

ECON 752: GRADUATE PUBLIC ECONOMICS II

Spring 2016
Professor Melissa S. Kearney

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Office hours: Monday 3-4:30

Course Overview: This course will build on the first semester of graduate public economics, focusing on tax and transfer issues. Topics will be discussed from both a theoretical and empirical perspective. Major topics covered include the theory of optimal income taxation and transfer program design; U.S. anti-poverty and income support programs; taxes and labor supply among both low- and high-income individuals; taxable income elasticities; tax incidence and efficiency; and individual savings behavior, in particular as it relates to taxation and public policy. We will study empirical papers on these topics that span a range of empirical approaches and we will consider the advantages and disadvantages of alternative approaches. The course material will be presented in such a way to help prepare students to write dissertation-appropriate papers in the field of public economics.

Course Assignments and Grades

Problem set: 10%
Referee report: 10%
Paper Summaries (2): 10%
Empirical Paper Presentation: 10%
Paper proposal OR replication/extension: 25%; presentation 5%
Final exam: 25%
Class participation: 5%

Paper summaries – twice during the semester students will be required to turn in a two-page summary of an empirical paper on the syllabus. The summary must be turned in before the start of class. The summary must address the following (please number answers in the write-up): (1) What is the main question? (2) What data are used? (3) What are the key variables? (4) What empirical model/methods are used? (5) What are the key parameters to be identified? (6) What is the identification strategy of the empirical approach? (7) What are the threats to identification and does the author adequately address them? (8) What are the main findings of the paper? (9) How does the paper contribute to the relevant literature?

Empirical paper presentation – Students will be assigned, with some choice, an empirical paper from the syllabus to present to the class. Students will be expected to prepare a 20-minute presentation for the class that includes a discussion of relevant background information and a detailed presentation of the empirical analyses.

Referee report – The referee report is a critical assessment of an unpublished paper that I will provide to students to review. This report should be no longer than 5 pages and typically is 2-3 single spaced pages. The report should (1) assess the paper’s contribution to the relevant literature; (2) discuss key weaknesses of the paper; and (3) make suggestions for improvement.

Paper replication or proposal – Students will be required to replicate and extend a published empirical paper in economics (chosen in consultation with the professor) OR develop a proposal for a paper that can lead to a completed paper in the field. The primary purpose of this assignment is to help prepare students to do dissertation-style research in the field of public economics.

There are three deliverables: (1) a one-page proposal/replication description that students will informally discuss in class; (2) a written paper/proposal of approximately 12-15 pages; and (3) 30-minute in-class presentation of the paper proposal/replication at the end of the semester.

* Suspected violations of the University Honor Code will be reported immediately to the Office of Judicial Programs, <http://www.jpo.umd.edu/>

Course Schedule

	<u>Topic</u>		<u>Tentative dates</u>	
	Intro to Course and Subject	1 class	1/26	
Part I	Poverty and Inequality in the U.S.	2	1/28-2/18	
Part 2	Income Support Programs: Efficiency and Optimality	2		
Part 3	Anti-Poverty Programs in the U.S. <i>(student presentations of empirical papers)</i>	3		
Part 4	Earned Income Tax Credit: Taxes and Labor Supply among Low-Income Individuals	2		Paper Summary Due 2/23
Part 5	Forms of taxation in the U.S.	1	2/23-3/10	PSet 1 due 3/2
Part 6	Theory of optimal income taxation	1		
Part 7	Income Taxation and Labor Supply among Higher Income Individuals	3		
Part 8	Taxable Income Elasticities	1	(3/15, 3/17)	SPRING BREAK
	<i>Discuss student paper proposal ideas</i>	1	3/22-3/24	Replication/ Proposal description due 3/24
Part 9	Tax Incidence and efficiency A. Theory B. Empirical applications C. Mandated Benefits	4	3/29-4/7	Referee report due 4/7
Part 10	Savings A. Facts about savings behavior in the U.S. B. Models of saving C. Targeted tax subsidies to saving D. Behavioral insights	4	4/12-4/26	Paper Summary Due 4/26
	<i>Student presentations and discussions of paper proposals</i>	2	4/28-5/10	Proposals due 5/15

Readings

Bold: required reading

General Reference –

A. Auerbach and M. Feldstein, eds., *Handbook of Public Economics*, 4 Volumes, Amsterdam: North Holland, 1985, 1987, 2002, and 2003

Three popular undergraduate textbooks -

J. Gruber, *Public Finance and Public Policies*, 4th edition, Worth Publishers, 2012.

H. Rosen, *Public Finance*, 7th edition, McGraw Hill, 2005.

References for applied econometrics methods used in this course

A. Angrist and J.S. Pischke, *Mostly Harmless Econometrics*. Princeton University Press, 2008.

PART I. POVERTY, INEQUALITY, AND SOCIAL MOBILITY IN THE U.S.

Autor, David H., Lawrence F. Katz, and Melissa S. Kearney (2008). "Trends in U.S. Wage Inequality: Revising the Revisionists." *Review of Economics and Statistics*, 90(2), 300-323.

Chetty, Raj, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez (2014a). "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States." *Quarterly Journal of Economics* 129(4): 1553-1623, 2014.

Chetty, Raj, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez (2014b). Is the United States Still a Land of Opportunity? Recent Trends in Intergenerational Mobility *American Economic Review Papers & Proceedings* 104(5): 141–147, 2014.

Corak, Miles (2013). "Income Inequality, Equality of Opportunity, and Intergenerational Mobility." *Journal of Economic Perspectives*, 27(3): 79-102.

Duncan, Greg J., and Richard J. Murnane (2011). "Introduction: The American Dream, Then and Now," In Greg J. Duncan and Richard J. Murnane (eds.), *Whither Opportunity? Rising Inequality, Schools, and Children's Life Chances*. New York: Russell Sage Foundation.

Kearney, Melissa S. and Phillip B. Levine (2014b). "Income Inequality, Social Mobility, and the Decision to Drop Out of High School." *Brookings Papers on Economic Activity*, March 2016.

Kearney, Melissa S. and Phillip Levine. "Income Inequality and Early, Non-Marital Childbearing," *Journal of Human Resources* 49, winter 2014: 1-31.

PART 2: INCOME SUPPORT PROGRAMS: EFFICIENCY AND OPTIMALITY

Akerlof, George (1978). The Economics of 'Tagging' as Applied to the Optimal Income Tax, Welfare Programs, and Manpower Planning, *The American Economic Review*, v68, n1, March, pp. 8-19.

Bertrand, Marianne, Sendil Mullainathan, and Eldar Shafir. 2004. "A Behavioral-Economics View of Poverty." *American Economic Review Papers and Proceedings*, May 2004, 419-423.

Besley, Timothy and Stephen Coate. Workfare versus Welfare: Incentive Arguments for Work Requirements in Poverty-Alleviation Programs, *The American Economic Review*, Vol. 82, No. 1, March, pp. 249-261.

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

A. Nichols and R. Zeckhauser, "Targeting Transfers Through Restrictions on Recipients," American Economic Review 72 (May 1982), 372-377.

PART 3: ANTI-POVERTY PROGRAMS IN THE U.S.

1. Cash Transfers

Ashenfelter, Orley and Mark W. Plant. 1990. "Nonparametric Estimates of the Labor-Supply Effects of Negative Income Tax Programs," *Journal of Labor Economics* (January).

Bitler, Marianne, Jonah Gelbach and Hilary Hoynes. "What Mean Impacts Miss: Distribution Effects of Welfare Reform Experiments." *American Economic Review*, September 2006.

Deshpande, Manasi. 2015. "The Effect of Disability Payments on Household Earnings and Income: Evidence from the Supplemental Security Income Children's Program." Forthcoming, *Review of Economics and Statistics*.

Deshpande, Manasi. 2016. "Does Welfare Inhibit Success? The Long-Term Effects of Removing Low- Income Youth from Disability Insurance." Forthcoming *American Economic Review*.

Duggan, Mark, Melissa S. Kearney, and Stephanie Rennane. 2016. "The Supplemental Security Income Program," in ed. Robert A. Moffitt, *Economics of Means-Tested Transfer Programs in the U.S.*

Hotz, V. J., C. Mullin, and J.K. Scholz, "Welfare, Employment and Income: Evidence on the Effects of Benefit Reductions in California," *American Economic Review*, 92(2), May 2002, pp. 380-384.

Moffitt, Robert. (2003) "The Negative Income Tax and the Evolution of U.S. Welfare Policy," *Journal of Economic Perspectives* 17(3), pp. 119-131.

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

Grogger, Jeffrey, Lynn A. Karoly, Jacob Alex Klerman, *Consequences of Welfare Reform: A Research Synthesis*, RAND/DRU-2676-DHHS, 2002, 331 pp., no charge.

Meyer, B. 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, 2004, 1387-1420.

Meyer, B. and J. Sullivan. "Consumption, Income, and Material Well-Being after Welfare Reform" NBER Working paper 11976. January 2006.

Moffitt, Robert and John Karl Scholz, 2009. "Trends in the Level and Distribution of Income Support," in NBER book *Tax Policy and the Economy*, Volume 24.

Okun, Arthur. [Equality and Efficiency: The Big Tradeoff](#). The Brookings Institution: 1975.

Schmidt, Lucie, and Purvi Sevak. 2004. "AFDC, SSI, and Welfare Reform Aggressiveness: Caseload Reductions versus Caseload Shifting." *Journal of Human Resources* 39(3): 792-812.

2. In-Kind Programs

Almond, D., H. Hoynes, and D. W. Schanzenbach. 2011. "Inside the war on poverty: The impact of food stamps on birth outcomes." *Review of Economics and Statistics* 93(2): 387-404.

Brown, David, Amanda Kowalski, Itahai Lurie, "Medicaid as an Investment in Children: What is the Long-Term Impact on Tax Receipts," NBER Working Paper 20835, Jan 2015.

Buchmueller, Thomas, John Ham, and Lara Shore-Sheppard, "The Medicaid Program," in ed. Robert Moffitt, *Economics of Means-Tested Transfer Programs in the United States*", Spring 2016.

Hoynes, Hilary W and Diane Whitmore Schanzenbach, "Consumption Responses to In-Kind Transfers: Evidence from the Introduction of the Food Stamp Program, *American Economic Journal: Applied Economics*, 2009, 1:4, 109-139.
- *Student present*

Jacob, Brian and Jens Ludwig, "The Effects of Housing Assistance on Labor Supply: Evidence from a Voucher Lottery," *American Economic Review*, 102(1): 272-304.
- *Student present*

Kling JR, Liebman JB, Katz LF. Experimental Analysis of Neighborhood Effects. *Econometrica*. 2007; 75(1):83-119.
- *Student present*

Chetty, Raj, Nathan Hendren, and Lawrence Katz, "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment", forthcoming *American Economic Review*.

- Paper summary

Kearney, Melissa S. and Phillip Levine. "Subsidized Contraception, Fertility, and Sexual Behavior," *Review of Economics and Statistics* 91(1), October 2010: 137.

Ludwig, Jens and Douglas L Miller, 2007. "Does Head Start Improve Children's Life Chances? Evidence from a Regression Discontinuity Design," *The Quarterly Journal of Economics*, MIT Press, vol. 122(1), pages 159-208, 02.

- Student present

Rossin-Slater, Maya. 2013. "WIC in Your Neighborhood: New Evidence on the Impacts of Geographic Access to Clinics" "WIC in Your Neighborhood: New Evidence on the Impacts of Geographic Access to Clinics," *Journal of Public Economics* 102: 51-69.

Brown, David, Amanda Kowalski, and Itahi Lurie. "Medicaid as an Investment in Children: What is the Long-Term Impact on Tax Receipts?" [NBER Working Paper 20835](#). Latest Version: January 2015. *Revise & resubmit, American Economic Review*.

Wherry, Laura, Sarah Miller, Robert Kaestner, and Bruce Meyer, "Childhood Medicaid Coverage and Later Life Health Care Utilization," NBER wp 20929, February 2015.

PART 4: THE EARNED INCOME TAX CREDIT (EITC)

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

N. Eissa and J. Liebman. 2014. "Labor Supply Response to the Earned Income Tax Credit", *Quarterly Journal of Economics* 111 (1996), 605-637

Evans, Williams and Craig L. Garthwaite. 2014. "Giving Mom a Break: The Impact of Higher EITC Payments on Maternal Health", *American Economic Journal: Economic Policy* 6(2): 258–290.

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 Economics 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

J. Hotz, C. Mullin, and J.K.Scholz (2006), "Examining the Effect of the Earned Income Tax Credit on the Labor Market Participation of Families on Welfare," NBER wp 11968, January.

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.

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.

Nichols, Austin and Jesse Rothstein. 2016. "The Earned Income Tax Credit", in ed. Robert Moffitt, *Economics of Means-Tested Transfer Programs in the United States*, volume 2.

Rothstein, Jess. "Is the EITC as Good as an NIT? Conditional Cash Transfers and Tax Incidence." *American Economic Journal: Economic Policy* 2(1), February 2010: 177-208.

PART 5: FORMS OF TAXATION IN THE U.S.

J. Gruber, *Public Finance and Public Policies*, 1st edition, Worth Publishers, 2005, chapter 18.

Great source for information: www.taxpolicycenter.org

D.Feenberg and J.Poterba. 2003. "The Alternative Minimum Tax and Effective Marginal Tax Rates." NBER Working Paper No. 10072.

Congressional Budget Office, "Effective Marginal Tax Rates for Low- and Moderate-Income Workers", November 2012"

Kearney, Melissa and Lesley Turner: Giving Secondary Earners a Break: Hamilton Project Discussion Paper, December 2013

PART 6. THEORY OF OPTIMAL INCOME TAXATION

A. Auerbach and J. Hines. 2001. "Taxation and Economic Efficiency." NBER Working Paper No. 8181 (also *Handbook of Public Economics*, Volume 3), Section IV

G. Akerlof, "The Economics of Tagging as Applied to the Optimal Income Tax," *American Economic Review* 68 (1978), 8-19.

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

E. Saez, "Using Elasticities to Derive Optimal Income Tax Rates", *Review of Economics Studies*, 68, 2001, 205-229, Sections 1-3, and 5.

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

PART 7. TAXATION AND LABOR SUPPLY OF HIGHER INCOME HOUSEHOLDS

Alesina, Alberto, Andrea Ichino, and Loukas Karabarbounis. 2011. "Gender-Based Taxation and the Division of Family Chores." *American Economic Journal: Economic Policy*, 3(2): 1-40.

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

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

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

A. Gelber. "Taxation and Family Labor Supply". (Job market paper) 2008.

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

H. Klevin, "Bunching", *Annual Review of Economics* (8), 2016.

Kumar, Anil. "Labor Supply, deadweight loss, and tax reform act of 1986: A Nonparametric evaluation using panel data". *Journal of Public Economics*, 2007.

T. MaCurdy, H. Paarsch, and D. Green, "Assessing Empirical Approaches for Analyzing Taxes and Labor Supply," *Journal of Human Resources*, Summer 1990.

Saez (2010) "Do Taxpayers Bunch at Kink Points?" *American Economic Journal: Economic Policy*, 2(3): 180-212.

PART 8. TAXABLE INCOME ELASTICITIES

A. Goolsbee, "What Happens When You Tax the Rich? Evidence from Executive Compensation", *Journal of Political Economy*, April 2000.

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, "The Effect of Marginal Tax Rates on Taxable Income: A Panel Study of the 1986 Tax Reform Act," *Journal of Political Economy* 103(3), June 1995, 551-572.

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

J. Gruber and E. Saez, "'The Elasticity of Taxable Income: Evidence and Implications'" *Journal of Public Economics*, 84, 2002, 1-32

G. Imbens, D. Rubin, and B. Sacerdote, "Estimating the Effect of Unearned Income on Labor Earnings, Savings, and Consumption: Evidence from a Survey of Lottery Players" *American Economic Review*, 2001 (pp. 778-794)

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.

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

E. Saez, "Reported Incomes and Marginal Tax Rates, 1960-2000: Evidence and Policy Implications", in J. Poterba, ed., *Tax Policy and the Economy*, Volume 18, Cambridge: MIT Press, 2004.

Saez, J. Slemrod, and Seth Giertz, "The Elasticity of Taxable Income with Respect to Marginal tax Rates: A Critical Review," *Journal of Economic Literature* 2012, 50:1, 3-50.

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.

PART 9. TAX INCIDENCE AND EFFICIENCY

A. Theory

B. Salanie, *Economics of Taxation*, Chapter 1.

A. Auerbach and J. Hines. 2001. "Taxation and Economic Efficiency." NBER Working Paper No. 8181 (also *Handbook of Public Economics*, Volume 3): pp 1-14.

D. Fullerton and G. Metcalf. 2002. "Tax Incidence." NBER Working Paper No. 8829 (also *Handbook of Public Economics*, Volume 4): pp 1-9.

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.

R. Chetty, A. Looney, and K. Kroft. "Salience and Taxation: Theory and Evidence," *American Economic Review* 99(4): 1145-1177, 2009.

B. Measuring tax incidence: Empirical Analysis

R. Chetty, "Sufficient Statistics for Welfare Analysis: A Bridge between Structural and Reduced-Form Methods." *Annual Review of Economics* 1: 451-488, 2009.

J. Doyle and K. Samphantharak “\$2.00 Gas! Studying the Effects of a Gas Tax Moratorium.” *Journal of Public Economics* April 2008

W. Evans, J. Ringel, and D. Stech. “Tobacco Taxes and Public Policy to Discourage Smoking,” in *Tax Policy and the Economy*, vol. 13, ed. J. Poterba, MIT Press: Cambridge, 1999.

Finkelstein, Amy (2009) “EZ-Tax: Tax Salience and Tax Rates.” *Quarterly Journal of Economics* 124(3): 969-1010.

Hastings, Justine and Ebonya Washington, “The First of the Month Effect: Consumer Behavior and Store Responses,” *American Economic Journal: Economic Policy*, 2010, 2,142-162.

J. Kubik. 2004. “The Incidence of the Personal Income Taxation: Evidence from the Tax Reform Act of 1986.” *Journal of Public Economics* 88: 1567-1588.

C. Mandated Benefits

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. 1994. “The Incidence of Mandated Maternity Benefits.” *American Economic Review* 84: 622-41.

C. Ruhm. 1998. “The Economic Consequences of Parental Leave Mandates: Lessons from Europe.” *The Quarterly Journal of Economics* 113 (1): 285-317.

J. Kolstad and A. Kowalski, "Mandate-Based Health Reform and the Labor Market: Evidence from the Massachusetts Reform," *Journal of Health Economics* 47, February 2016: 81-106.

Summers, Larry. “Some Simple Economics of Mandated Benefits”, *American Economic Review*, 79(2), May 1989, 177-183.

PART 10. TAXATION, WEALTH, AND SAVINGS

A. Facts about Savings in the U.S.

Boddy, D., J. Dokko, B. Hershbein, and M. Kearney “Ten Economic Facts about Financial Well-Being in Retirement,” The Hamilton Project, June 2015. (http://www.hamiltonproject.org/assets/files/ten_economic_facts_about_financial_well_being_in_retirement.pdf)

K. Dynan, J. Skinner, and S. Zeldes, “Do the Rich Save More?,” *Journal of Political Economy* 112 (April 2004), 397-444.

John Karl Scholz, Ananth Seshadri, and Surachai Khitatrakun (2005) "Are Americans Saving "Optimally" for Retirement?" forthcoming *Journal of Political Economy*.

Skinner, Jonathan. 2007. "Are You Sure You're Saving Enough for Retirement?" *Journal of Economic Perspectives*, 21(3): 59-80.

B. Savings Models

A. Atkinson and J. Stiglitz, *Lectures in Public Economics*, Chapter 3.

A. Bernheim, A. Shleifer, and L. Summers, "The Strategic Bequest Motive," *Journal of Political Economy* 93 (December 1985), 1045-1076.

B. Bernheim, R. Lemke, and J. Scholz. 2004. "Do Estate and Gift Taxes Affect the Timing of Private Transfers?" *Journal of Public Economics* 88(12): 2617-2634.

B. Bernheim and S. Severinov, "Bequests as Signals: An Explanation for the Equal Division Puzzle," *Journal of Political Economy* 111 (August 2003), 733-764.

D. Bernheim, "Taxation and Saving," in A. Auerbach and M. Feldstein, *Handbook of Public Economics*, Volume 3, Chapter 18, Amsterdam: North Holland, 2002, Section 4, or NBER Working Paper No. 7061, 1999.

M. Boskin, "Taxation, Savings, and the Rate of Interest," *Journal of Political Economy* 96 (1978), S3-S27.

L. Summers, "Capital Taxation and Accumulation in a Life-Cycle Model," *American Economic Review* 71 (September 1981), 533-544.

J. Poterba, "Personal Saving Behavior and Retirement Income Modelling: A Research Assessment," in E. Hanushek and N. Maritato, *Assessing Knowledge of Retirement Behavior* (Washington: National Academy of Sciences, 1996), 123-148.

C. Behavioral Insights and Innovations

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.

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.

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

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

D. Empirical Evidence on Targeted Tax Subsidies to Saving

Duflo, Esther, William Gale, Jeffrey Liebman, Peter Orszag, and Emmanuel Saez, "Saving Incentives for Low- and Middle-Income Families: Evidence from a Field Experiment with H&R Block," *Quarterly Journal of Economics*, Nov 2006, 121(4):1311-1346.

E. Engen, W. Gale, and J. Scholz, "The Illusory Effects of Saving Incentives," *Journal of Economic Perspectives* 10 (Fall 1996), 113-138.

W. Gale and J. Scholz, "IRAs and Household Saving," *American Economic Review* 84 (December 1994), 1233-1260.

W. Gale, "The Effects of Pensions on Household Wealth: A Re-Evaluation of Theory and Evidence," *Journal of Political Economy* 106 (August 1998), 706-723.

Alexander Gelber, "How Do 401(k)s Affect Saving? Evidence from Changes in 401(k) Eligibility," *American Economic Journal: Economic Policy*, November 2011. - Paper summary

J. Poterba, S. Venti, and D. Wise, "Do 401(k) Contributions Crowd Out Other Personal Saving?," *Journal of Public Economics* 58 (September 1995), 1-32.

J. Poterba, S. Venti, and D. Wise, "How Retirement Saving Programs Increase Saving," *Journal of Economic Perspectives* 10 (Fall 1996), 91-112.