

The Future of Fiscal Policy: American Economic Policy Debates in the 21st Century

Princeton University
Fall 2018, Session II
Robertson 029
T 7:00pm – 10:00pm

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(subject: WWS593i)

Overview

This course will evaluate fiscal policies that governments will likely consider in the 21st century, from both empirical and theoretical perspectives. Recent economic developments (including technological change, the rise of robots, and geographic sorting) present many challenges for policymakers. After briefly reviewing some of these developments, the course will focus on assessing several likely policy responses: taxing capital and top-income earners, the safety net and redistribution, and place-based policies that aim to address spatial disparities in opportunity.

Course Outline (subject to change)

1. Where are we? How did we get here? What's Next?
 - a. Efficiency, economic growth, and technological change
 - b. Equity and the distribution of income
 - c. *Policy discussion: should we tax robots?*
2. Place-based policies and local economic development
 - a. Background on place-based policies and spatial disparities in opportunity
 - b. *Policy discussion: What is the economic case (if any) for targeting places instead of people? Should we invest in economic development for places or simply move people away from depressed areas?*
3. Capital taxation in the 21st century
 - a. Background on capital and business taxation
 - b. *Policy discussion: how much should we tax corporations? Who benefits from corporate tax cuts? Should we broaden the base and lower rates?*
4. Taxing top earners in the 21st century
 - a. Background on labor, top income taxation, and key tax expenditures
 - b. *Policy discussion: How high should top income tax rates be? How large should tax expenditures be? Should we eliminate the state and local tax deduction?*
5. Innovation Policy in the 21st century
 - a. Background on entrepreneurship/innovation policy, market power, & immigration
 - b. *Policy discussion: Should innovation be subsidized? How should innovation and entrepreneurship policy be structured? Patent boxes, R&D, S179, H1-B visas, etc?*
6. Tax and labor market policy toward low-income families
 - a. Background on EITC, minimum wage, and universal basic income
 - b. *Policy discussion: How generous should the safety net be? And how should we do*

it? Specifically, should we expand the EITC, increase the minimum wage, or provide everyone with a universal basic income, or something else?

Office Hours:

Office hours will be by appointment

Grades:

The course grade will be determined as follows:

| | |
|----------------------------------|-----|
| Weekly participation | 25% |
| Weekly one-page policy memos | 40% |
| One in class policy presentation | 15% |
| Four-page policy proposal memo | 20% |

Course Format and Requirements:

The first class will be different from the remaining classes. The first class will review recent economic developments, describe the course, and then provide an introductory policy discussion on the taxation of robots.

Starting with the second class, each class will have three components outlined below. The goal is to have an engaging, informative, and policy relevant discussion of central fiscal policy issues. Through in-class participation, students will put themselves into the shoes of policymakers sorting through tough policy decisions using economic analysis, evidence, and theory as a basis for debate.

1. Lecture component framing the key economic issues
2. Student-led presentation of background material on the policy
3. Interactive class discussion about the merits of different policy options to accomplish prescribed goal.

Participation

Attendance and participation in class discussion are very important components of the class. Students are expected to come to class having read and thought about the assigned materials. Students who are most successful will be those who come to class with initial perspectives on the topics presented grounded in the readings.

One in class policy presentation

Starting with the second week of class, each class session will have one group of students jointly present background information for the policy discussion that week. The presentation should include information on: (1) the goal of the policy and the problem it is trying to solve, (2) a description of how the policy works (e.g., what are the policy parameters, eligibility rules, etc.), (3) how have these policy rules evolved overtime, why did they change, and what are they currently, (4) who are the relevant stakeholders, what do they want, and who benefits from the policy, and (5) how well is the policy working and how does it impact economic activity?

Four one-page policy memos

Students who are not presenting that week will receive randomly assigned policy positions to

defend in the discussion. They should prepare a one page, bullet point policy memo due midnight the day before class, which will be circulated to the class the morning before class.

Four-page policy proposal due at the end of the term

Each student should write a four-page policy proposal memo making the case to enact to new policy or to eliminate an existing policy that was not covered in the course. Similar to the policy presentation, the memo should include information on: (1) the goal of the policy and the problem it is trying to solve, (2) a description of how the policy works or would work (e.g., what are the policy parameters, eligibility rules, etc.), (3) who are the relevant stakeholders, what do they want, and who benefits from the policy, and (4) how does/ would the policy impact economic activity? (5) how much would it impact the budget?

Lecture Schedule and Readings (subject to change):

Week 1: Where we are? How did we get here? What's Next? And should we tax robots?

A. Economic Overview

Efficiency, Growth, and Technological Change

Summers, Larry, 2013, "Economic Possibilities for Our Children," NBER keynote lecture. <http://www.nber.org/reporter/2013number4/2013no4.pdf>, pg 1-6

Bernanke, Ben, 2015, "Productivity," Speech.

<http://www.federalreserve.gov/BoardDocs/speeches/2005/20050119/default.htm>

Krugman, Paul, 1997, "The Accidental Theorist," *Slate*.

<http://web.mit.edu/krugman/www/hotdog.html>

Equity and the distribution of income

(*) Piketty, Thomas, Emmanuel Saez, and Gabriel Zucman, 2017, "Distributional National Accounts: Methods and Estimates for the United States," Working Paper. <http://gabriel-zucman.eu/files/PSZ2017.pdf>

Leonhardt, David, 2017, "Our Broken Economy, in one simple chart," *New York Times*. https://www.nytimes.com/interactive/2017/08/07/opinion/leonhardt-income-inequality.html?ref=opinion&_r=0

Piketty, Thomas, Kevin Murphy, and Steven Durlauf, 2015 "Understanding Inequality and What to do about it" *University of Chicago Becker Friedman Institute Debate* <https://www.youtube.com/watch?v=qc3u5XGAVco>

Leonhardt, David, 2017, "The American Dream, Quantified at Last," *New York Times*. <https://www.nytimes.com/2016/12/08/opinion/the-american-dream-quantified-at-last.html>

Krueger, Alan, 2013, "Rock and Roll, Economics, and Rebuilding the Middle Class" <https://obamawhitehouse.archives.gov/blog/2013/06/12/rock-and-roll-economics-and-rebuilding-middle-class>

B. Policy Discussion: Should we tax Robots?

(**) Autor, David, 2017, "Will Automation take away all our jobs?" *Ted talk*.
video: https://www.ted.com/talks/david_autor_why_are_there_still_so_many_jobs
text: <http://ideas.ted.com/will-automation-take-away-all-our-jobs/>

The robot that takes your job should pay taxes, says Bill Gates. Feb 17, 2017.
<https://qz.com/911968/bill-gates-the-robot-that-takes-your-job-should-pay-taxes/>

(*) Summers, Larry, 2017, "Picking on robots won't deal with job destruction,"
Washington Post. https://www.washingtonpost.com/opinions/picking-on-robots-wont-deal-with-job-destruction/2017/03/05/32091f08-004b-11e7-8ebe-6e0dbe4f2bca_story.html?utm_term=.80a5ab5bd338

Acemoglu, Daron, and Pascual Restro, 2016, "The race between machines and humans: Implications for growth, factor shares, and jobs" *Voxeu.org*.
<http://voxeu.org/article/job-race-machines-versus-humans>

Acemoglu, Daron, and Pascual Restro, 2017, "Robots and jobs: Evidence form the US" *Voxeu.org*. <http://voxeu.org/article/robots-and-jobs-evidence-us>

C. Supplemental Material:

Acemoglu, Daron, 2017, "The Race of Man Against Machine" *Lectures*
<https://www.youtube.com/watch?v=nfPLiEIfqRU>
<https://www.youtube.com/watch?v=c4cDN3I4skQ> (Very Technical)

Delong, Brad, 2014, "Rise of Robots," *Project Syndicate*.
<https://www.project-syndicate.org/commentary/j--bradford-delong-questions-paypal-co-founder-peter-thiel-s-argument-that-robots-will-save-us-from-a-low-wage-future>

Delong, Brad, 2017, "The Future of Work: Automation and Labor."
<http://www.bradford-delong.com/2017/05/delong-the-future-of-work-automation-and-labor-inclusive-ai-technology-and-policy-for-a-diverse-human-future-1.html>

Neiman, Brent, and Matt Notowidigdo, 2014, "Are robots contributing to inequality?"
Booth Capital Ideas video: <https://www.youtube.com/watch?v=zDK3KjWXRXM>

Hartford, Tim, 2017, "We are still waiting for the robot revolution."
<http://timharford.com/2017/07/we-are-still-waiting-for-the-robot-revolution/>

Byrnjolfsson, Erik, and Andrew McAfee, 2014, "The second machine age: Work, progress, and prosperity in a time of brilliant technologies" WW Norton & Company.

Murphy, Kevin, and Larry Summers, 2016, "Discussion for Prospects of US Economy."
University of Chicago Booth IGM Debate.
<https://media.chicagobooth.edu/Mediasite6/Play/40669d3081b845ffae32b1602214da701d>

Week 2: Place-based policy

A. Economic Background

Chetty, Raj, Nathan Hendren, Pat Kline, Emmanuel Saez, “Where is the land of opportunity? Intergenerational mobility in the US?” *Voxeu.org*
<http://voxeu.org/article/where-land-opportunity-intergenerational-mobility-us>

Swanson, Ana, 2016, “They’re some of the unluckiest places in America – and may confirm what’s wrong with the economy” *Washington Post* (on the research of Yagan)
https://www.washingtonpost.com/news/wonk/wp/2016/06/23/the-most-unlucky-places-in-america/?utm_term=.3686313df17a

Davis, Bob, and Jon Hilsenrath, “How the China Shock, Deep and Swift, Spurred the Rise of Trump” *WSJ* (on the research of Autor, Dorn, and Hanson)
<https://www.wsj.com/articles/how-the-china-shock-deep-and-swift-spurred-the-rise-of-trump-1470929543>

B. Policy Discussion

(*) Kline, Pat, and Enrico Moretti, 2014, “People, Places, and Public Policy: Some Simple Welfare Economics of Local Economic Development Policies,” *Annual Review of Economics*, August, 629-662.

<http://www.annualreviews.org/doi/full/10.1146/annurev-economics-080213-041024>

(*) Glaeser, Edward and Joshua D. Gottlieb, 2008. "The Economics of Place-Making Policies," *Brookings Papers on Economic Activity*, Economic Studies Program, The Brookings Institution, vol. 39 (Spring), pages 155-253.

https://www.brookings.edu/wp-content/uploads/2008/03/2008a_bpea_glaeser.pdf

(*) Busso, Matias, Jesse Gregory, Pat Kline, 2014, “Results of the federal urban Empowerment Zone program”

<http://www.irp.wisc.edu/publications/focus/pdfs/foc301d.pdf>

(*) Austin, Benjamin, Ed Glaeser, Larry Summers, 2018, “Saving the heartland: Place-based policies in 21st century America” *Brookings Papers on Economic Activity*

https://www.brookings.edu/wp-content/uploads/2018/03/3_austinetal.pdf

Suárez Serrato, Juan Carlos, and Owen Zidar, “Who Benefits from State Corporate Tax Cuts? A Local Labor Market Approach with Heterogeneous Firms” *American Economic Review*, 106(9): 2582-2624, September 2016.

<https://www.aeaweb.org/articles?id=10.1257/aer.20141702>

Kline, Pat, and Enrico Moretti, 2013, "Local Economic Development, Agglomeration Economies, and the big push: 100 years of evidence from the Tennessee Valley Authority" *Quarterly Journal of Economics*, 129 (February), pp. 275-331.

https://eml.berkeley.edu/~pkline/papers/TVA_web.pdf

C. Supplemental

Bartik, Tim, 1991. *Who Benefits from State and Local Economic Development Policies?* Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Glaeser, Edward, 2012, "Urban Public Finance," NBER working paper no. 18244.

<http://www.nber.org/papers/w18244>

Moretti, Enrico, 2012, *The New Geography of Jobs*. Houghton Mifflin Harcourt.

Glaeser, Edward, 2011. *Triumph of the city: How our greatest invention makes us richer, smarter, greener, healthier, and happier*. Penguin.

Week 3: Taxing Capital

A. Economic Background

(*) Furman, Jason, 2014. "Business Tax Reform and Economic Growth."

https://obamawhitehouse.archives.gov/sites/default/files/docs/business_tax_reform_and_economic_growth_jf.pdf

(*) Cooper, Michael, John McClelland, James Pearce, Richard Prinszano, Joe Sullivan, Danny Yagan, Owen Zidar, and Eric Zwick, 2016, "Business in the United States: Who Owns it and How Much Tax Do They Pay?" in *Tax Policy and the Economy*, Cambridge: MIT Press, Vol 30: 90-128, Brown.

<http://faculty.chicagobooth.edu/owen.zidar/research/papers/CMPPSYZZ-2016.pdf>

Auerbach, Alan, and Kevin Hassett, 2015, "Capital Taxation in the 21st Century."

<https://eml.berkeley.edu/~auerbach/Auerbach-Hassett%201-8-15.pdf>

Zucman, Gabriel, 2014, "Taxing Across Borders: Tracking Personal Wealth and Corporate Profits," *Journal of Economic Perspectives*, 28(4): 121-148.

<http://gabriel-zucman.eu/files/Zucman2014JEP.pdf>

Clausing, Kim, 2017, "Does Taxing US Corporations Make Sense in a Global

Economy?” *Econofact*.

<http://econofact.org/does-taxing-u-s-corporations-make-sense-in-a-global-economy>

Suárez Serrato, Juan Carlos, and Owen Zidar, “Who Benefits from State Corporate Tax Cuts? A Local Labor Market Approach with Heterogeneous Firms” *American Economic Review*, 106(9): 2582-2624, September 2016.

Fuest, Clemens, Andreas Peichl, and Sebastian Sieglöcher. 2017. “Do Higher Corporate Taxes Reduce Wages?” forthcoming, *American Economic Review*.

Barro, Robert and Jason Furman, 2018, “The macroeconomic effects of the 2017 tax reform,” *Brookings Papers on Economic Activity*. https://www.brookings.edu/wp-content/uploads/2018/03/4_barrofurman.pdf

(**) Council of Economic Advisers, 2017. “Corporate Tax Reform and Wages: Theory and Evidence”
<https://www.whitehouse.gov/sites/whitehouse.gov/files/documents/Tax%20Reform%20and%20Wages.pdf>

B. Policy Discussion

(**) The President’s Economic Recovery and Advisory Board, 2010, “The Report on Tax Reform Options: Simplification, Compliance, and Corporate Taxation,” pg 65-80.
<https://www.treasury.gov/resource-center/tax-policy/Documents/Report-Tax-Reform-Options-2010.pdf>

Summers, Larry, 2017, “One last time on who benefits from corporate tax cuts”
https://www.washingtonpost.com/news/wonk/wp/2017/10/22/lawrence-summers-one-last-time-on-who-benefits-from-corporate-tax-cuts/?utm_term=.bd5d8bfff55b

(*) Furman, Jason, 2017, “How to make tax reform bipartisan,” *WSJ*.
<https://www.wsj.com/articles/how-to-make-tax-reform-bipartisan-1491164051>

(*) Mankiw, Greg, 2017. “How to best tax businesses,” *New York Times*.
https://www.nytimes.com/2017/04/21/upshot/tax-code-business.html?_r=0

(*) Smith, Noah, “There’s a lot to like about cutting corporate taxes,” *Bloomberg*.
<https://www.bloomberg.com/view/articles/2017-05-04/there-s-a-lot-to-like-about-cutting-corporate-taxes>

US Treasury Office of Tax Analysis, 2017. “The Case for Responsible Business Tax

Reform,” *Office of Tax Analysis working paper*.

<https://www.treasury.gov/resource-center/tax-policy/Documents/Report-Responsible-Business-Tax-Reform-2017.pdf>

C. Supplemental:

Mankiw, Greg, 2014, “One way to fix the corporate tax: Repeal it,” *New York Times*.

<https://www.nytimes.com/2014/08/24/upshot/one-way-to-fix-the-corporate-tax-repeal-it.html>

Kotlikoff, Laurence, 2014, “Abolish the Corporate Income Tax,” *New York Times*.

https://www.nytimes.com/2014/01/06/opinion/abolish-the-corporate-income-tax.html?_r=0

Auerbach, Alan, 2010, “A Modern Corporate Tax” *Hamilton project paper*.

http://www.hamiltonproject.org/papers/a_modern_corporate_tax

Suárez Serrato, Juan Carlos and Owen Zidar, 2014, “Do Not Abolish the Corporate Income Tax,” *Washington Post Wonkblog*.

https://www.washingtonpost.com/news/wonk/wp/2014/01/21/want-to-help-the-middle-class-dont-kill-corporate-taxes/?utm_term=.8c1afad2b760

Krugman, Paul, 2014, “Wealth over work,” *New York Times*.

https://www.nytimes.com/2014/03/24/opinion/krugman-wealth-over-work.html?_r=0

Jarass, Lorenz, Anthony Tokman, and Mark Wright, 2017, “The Burden of Taxation in the US and Germany,” *Chicago Fed letter, no 382*.

<https://chicagofed.org/publications/chicago-fed-letter/2017/382>

Murray, Alan, and Jeffrey Birnbaum, 1988. *Showdown at Gucci Gulch: Lawmakers, Lobbyists, and the Unlikely Triumph of Tax Reform*.

<https://www.amazon.com/Showdown-Gucci-Gulch-Lawmakers-Lobbyists/dp/0394758110>

Piketty, Thomas, 2015, *Capital in the Twenty-First Century*.

<https://www.amazon.com/Capital-Twenty-First-Century-Thomas-Piketty/dp/1491591617>

Week 4: Taxing top earners

A. Economic Background

(*) Mankiw, N Gregory. 2013. "Defending the One Percent." *Journal of Economic Perspectives*, 27(3): 21-34.

<https://www.aeaweb.org/articles.php?f=s&doi=10.1257/jep.27.3.21>

(*) Diamond, Peter, and Emmanuel Saez. 2011. "The Case for a Progressive Tax: From Basic Research to Policy Recommendations." *Journal of Economic Perspectives*, 25(4): 165-90. <http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.25.4.165>

Autor, David, 2014. "Skills, education, and the rise of earnings inequality among the 'other 99 percent,'" David Autor. *Science* 23 May 2014: Vol. 344 no. 6186 pp. 843-851 <http://www.sciencemag.org/content/344/6186/843.full>

Murphy, Kevin, and Bob Topel, 2016, "Human capital investment, inequality, and growth," NBER Working Paper No 21841.

<http://www.nber.org/papers/w21841>

Kaplan, Steve and Josh Rauh, 2013, "It's the Market: The Broad-based rise in the return to top talent" *Journal of Economic Perspectives*, 27(3), 35-56.

<https://www.aeaweb.org/articles?id=10.1257/jep.27.3.35>

Smith, Matt, Danny Yagan, Owen Zidar, Eric Zwick, 2017, "Capitalists in the Twenty-First Century," Working Paper.

<http://faculty.chicagobooth.edu/owen.zidar/research/papers/capitalists.pdf>

Zidar, Owen, 2017, "Tax Cuts for Whom? Heterogeneous Effects of Tax Changes on Growth and Employment." Working Paper.

http://faculty.chicagobooth.edu/owen.zidar/research/papers/Tax_Cuts_for_Whom_JPE_resubmitted.pdf

B. Policy Discussion

(**) CBO, 2013, "Options for Reducing the Deficit: 2014 to 2023" Revenues, Options 1-11, pg 99-128) <http://www.cbo.gov/sites/default/files/cbofiles/attachments/44715-OptionsForReducingDeficit-3.pdf>

CBO, 2013 "The Distribution of Major Tax Expenditures in the Individual Income Tax System" https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/reports/43768_DistributionTaxExpenditures.pdf

(*) Cullen, Julie, and Roger Gordon, 2008, "Deductibility of State and Local Taxes: Is there a case for continuing this tax expenditure?" Working Paper

<http://econweb.ucsd.edu/~jbcullen/research/deductibility.pdf>

(**) CBO, 2008, "The Deductibility of State and Local Taxes:

https://www.cbo.gov/sites/default/files/110th-congress-2007-2008/reports/02-20-state_local_tax.pdf

Walczak, Jared, 2017, “The State and Local Tax Deduction: A Primer”
<https://files.taxfoundation.org/20170315142330/Tax-Foundation-FF545.pdf>

Sammartino, Frank and Kim Rueben, 2016, “Repeal of the State and Local Tax Deduction: Tax Debate 2017.”
<http://www.taxpolicycenter.org/publications/revisiting-state-and-local-tax-deduction/full>

Report of the President’s Advisory Panel on Federal Tax Reform, 2005, “Simple, Fair, and Pro-Growth: Proposals to Fix America’s Tax System.”
<https://www.treasury.gov/resource-center/tax-policy/Documents/Report-Fix-Tax-System-2005.pdf>

Week 5: Innovation policy

A. Economic Background

(*) Williams, Heidi. 2017, “How do patents affect research investments?” *Annual Review of Economics*. 9:441-649.

Chandra, A. and J. Skinner, 2012, “Technology Growth and Expenditure in Healthcare,” *Journal of Economic Literature* 50(3), 645-680.

Finkelstein, Amy. 2004. “Static and Dynamic Effects of Health Policy: Evidence from the Vaccine Industry” *Quarterly Journal of Economics*, 119:2, 527-564.

Kline, P, N. Petkova, H. Williams, O. Zidar, 2017, “Who Profits from Patents: Rent Sharing at Innovative Firms?”
http://faculty.chicagobooth.edu/owen.zidar/research/papers/KPWZ_profits_from_patents.pdf

Bell, A., R. Chetty, X. Jaravel, N. Petkova, J. van Reenen, 2016. “The Lifecycle of Inventors” <http://mitsloan.mit.edu/shared/ods/documents/?DocumentID=2679>

Peri, G. et al. 2015. “STEM workers, H1B visas, and Productivity in US cities”
<http://giovanniperi.ucdavis.edu/uploads/5/6/8/2/56826033/stem-workers.pdf>

Bronwyn Hall, John Van Reenen, How effective are fiscal incentives for R&D? A review of the evidence, In *Research Policy*, Volume 29, Issues 4–5, 2000, Pages 449-469, ISSN 0048-7333, [https://doi.org/10.1016/S0048-7333\(99\)00085-2](https://doi.org/10.1016/S0048-7333(99)00085-2)

Nick Bloom, Rachel Griffith, and John Van Reenen, “Do R&D Tax Credits

Work? Evidence from a Panel of Countries 1979-1997,” *Journal of Public Economics*, July 2002, 1-31.

Julie Cullen and Roger Gordon, “Taxes and Entrepreneurial Risk-Taking: Theory and Evidence for the U.S.,” *Journal of Public Economics*, August 2007, 1479-1505

Nirupama Rao “Do Tax Credits Stimulate R&D Spending? The Effect of the R&D Tax Credit in its First Decade”

Fabian Gaessler, Bronwyn H. Hall, Dietmar Harhoff, “Should There be Lower Taxes on Patent Income?” NBER Working Paper 24843, July 2018.
<http://www.nber.org/papers/w24843>

Moretti, E. and D. Wilson, 2017. “The Effect of State Taxes on the Geographical Location of Top Earners: Evidence from Star Scientists” *American Economic Review*. 107(7). 1858-1903.

Ufuk Akcigit & Salomé Baslandze & Stefanie Stantcheva, 2016. "[Taxation and the International Mobility of Inventors](#)," *American Economic Review*, 106(10), pages 2930-2981, October.

Akcigit, U., Grigsby, and Tom Nicholas, 2017. “Immigration and the Rise of American Ingenuity” <http://www.nber.org/papers/w23137>

B. Policy Debate

(*) Furman, Jason, 2016, “Encouraging Innovation and the Role of Tax Policy,” https://obamawhitehouse.archives.gov/sites/default/files/docs/20160311_innovation_and_tax_policy_itpf.pdf

CFR, 2017. “The US Immigration Debate” <https://www.cfr.org/backgrounder/us-immigration-debate-0>

Lowenstein, R. 2006, “The Immigration Equation” *The New York Times Magazine* <http://www.nytimes.com/2006/07/09/magazine/09IMM.html>

Appelbaum, B. 2017, “Fewer Immigrants Mean More Jobs? No so, economists say” *New York Times* <https://www.nytimes.com/2017/08/03/us/politics/legal-immigration-jobs-economy.html>

Davidson, A. 2017, “Debunking the Myth of the Job-Stealing Immigrant” *New York*

Times <https://www.nytimes.com/2015/03/29/magazine/debunking-the-myth-of-the-job-stealing-immigrant.html>

Sanneh, K. 2016. "Untangling the immigration debate" *The New Yorker*.
<https://www.newyorker.com/magazine/2016/10/31/untangling-the-immigration-debate>

Borjas, G. 2016. "Yes, Immigration Hurts American Workers" *Politico*
<https://www.politico.com/magazine/story/2016/09/trump-clinton-immigration-economy-unemployment-jobs-214216>

Week 6: The Safety Net

A. Background on Earned Income Tax Credit, Minimum Wage, Universal Basic Income

(*) Rothstein, Jesse, 2015, "The Earned Income Tax Credit: Policy Brief"
<http://equitablegrowth.org/research-analysis/the-earned-income-tax-credit/>

Nichols, Austin, and Jesse Rothstein "The Earned Income Tax Credit." In *Economics of Means-Tested Transfer Programs in the United States, Volume I*, Robert A. Moffitt, ed. Chicago: University of Chicago Press, 2016.

<https://eml.berkeley.edu/~jrothst/publications/nichols-rothstein-Sep2015.pdf>

Hoynes, Hillary, and Ankur Patel, 2016, "Effective Policy for Reducing Poverty and Inequality? The Earned Income Tax Credit and the Distribution of Income," Working Paper.

<https://gspp.berkeley.edu/assets/uploads/research/pdf/Hoynes-Patel-JHR-Revision-w-App-11-30-16.pdf>

(*) Rothstein, Jesse, 2010, "Is the EITC as Good as an NIT? Conditional Cash Transfers and Tax Incidence." *American Economic Journal: Economic Policy* 2 (1), February, p.p. 177-208. <http://pubs.aeaweb.org/doi/pdfplus/10.1257/pol.2.1.177>

Hoynes, Hillary, 2017, "The Success of the Earned Income Tax Credit" *Econofact*.
<http://econofact.org/the-success-of-the-earned-income-tax-credit>

Hoynes, Hillary, and Mark Stabile, 2017, "How do the US and Canadian Social Safety Nets Compare for Women and Children?" NBER working paper No. 23380.
<http://www.nber.org/papers/w23380>

(*) Council of Economic Advisors, "Labor Market Monopsony: Trends, Consequences, and Policy Responses". October 2016.

https://www.whitehouse.gov/sites/default/files/page/files/20161025_monopsony_labor_mrkt_cea.pdf

Autor, David, Alan Manning, and Chris Smith, 2016, "The contribution of the minimum wage to US wage inequality over three decades: A Reassessment," *American Economic Journal: Applied Economics*, 8 (1), pp. 58-99.

<https://www.aeaweb.org/articles?id=10.1257/app.20140073>

Card, D. and B. Krueger. 1994. "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania." *The American Economic Review* 84.4: 772-793. <http://www.jstor.org/stable/2118030>

B. Policy Discussion

(*) Hoynes, Hillary, and Jesse Rothstien, 2017, "Tax Policy Toward Low Income Families" *The Economics of Tax Policy*, Oxford University Press, Edited by Alan Auerbach and Kent Smetters.

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