University of California, Davis
Department of Economics
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EC230A
PUBLIC ECONOMICS

EC230A is the second quarter of a three quarter sequence in Public Economics. The winter quarter covers the theory of taxation, empirical tax, labor supply, income transfer programs, and health care. The spring quarter will cover social insurance (retirement, social security, unemployment compensation, and disability programs), local public goods, and topics in education. The spring course will be co-taught by Ann Stevens and Scott Carrell.

The emphasis in 230A 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.

Students are strongly encouraged to attend the Applied Micro Brown Bag, which will meet on Wed/Thur (alternating) from 12:10-1:00 during winter quarter. Come spring quarter you should also attend the Public/Labor Seminar on Thursday at 3:30.

Class Meetings: Tuesday and Thursday, WELLMN 127, 2:10-4:00

Office Hours: Tuesday 1pm-2pm, Thursday 11-12 and by appointment (hwhoynes@ucdavis.edu)

Course Requirements:

Paper Summaries (3)	15%
Empirical Problem sets	30%
Referee report	10%
Research proposal	15%
Final Exam	30%

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 2-3 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Referee Report: The referee report is a critique of an unpublished empirical paper.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 choose a paper from the reading list that we are not discussing in class or you can search for unpublished papers on 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 am happy to meet with you to discuss this.

I make heavy use of lecture notes. Ultimately, all of my materials are posted on my website (http://www.econ.ucdavis.edu/faculty/hoynes/). This year, I am substantially revising my course so my lecture notes will most likely be "just in time" inventory.

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 in bold.**

Most of the readings can be obtained from JSTOR (www.jstor.org) or NBER (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?

General References:

A. Atkinson and J. Stiglitz, *Lectures on Public Economics*, McGraw-Hill (1980)

A. Auerbach and M. Feldstein, eds., *Handbook of Public Economics*, North-Holland, volumes 1 (1985), 2 (1987), 3 (2002) and 4 (2002). [Note: You can find the full text online at: http://www.sciencedirect.com/science/handbooks/15734420]

B. Salanié, *The Economics of Taxation*, MIT Press (2003)

J. Gruber, *Public Finance and Public Policy*, Worth Publishers (any edition).

I. Theory of Taxation and Public Expenditures

I.A Tax Incidence: Theory and Empirical Applications (TWO LECTURES)

Basic theory of partial equilibrium analysis:
L. Kotlikoff and L. Summers, "Tax Incidence", in A. Auerbach and M. Feldstein, Volume 2, 1043-1092. Sections 0, 1, 2.1, 3, and 4.4.

Empirical application of tax incidence:
J. Doyle and K. Samphantharak "$2.00 Gas! Studying the Effects of a Gas Tax Moratorium." *Journal of Public Economics* April 2008

J. Hastings and E. Washington "*The First of the Month Effect: New Evidence for the Optimal Timing of Food Stamp Benefits"* Yale Univ. Working Paper, 2008.

Theory of asset price approach (paper not required):
L. Summers, "The Asset Price Approach to the Analysis of Capital Income Taxation", *Proceedings of the National Tax Association*, 1983, 112-120.

Empirical implementation of asset price approach:
L. Linden and J. Rockoff "There Goes the Neighborhood? Estimates of the Impact of Crime Risk on Property Values from Megan's Laws," *American Economic Review* 98(3): 1103-1127, 2008.

Theory of Mandated benefits:
L. Summers, "Some Simple Economics of Mandated Benefits", American Economic Review, 79(2), May 1989, 177-183.

Empirical application of mandated benefits:
D. Acemoglu and J. Angrist, "Consequences of Employment Protection? The Case of the Americans with Disabilities Act,'' *Journal of Political Economy* 109(5) 915-957, 2001

J. Gruber, "The Incidence of Mandated Maternity Benefits", American Economic Review, 84(3), June 1994, 622-641.

I.B Deadweight Loss and Optimal Commodity Taxation (TWO lectures)

Main theory reading:
Alan Auerbach and James Hines, "Taxation and Economic Efficiency," *Handbook of Public Economics*, vol. 3, Chapter 21; Sections 1-3.

L. Goulder and R. Williams. "The Substantial Bias from Ignoring General Equilibrium Effects in Estimating Excess Burden, and a Practical Solution," *Journal of Political Economy*, 2003, 111:898-927.

"Structural" vs "reduced form" methods:
M. Feldstein, "Tax Avoidance and the Deadweight Loss of the Income Tax," *Review of Economics and Statistics*, 81(4), November 1999, 674-680.

M. Feldstein, "The Effect of Marginal Tax Rates on Taxable Income: A Panel Study of the 1986 Tax Reform Act," *Journal of Political Economy* 103: 551-572, 1995.

R. Chetty, "Is the Taxable Income Elasticity Sufficient to Calculate Deadweight Loss? The Implications of Evasion and Avoidance." Forthcoming, American Economic Journal – Economic Policy.

Empirical application:

J. Marion and E. Muehlegger. "Measuring Illegal Activity and the Effects of Regulatory Innovation: Tax Evasion and the Dyeing of Untaxed Diesel," ***Journal of Political Economy*** **116:4, p.633-666, August 2008.**

Theory of optimal commodity taxation:
P. Diamond and J. Mirrlees, "Optimal Taxation and Public Production", *American Economic Review*, 61, 1971, 8-27 and 261-278.

I.C. Public Goods and Externalities (TWO LECTURES)

Main theory reading:
Alan Auerbach and James Hines, "Taxation and Economic Efficiency," Handbook of Public Economics, vol. 3, Chapter 21; Sections 5 and 6.

J. Andreoni, Impure Altruism and Donation to Public Goods; A Theory of Warm Glow Giving, Economic Journal, 100, 1990. 464-477

T. Bergstrom, L. Blume, and H. Varian, "On the Private Provision of Public Goods," Journal of Public Economics 29 (1986), 25-49.

Empirical papers on crowdout and PG:
J. Andreoni, "An Experimental Test of the Public Goods Crowding-Out Hypothesis", American Economic Review 83 (5), 1317-27, 1993.

J. Andreoni and A. Payne, "Do Government Grants to Private Charities Crowd Out Giving or Fundraising?" American Economic Review, 93(3), June 2003, 792-812.

Empirical papers on externalities, indirect market-based methods:
K. Chay and M. Greenstone, "Does Air Quality Matter? Evidence from the Housing Market," Journal of Political Economy, 2005, vol. 113, no. 2.

More applications
Gilbert E. Metcalf, .Market-based Policy Options to Control U.S. Greenhouse Gas Emissions. Journal of Economic Perspectives 23(2), Spring 2009, 5-27.

Lans Bovenberg and Lawrence Goulder, .Environmental Taxation,. *Handbook of Public Economics*, vol. 3, Chapter 23.

II. Income Taxation, Labor Supply

II.A Theory of Labor Supply (ONE-TWO LECTURES)

Main theory reading:
Alan Auerbach and James Hines, "Taxation and Economic Efficiency," ***Handbook of Public Economics*****, vol. 3, Chapter 21; Section 4.**

Key early theory paper:
J. Mirrlees, "An Exploration in the Theory of Optimal Income Taxation", ***Review of Economic Studies*****, 38, 1971, 175-208.**

Extension – high incomes:
Emmanuel Saez, "Using Elasticities to Derive Optimal Income Tax Rates", *Review of Economic Studies*, January

2001, 205-229.

Additional theory (do not assign but discuss):
Henrik Kleven, Claus Kreiner, and Emmanuel Saez, "The Optimal Income Taxation of Couples," NBER Working Paper 12685, November 2006.

Theory of Intensive vs Extensive margins:
E. Saez, "Optimal Income Transfer Programs: Intensive Versus Extensive Labor Supply Responses", ***Quarterly Journal of Economics*** **117 (2002), 1039-1073.**

II.B Empirical Taxes and Labor Supply (ONE-TWO LECTURES)

Basic theory (lecture notes), Structural vs reduced form (lecture notes)

Empirical papers:
Emmanuel Saez (2009) "Do Taxpayers Bunch at Kink Points?" Forthcoming American Economic Journal: Economic Policy.

L. Friedberg "The Labor Supply Effects of the Social Security Earnings Test," Review of Economics and Statistics 82(1), February 2000, pages 48-63.

N. Eissa "Taxation and Labor Supply of Married Women: The Tax Reform Act of 1986 as a Natural Experiment" NBER Working Paper 5023, 1995.

Other papers (not covered):

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:

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. Fréchette (1994), "The Effect of Taxes on Labor Supply in the Underground Economy," American Economic Review, 84, 231-254.

II.C Taxes and Low Income Population (ONE LECTURE)

Empirical papers:
N. Eissa and J. Liebman, "Labor Supply Response to the Earned Income Tax Credit", *Quarterly Journal of Economics* 111 (1996), 605-637

B. Meyer and D. Rosenbaum, "Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers", *Quarterly Journal of Economics* 116 (3) (August 2001), 1063-1114.

Empirical incidence analysis:
J. Rothstein, "The Mid-1990s EITC Expansion: Aggregate Labor Supply Effects and Economic Incidence" American Economic Journal: Economic Policy, forthcoming.

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

II.D Taxes and the High Income Population (ONE LECTURE)

Empirical papers:
M. Feldstein "The Effect of Marginal Tax Rates on Taxable Income: A Panel Study of the 1986 Tax Reform Act," *Journal of Political Economy* June 1995.

Emmanuel Saez "Reported Income and Marginal Tax rates, 1960-2000: Evidence and Policy Implications", in J. Poterba, ed, Tax Policy and the Economy, Volume 18, Cambridge MA 2004.

Goolsbee, Austan (2000) "What Happens When You Tax the Rich? Evidence From Executive Compensation," *Journal of Political Economy*, 108(2), April 2000, pp. 352-378.

Saez and Slemrod review article for JEL

J. Slemrod, "Methodological Issues in Measuring and Interpreting Taxable Income Elasticities," National Tax Journal 51 (1998), 773-788.

A. Goolsbee (1999),, "Evidence on the High-Income Laffer Curve from Six Decades of Tax Reform" *Brookings Papers on Economic Activity*, Vol. 1999(2), 1-64.

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.

<u>II.E Tax Salience (ONE LECTURE)</u>

Empirical papers:

R. Chetty, A. Looney, and K. Kroft "Salience and Taxation: Theory and Evidence" American Economic Review 9(4): 1145-1177, Sep. 2009.

A. Finkelstein (2009) "EZ-Tax: Tax Salience and Tax Rates." Quarterly Journal of Economics 124(3): 969-1010.

R. Chetty and E. Saez (2009) "Teaching the Tax Code: Earnings Responses to an Experiment with EITC Recipients", mimeo.

<u>III. Theory and Practice of Income Support Programs</u>

<u>III.A Theory of Income Redistribution (ONE LECTURE)</u>

Basic theory reading:
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.

Empirical analysis of benefits of redistribution:
J. Gruber, "Cash Welfare as a Consumption Smoothing Device for Single Mothers," Journal of Public Economics 75 (February, 2000), 157-182.

<u>III.B Incentive effects of cash welfare programs (ONE LECTURE)</u>

R. Moffitt "An Economic Model of Welfare Stigma", *American Economic Review* December 1983.

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," *Journal of Political Economy*, June 2001, 529-545.

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.

III.C Welfare Reform (TWO LECTURES)

M. Bitler, J. Gelbach, and H. Hoynes, "What Mean Impacts Miss: Distributional Impacts of Welfare Reform Programs,"*American Economic Review*, 2006.

J. Grogger and C. Michalopoulos, "Welfare Dynamics under Time Limits," *Journal of Political Economy*, 2003, 111: 530-554.

B. Meyer and J. Sullivan. "The Effects of Welfare and Tax Reform: The Material Well-Being of Single Mothers in the 1980s and 1990s," Journal of Public Economics, 88(7-8): 1387-1420.

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.

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.

III.D In-kind Public Assistance Programs (ONE LECTURE)

Hilary Hoynes and Diane Schanzenbach, “Consumption Reponses to In-Kind Transfers: Evidence from the Introduction of the Food Stamp Program,” *American Economic Journal: Applied Economics*, Volume: 1, Issue: 4, pp. 109-139.

Jesse Shapiro “Is there a daily discount rate? Evidence from the food stamp nutrition cycle” *Journal of Public Economics*, Volume 89, Issues 2-3, February 2005, Pages 303-325

IV. Health Care

K. Arrow, “Uncertainty and the Welfare Economics of Medical Care,” American Economic Review 53.5 (1963), 941-973.

D. Cutler, “Health Care and the Public Sector”, in A. Auerbach and M. Feldstein, eds., Handbook of Public Economics, Volume 4, Amsterdam: Elsevier, 2002, 2143-2243. (Also available as NBER WP 8802).

IV.B Public Health Care (ONE-TWO LECTURES)

D.Cutler and J. Gruber, “Does Public Insurance Crowd Out Private Insurance?1” *Quarterly Journal of Economics*, 111 (May 1996), 391-430.

D. Card. C. Dobkin and Nicole Maestas (2008), “The Impact of Nearly Universal Insurance Coverage on Health Care Utilization and Health: Evidence from Medicare,” American Economic Review, Vol. 98, Issue. 5, pp. 2242–58,

D. Card. C. Dobkin and Nicole Maestas “Does Medicare Save Lives?”, forthcoming *Quarterly Journal of Economics.*

J. Gruber, “Health Insurance for Poor Women and Children Over the Past Decade,” in J. Poterba, ed., Tax Policy and the Economy, Volume 11 (Cambridge: MIT Press, 1997).

L. Baker and A. Royalty, “Medicaid Policy, Physician Behavior, and Health Care for the Low-Income Population,” JHR 35(3), Summer 2000, pages 480-502.

J. Currie and J. Gruber. “Health Insurance Eligibility, Utilization of Medical Care, and Child Health” QJE, 1996.

J. Currie and J. Gruber, “Saving Babies: The Efficacy and Cost of Recent Changes in the Medicaid Eligibility of Pregnant Women,” Journal of Political Economy 104 (December 1996), 1263-1296.

A. Finkelstein and R. McKnight, “What Did Medicare Do (And Was It Worth It)?” NBER Working Paper No. 11609

V.B Information and Retirement Savings (IF TIME ALLOWS)

Duflo, Esther, William Gale, Jeffrey Liebman, Peter Orszag, and Emmanuel Saez (2006). “Saving Incentives for Low- and Middle-Income Families: Evidence from a Field Experiment with H&R Block.” Quarterly Journal of Economics, Vol. 121, No. 4: 1311–1346.

B. Madrian and D. Shea, “The Power of Suggestion: Inertia in 401(k) Participation and Savings Behavior.”, Quarterly Journal of Economics, 2001, 116(4), 1149-1188.

Bayer, Patrick B., Bernheim, B.D., Scholz, K., 1996. “The Effects of Financial Education in the Workplace: Evidence from a Survey of Employers." NBER Working Paper No. 5655.

Bernheim, B.D., Garrett, D.M., 1996. “The Determinants and Consequences of Financial Education in the Workplace: Evidence from a Survey of Households." NBER Working Paper No. 5667.

Choi, J., Laibson, D., Madrian, B., “Reducing the Complexity Costs of 401(k) Participation Through Quick EnrollmentTM”, Harvard University Working Paper, 2005.

Choi, J., Laibson, D., Madrian, B., “$100 Bills on the Sidewalk: Suboptimal Saving in 401(k) Plans”, NBER Working Paper 11554, August 2005.

Choi, J., Laibson, D., Madrian, B. and Metrick A. “For Better or For Worse: Default Effects and 401(k) Savings Behavior”. In David Wise, editor, Perspectives on the Economics of Aging, pp. 81-121. Chicago: University of Chicago Press, 2004, also NBER Working Paper No. 8651, 2001.

Choi, J., Laibson, D., Madrian, B. and Metrick A. “Optimal Defaults”. American Economic Review Papers and Proceedings 93, May 2003, pp. 180-185.

Choi, J., Laibson, D., Madrian, B. and Metrick A. “Defined Contribution Pensions: Plan Rules, Participant Decisions, and the Path of Least Resistance” In James Poterba, editor, Tax Policy and the Economy 16, 2002, pp. 67-114, also NBER Working Paper No. 8655, 2001.

Choi, J., Laibson, D., Madrian, B. and Metrick A., 2003 “Passive Decisions and Potent Defaults”, NBER Working Paper No. 9917.

Duflo, Esther and Emmanuel Saez, 2002. “Participation and Investment Decisions in a Retirement Plan: The Influence of Colleagues' Choices.” Journal of Public Economics, 85, 121-148.

Duflo, Esther and Emmanuel Saez, 2003. “The Role of Information and Social Interactions in Retirement Plan Decisions: Evidence from a Randomized Experiment.” Quarterly Journal of Economics, 118(3), 815-842.

Iyengar, Sheena and Wei Jiang, 2003. “Choosing Not To Choose: The Effect of More Choices on Retirement Savings Decisions,” Columbia University working paper.

Thaler, Richard H. and Shlomo Benartzi, 2004, “Save More Tomorrow: Using Behavioral Economics to Increase Employee Saving.” Journal of Political Economy, 112, S164-S187.