer, Bruce (1995). "Natural and Quasi-Experiments in Economics." *Journal of Business and Economic Statistics* 13(2): 151-161.

Angrist, "Treatment Effects" for New Palgrave: [http://econ-www.mit.edu/faculty/download\\_pdf.php?id=1351](http://econ-www.mit.edu/faculty/download_pdf.php?id=1351)

Cameron and Trivedi, *Microeconometrics*, 2005, Chapters 2, 25

J. Heckman, R. Lalonde, and J. Smith, "The Economics and Econometrics of Active Labor Market Programs," in *Handbook of Labor Economics*, Volume 3A, 1999.

J. Angrist et A. Krueger, "Instrumental Variables and the Search for Identification: From Supply and Demand to Natural Experiments," *Journal of Economic Perspectives*, 15 (4) (2001), pp. 69-87

M. Bertrand, E. Duflo et S. Mullainathan, "How Much Should we Trust Differences-in-Differences Estimates?", *Quarterly Journal of Economics* (2003)

## 1. Taxes and Labor Supply

Nada Eissa "Taxation and Labor Supply of Married Women: The Tax Reform Act of 1986 as a Natural Experiment" NBER Working Paper 5023, 1995. Emmanuel Saez "Do Taxpayers Bunch at Kink Points?" Mimeo.
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T. MaCurdy, H. Paarsch, and D. Green, "Assessing Empirical Approaches for Analyzing Taxes and Labor Supply," *Journal of Human Resources*, Summer 1990.

A. Auerbach and J. Slemrod, "The Economic Effects of the Tax Reform Act of 1986," *Journal of Economic Literature* 35 (June 1997), 589-632.

R. Blundell, A. . Duncan and C. Meghir, "Estimating Labor Supply Responses Using Tax Reforms," *Econometrica* 66 (July 1998), 827-862.

J. Hausman "Taxes and Labor Supply", in A. Auerbach and M. Feldstein, eds, *Handbook of Public Finance*, Vol I, North Holland 1987.

O. Ashenfelter and M. Plant. (1990) "Non-Parametric Estimates of the Labor Supply Effects of Negative Income Tax Programs," *Journal of Labor Economics*, 8.1 (January), S396-S415.

Francine D. Blau, Lawrence M. Kahn "Changes in the Labor Supply Behavior of Married Women: 1980-2000", NBER Working Paper No. 11230, March 2005

R. Blundell and T. MaCurdy. (1999) "Labor supply: a review of alternative approaches," in the *Handbook of Labor Economics*, Vol. 3A, O. Ashenfelter and D. Card, eds. Amsterdam: Elsevier Science or Institute for Fiscal Studies Working Paper W98/18 available at:

<http://www.ifs.org.uk/staff/bm180899.pdf>

J. Heckman "What Has Been Learned About Labor Supply in the Past Twenty Years?", *American Economic Review*, Vol. 83, No. 2, Papers and Proceedings (May, 1993), 116-121.

G. Imbens, D. Rubin, and B. Sacerdote (2001) "The Causal Effect of Income on Labor Supply: Evidence From the Lottery Winner Survey." *American Economic Review*, Vol. 91, No. 4, September 2001.

Peter Kuhn, Fernando Lozano "The Expanding Workweek? Understanding Trends in Long Work Hours Among U.S. Men, 1979-2004", NBER Working Paper No. 11895, 2005.

T. Lemieux, B. Fortin, and P. Fr chet  (1994), "The Effect of Taxes on Labor Supply in the Underground Economy," *American Economic Review*, 84, 231-254.

1.A. Taxes, Labor Supply and the Low Income Population

	<p>N. Eissa and J. Liebman, "Labor Supply Response to the Earned Income Tax Credit," <i>Quarterly Journal of Economics</i>, 1996.</p> <p>B. Meyer and D. Rosenbaum "Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers." <i>Quarterly Journal of Economics</i>, 2001, 1063-1114.</p> <p>R. Chetty "Teaching the Tax Code: Earnings Responses to an Experiment with EITC Recipients". Mimeo</p>
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N. Eissa and H Hoynes "Behavioral Responses to Taxes: Lessons from the EITC and Labor Supply," *Tax Policy and the Economy* Volume 20, pp. 74-110. MIT Press.

J. Karl Scholz, "The Earned Income Tax Credit: Participation, Compliance and Antipoverty Effectiveness, *National Tax Journal*, March 1994.

J. Rothstein, "The Mid-1990s EITC Expansion: Aggregate Labor Supply Effects and Economic Incidence" Princeton University Working Paper, August 2005.

B. Meyer and D. Rosenbaum "Making Single Mothers Work: Recent Tax and Welfare Policy and its Effects." *National Tax Journal*, 53, 1027-1062, 2000.

W. Kopczuk, and C. Pop-Eleches (2005), "Electronic Filing, Tax Preparers, and Participation in the Earned Income Tax Credit", NBER Working Paper, forthcoming *Journal of Public Economics*.

N. Eissa and H. Hoynes, "The Earned Income Tax Credit and the Labor Supply of Married Couples", *Journal of Public Economics*, Volume 88, Issues 9-10, Pages 1931-1958, August 2004.

D Neumark et W. Wascher, "Using the EITC to Help Poor Families: New Evidence and a Comparison with the Minimum Wage", NBER Working Paper no. 7599 (2000)

J. Grogger "The Effects of Time Limits, the EITC, and Other Policy Changes on Welfare Use, Work, and Income Among Female-Headed Families", *Review of Economic and Statistics*, 2004.

J. Hotz and K. Scholz, "The Earned Income Tax Credit", in Means-Tested Transfer Programs in the United States, R. Moffitt (ed.), The University of Chicago Press and NBER, 2003, 141-197

1.B Taxes, Labor Supply and the High Income Population

	<p>M. Feldstein "The Effect of Marginal Tax Rates on Taxable Income: A Panel Study of the 1986 Tax Reform Act," <i>Journal of Political Economy</i> June 1995.</p> <p>Emmanuel Saez "Reported Income and Marginal Tax rates, 1960-2000: Evidence and Policy Implications", in J. Poterba, ed, <i>Tax Policy and the Economy</i>, Volume 18, Cambridge MA 2004.</p> <p>Goolsbee, Austan (2000) "What Happens When You Tax the Rich? Evidence From Executive Compensation," <i>Journal of Political Economy</i>, 108(2), April 2000, pp. 352-378.</p> <p>[Saez and Slemrod review article for JEL]</p>
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D. Feenberg and J. Poterba, "Income Inequality and the Incomes of Very High Income Households: Evidence from Tax Returns", in J. Poterba, ed., *Tax Policy and the Economy*, Volume 7, 145-177, Cambridge and London: MIT Press, 1993.

M. Feldstein, "Behavioral Responses to Tax Rates: Evidence from the Tax Reform Act of 1986", *American Economic Review*, 85(2), May 1995, 170-174.

M. Feldstein "Tax Avoidance and the Deadweight Loss of the Income Tax," *RESTAT* 1999.

Gruber and Saez "The Elasticity Of Taxable Income: Evidence And Implications," *Journal of Public Economics*, 2002, v84(1, Apr), 1-32.

A. Goolsbee, "It's Not About the Money: Why Natural Experiments Don't Work on the Rich", NBER Working Paper No. 6395, February 1998.

L. Lindsey, "Individual Taxpayer Response to Tax Cuts, 1982-1984: With Implications for the Revenue Maximizing Tax Rate", *Journal of Public Economics*, 33(2), July 1987 173-206.

R. Moffitt and M. Wilhelm, "Taxation and the Labor Supply Decisions of the Affluent", NBER Working Paper No. 6621, June 1998.

T. Piketty and E. Saez, "Income Inequality in the United States, 1913-1998", *Quarterly Journal of Economics*, 116, 2003, 1-39.

J. Slemrod, "High-Income Families and the Tax Changes of the 1980s: The Anatomy of Behavioral Response", in M. Feldstein and J. Poterba, eds., *Empirical Foundations of Household Taxation*, Chicago: University of Chicago Press, 1996, 169-189.

J. Slemrod, "Income Creation or Income Shifting? Behavioral Responses to the Tax Reform Act of 1986", *American Economic Review*, 85(2), May 1995, 175-180.

J. Slemrod, *Does Atlas Shrug? The Economic Consequences of Taxing the Rich*, Harvard University Press, 2000.

J. Slemrod and S. Yitzhaki, "Tax Avoidance, Evasion, and Administration", in A. Auerbach and M. Feldstein, *Handbook of Public Economics*, Volume 3, Chapter 22, Amsterdam: North Holland, 2002.

1.C Tax Salience

	<p>R. Chetty, A. Looney, and K. Kroft “Salience and Taxation: Theory and Evidence” Mimeo, UC Berkeley (forthcoming AER)</p> <p>A. Finkelstein “E-ZTax: Tax Salience and Tax Rates.” Mimeo, MIT. (forthcoming QJE)</p>
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1.D Welfare analysis of Taxation

	<p>R. Chetty “Sufficient Statistics for Welfare Analysis: A Bridge Between Structural and Reduced-Form Methods,” mimeo</p>
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2. Welfare Programs

2.A Theory of Income Redistribution

- G. Akerlof “The Economics of Tagging as Applied to the Optimal Income Tax” *American Economic Review*, 1978.
- T. Besley and S. Coate “The Design of Income Maintenance Programmes” *Review of Economic Studies*, 1995.
- L. Orr, “Income Transfers as a Public Good: An Application to AFDC” *American Economic Review*, June 1976.
- R. Zeckhauser “Optimal Mechanisms for Income Transfer” *American Economic Review*, 61(3), June 1971.
- A. Nichols and R. Zeckhauser, “Targeting Transfers Through Restrictions on Recipients,” *American Economic Review* 72 (May 1982), 372-377.

2.B Incentive effects of cash welfare programs

	<p>R. Moffitt "An Economic Model of Welfare Stigma", <i>American Economic Review</i> December 1983.</p> <p>S. Bronars and J. Grogger. “The Effect of Welfare Payments on the Marriage and Fertility Behavior of Initially Unwed Mothers: Results from a Twins Experiment,” <i>Journal of Political Economy</i>, June 2001, 529-545. (SKIP?)</p>
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- R. Blank, "The Impact of State Economic Differentials on Household Welfare and Labor Force Behavior," *Journal of Public Economics*, 1985.
- H. Hoynes, "Welfare Transfers in Two-Parent Families: Labor Supply and Welfare Participation Under the AFDC-UP Program", *Econometrica*, March 1996.
- R. Moffitt, “Welfare Programs and Labor Supply,” in *Means Tested Transfer Programs*, Moffitt, editor. University of Chicago Press, 2003.
- R. Moffitt, "Welfare Effects on Female Headship with Area Effects," *Journal of Human Resources*, Spring 1994.

S. Danziger et al., "Work and Welfare as Determinants of Female Poverty and Household Headship," *Quarterly Journal of Economics* August 1982.

D. Ellwood and M. Bane, "The Impact of AFDC on Family Structure and Living Arrangements," in Ronald Ehrenberg, eds, *Research in Labor Economics*, Vol 7, 1985.

H. Hoynes "Does Welfare Play Any Role in Female Headship Decisions?," *Journal of Public Economics* 65, 1997.

C. Jackson and J. Klerman "Welfare and American Fertility." Working paper, Rand Corporation, 1996.

M. Page and A. Huff Stevens. "The Economic Consequences of Absent Parents," *Journal of Human Resources*, Winter 2004.

M. Rosenzweig, "Welfare, Marital Prospects and Nonmarital Childbearing." *Journal of Political Economy*, Vol 107, No. 6, Part 2, December 1999.

T. Nechyba. "Social Approval, Values and AFDC: A Re-Examination of the Illegitimacy Debate", *Journal of Political Economy*, 2001, 637-672.

M. Bane and D. Ellwood (1994), *Welfare Realities: From Rhetoric to Reform*, Harvard University Press: Cambridge.

Moffitt, Robert. "Incentive Effects of the U.S. Welfare System: A Review." *Journal of Economic Literature* 30 (March 1992): 1-61.

R. Moffitt, "Welfare Programs and Labor Supply", in A. Auerbach and M. Feldstein, *Handbook of Public Economics*, Volume 4, Chapter 34, Amsterdam: North Holland, 2003 or NBER Working Paper 9168 September 2002.

## 2.C Welfare Reform

	<p>J. Grogger and C. Michalopoulos, "Welfare Dynamics under Time Limits," <i>Journal of Political Economy</i>, 2003, 111: 530-554.</p> <p>M. Bitler, J. Gelbach, and H. Hoynes, "What Mean Impacts Miss: Distributional Impacts of Welfare Reform Programs," <i>American Economic Review</i>, 2006.</p>
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R. Schoeni and R. Blank. "What Has Welfare Reform Accomplished? Impacts on Welfare Participation, Employment, Income, Poverty, and Family Structure." NBER Working Paper 7627, March 2000.

David H. Autor, Susan Houseman, "Do Temporary Help Jobs Improve Labor Market Outcomes for Low-Skilled Workers? Evidence from Random Assignments" NBER Working Paper No. 11743, 2005.

Lawrence F. Katz, Jeffrey R. Kling and Jeffrey B. Liebman "Moving to Opportunity in Boston: Early Results of a Randomized Mobility Experiment", *Quarterly Journal of Economics* 116 (May 2001), 607-54.

B. Meyer and J. Sullivan (2004) "The Effects of Welfare and Tax Reform: The Material Well Being of Single Mothers in the 1980s and 1990s", *Journal of Public Economics* 88, 1387-1420

Charles Michalopoulos, Philip K. Robins and David Card, When financial work incentives pay for themselves: evidence from a randomized social experiment for welfare recipients, *Journal of Public Economics*, Volume 89, Issue 1, January 2005, Pages 5-29.

R. Blank, "Declining Caseloads / Increased Work: What Can We Conclude about the Effects of Welfare Reform,"

prepared for conference *Welfare Reform Four Years Later*, Federal Reserve Bank of New York. Mimeo, 2000.

J. Ziliak, D. Figlio, E. Davis, and L. Connelly, "Accounting for the Decline in AFDC Caseloads: Welfare Reform or Economic Growth?" *Journal of Human Resources*, Summer 2000, Vol 35, Number 3, pp 570-586.

R. Blank "Policy Watch: The 1996 Welfare Reform," *Journal of Economic Perspectives*, Vol 11, pp.169-78.

M. Bitler, J. Gelbach and H. Hoynes "Welfare Reform and Children's Living Arrangements." *Journal of Human Resources*, Winter 2006, 41(1).

D. Card and D. Hyslop (2002), "Estimating the Dynamic Treatment Effects of an Earnings Subsidy for Welfare-Leavers," Working Paper 47, Center for Labor Economics, U.C. Berkeley.

B. Meyer and D. Rosenbaum. "The Effects of Welfare and Tax Reform: The Material Well-Being of Single Mothers in the 1980s and 1990s," *Journal of Public Economics* 2004.

R. Blank, "Evaluating Welfare Reform in the United States," *Journal of Economic Literature*, December 2002.

2.D In-kind Public Assistance Programs

	<p>Hilary Hoynes and Diane Schanzenbach, "Consumption Responses to In-Kind Transfers: Evidence from the Introduction of the Food Stamp Program," Mimeo UC Davis (forthcoming <i>American Economic Journal: Applied Economics</i>)</p> <p>Jesse Shapiro "Is there a daily discount rate? Evidence from the food stamp nutrition cycle" <i>Journal of Public Economics</i>, Volume 89, Issues 2-3, February 2005, Pages 303-325</p>
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3. Social Insurance

3.A Theory of Social Insurance

<p>5/7/09</p>	<p>M. Rothschild and J. Stiglitz, "Equilibrium in Competitive Insurance Markets: An Essay on the Economics of Imperfect Information", <i>Quarterly Journal of Economics</i>, 90(4), November 1976, 629-650.</p> <p>R. Chetty "A General Formula for the Optimal Level of Social Insurance," <i>Journal of Public Economics</i> 90: 1879-1901, 2006.</p>
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R. Chetty "A General Formula for the Optimal Level of Social Insurance," *Journal of Public Economics* 90: 1879-1901, 2006.

M. Baily "Some Aspects of Optimal Unemployment Insurance," *Journal of Public Economics* 10 (1978), 379-402.

A. Krueger and B. Meyer, "Labor Supply Effects of Social Insurance," NBER Working Paper No. 9014, 2002.

A. Finkelstein and J. Poterba, "Adverse Selection in Insurance Markets: Policyholder Evidence from the U.K. Annuity Market" *Journal of Political Economy* 112(1) Part 1: 183-208, 2004.



M. Feldstein "Seven Principles of Social Insurance," Challenge, November/December 1976.

### 3.B Unemployment Insurance

5/12/09	J. Gruber, "The Consumption Smoothing Benefits of Unemployment Insurance", <i>American Economic Review</i> 87, 192-205. PLUS METHOD = SIMULATED IV
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5/14/09	B. Meyer, "Unemployment Insurance and Unemployment Spells," <i>Econometrica</i> July 1990. PLUS METHOD = DURATION ANALYSIS
5/19/09	D. Card, R. Chetty, and A. Weber, "Cash-on-Hand and Competing Models of Intertemporal Behavior: New Evidence from the Labor Market," <i>Quarterly Journal of Economics</i> 122(4): 1511-1560, 2007. PLUS METHOD = REGRESSION DISCONTINUITY

R. Chetty "Moral Hazard vs. Liquidity and Optimal Unemployment Insurance." Mimeo, UC Berkeley

M. Baily. "Unemployment Insurance and Insurance for Workers," *Industrial and Labor Relations Review*, 1977, 30, 495-504.

N. Keifer, "Economic Duration Data and Hazard Functions", *Journal of Economic Literature* June 1988.

P. Anderson and B Meyer "Unemployment Insurance Take-Up Rates and the After-Tax Value of Benefits", *Quarterly Journal of Economics* CXII, 913-138,1997.

P. Anderson and B. Meyer, "Using a Natural Experiment to Estimate the Effects of the Unemployment Insurance Payroll Tax on Wages, Employment, Claims and Denials", *Journal of Public Economics*, 78, 2000, 81-106.

M. Browning and T.Crossley, "Unemployment Insurance Benefit Levels and Consumption Changes," *Journal of Public Economics*, April 2001, 1-24.

O. Ashenfelter, D. Ashmore, and O. Deschenes, "Do Unemployment Insurance Recipients Actively Seek Work? Randomized Trials in Four U.S. States." NBER Working Paper No. 6982.

K. Baicker, C. Goldin, and L. Katz, "A Distinctive System: Origins and Impacts of U.S. Unemployment Compensation," mimeo, Harvard University

D. Black, J. Smith, M. Berger, and B. Noel "Is the Threat of Reemployment Services More Effective than the Services Themselves? Evidence from UI System Using Random Assignment," *American Economic Review* September 2003 93(4) 1313-27.

D. Card and P. Levine, "Extended Benefits and the Duration of UI Spells: Evidence from the New Jersey Extended Benefits Program," NBER Working Paper #6714, August 1998

D. Card, R. Chetty, and A. Weber, "The Spike at Benefit Exhaustion: Leaving the Unemployment System or Finding a Job?," UC-Berkeley mimeo, 2007.

J. B. Cullen and J. Gruber, "Spousal Labor Supply as Insurance: Does Unemployment Insurance Crowd Out the

Added Worker Effect?," JPUBE.

R. Ehrenberg and R. Oaxaca, "Unemployment Insurance, Duration of Unemployment, and Subsequent Wage Gain," *American Economic Review* 66 (December 1976), 754-766.

M. Feldstein and J. Poterba, "Unemployment Insurance and Reservation Wages," *Journal of Public Economics* 23 (1984), 141-167.

L. Katz and B. Meyer, "The Impact of the Potential Duration of Unemployment Benefits on the Duration of Unemployment," *Journal of Public Economics* 41 (February 1990), 45-72.

R. Lalive, J. Van Ours, J. Zweimuller, "How Changes in Financial Incentives Affect the Duration of Unemployment." *Review of Economic Studies* 73 (4), 1009-1038

B. Meyer, "Lessons from the U.S. Unemployment Insurance Experiments," *Journal of Economic Literature* 33 (March 1995), 91-131.

S. Woodbury and R. Spiegelman, "Bonuses to Workers and Employers to Reduce Unemployment: Randomized Trials in Illinois," *American Economic Review* 77 (1987), 513-530.

3.C Worker's Compensation

<p>NOT COVERED. <i>Download lecture notes if interested</i></p>	<p>L. Summers, Some Simple Economics of Mandated Benefits, <i>American Economic Review</i> 79 (May 1989), 177-183. J. Gruber and A. Krueger, "The Incidence of Mandated Employer-Provided Insurance: Lessons from the Workers' Compensation Insurance," in D. Bradford <i>Tax Policy and the Economy</i> 5 (Cambridge, MA: MIT Press, 1991), 111-144.</p>
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D. Card and B. McCall. AIs Workers= Compensation Covering Uninsured Medical Costs? Evidence from the Monday Effect" *Industrial and Labor Relations Review*, 1996, 690-706.

B. Meyer, V. Kip Viscusi and D. Durbin, "Worker's Compensation and Injury Duration: Evidence from a Natural Experiment," *American Economic Review* 85, 1995, 499-515.

A. Krueger "Incentive Effects of Workers' Compensation Insurance," *Journal of Public Economics*, 41, 73-99, 1990.

R. Butler, "Lost Injury Days: Moral Hazard Differences Between Tort and Workers' Compensation," *Journal of Risk and Insurance*, 1996 (63).

R. Butler, D. Durbin, and N. Helvacian, "Increasing Claims For Soft Tissue In Workers' Compensation: Cost Shifting and Moral Hazard," *Journal of Risk and Uncertainty*, 13 (1996), 73-87.

P. Fishback and S. Kantor, "Did Workers Pay for the Passage of Workers's Compensation Laws?" *Quarterly Journal of Economics* 110 (August 1995), 713-742.

A. Krueger, "Incentive Effects of Workers Compensation Insurance," *Journal of Public Economics* 41 (February 1990), 73-100.

A. Krueger, "Workers' Compensation Insurance and the Duration of Workplace Injuries," NBER Working Paper #3253, February 1990.

K. Viscusi and M. Moore, "Workers' Compensation: Wage Effects, Benefit Inadequacies, and the Value of Health

Losses,” *Review of Economics and Statistics*, 66 (May 1987), 249-261.

### 3.D Disability Insurance

5/21/09	<p><del>D. Autor and M. Duggan, “The Rise in Disability Rolls and the Decline in Unemployment,” <i>Quarterly Journal of Economics</i>, 118, 2003, 157-206.</del></p> <p>D. Black, K. Daniel and S. Sanders, “The Impact of Economic Conditions on Participation in Disability Programs: Evidence from the Coal Boom and Bust,” <i>American Economic Review</i>, 92, 2002, 27-50.</p>
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J. Gruber, “Disability Insurance Benefits and Labor Supply,” *Journal of Political Economy*, 2000, 1162-1183.

J. Bound, “The Health and Earnings of Rejected Disability Insurance Applicants,” *American Economic Review* 79 (1989), 482-503.

J. Bound, “The Health and Earnings of Rejected Disability Insurance Applicants: Reply,” *American Economic Review* 81 (December 1991), 1427-1434.

J. Bound and T. Waidmann, “Disability Transfers, Self-Reported Health, and the Labor Force Attachment of Older Men: Evidence from the Historical Record,” *Quarterly Journal of Economics*, (1992), 1393-1419.

P. Diamond and E. Sheshinski, “Economic Aspects of Optimal Disability Benefits,” *Journal of Public Economics* 57 (1995), 1-24.

J. Gruber and J. Kubik, “Disability Insurance Rejection Rates and the Labor Supply of Older Workers,” NBER Working Paper #4941, November 1994.

D. Parsons, “The Decline of Male Labor Force Participation,” *Journal of Political Economy* 88 (February 1980), 117-134.

D. Parsons, “The Health and Earnings of Rejected Disability Insurance Applicants: Comment,” *American Economic Review* 81 (December 1991), 1419-1426.

D. Parsons, “Self-Screening in Targeted Public Transfer Programs,” *Journal of Political Economy*, 99 (1991), 859-876.

### 3.E Social Security and Labor Supply

5/21/09	<p>M. Feldstein and J. Liebman, “Social Security,” <i>Handbook of Public Economics</i>, Vol 4, 2002. (Reference: read when you have time.)</p>
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5/26/09	<p>A. Krueger and J. Pischke “The Effect of Social Security on Labor Supply: A Cohort Analysis of the Notch Generation”, <i>Journal of Labor Economics</i>, October 1992.</p> <p>L. Friedberg “The Labor Supply Effects of the Social Security Earnings Test,” <i>Review of Economics and Statistics</i> 82(1), February 2000, pages 48-63.</p> <p><del>J. Gruber and D. Wise, “Social Security Programs and Retirement Around the World” NBER WP 6134, 1997. (published in volume 1999)</del></p>
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L. Friedberg “The Labor Supply Effects of the Social Security Earnings Test,” *Review of Economics and Statistics*

82(1), February 2000, pages 48-63.

S. Chan and A. Stevens, "What You Don't Know Can't Help You: Pension Knowledge and Retirement Decision Making," NBER Working Paper No. 10185, December 2003.

C. Coile and J. Gruber, "Social Security and Retirement", NBER Working Paper #7830, Aug 2000.

R. Lumsdaine and O. Mitchell, "New Developments in the Economic Analysis of Retirement," in *Handbook of Labor Economics*, Volume 3C., pp. 3261-3303.

J. Gruber and P. Orszag, "Does the Social Security Earnings Test Affect Labor Supply and Benefits Receipt? NBER Working Paper No. W7923, Sept 2000.

A. Samwick, "The Joint Effect of Social Security and Pensions on the Timing of Retirement: Some New Evidence," *Journal of Public Economics*, 70 (1998), 207-236.

C. Coile, "Retirement Incentives and Couples' Retirement Decisions," mimeo, November 1999.

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