
EC270

PUBLIC FINANCE

Syllabus Summer School 2015

Camille Landais
Gabriel Zucman

Aims:

- To give students an appreciation of the analytical methods in economics for the study of the public sector and the role of the state in principle and in practice.
- To learn about the recent trends in inequality of income and wealth, and gain a critical understanding of the economic forces pushing toward more or less inequality.
- To provide a thorough grounding in the principles underlying the role of the state, the design of social insurance and the welfare state and the design of the tax system.
- To enable students to understand the practical problems involved in implementing these principles.

Objectives: By the end of the course the students should be able to:

- Discuss critically key issues in public economics, informed by recent research.
- Present a coherent argument orally and in writing on topics in public economics.
- Demonstrate a familiarity with a range of policy issues and relevant analytical and empirical tools.

Prerequisite:

Introductory microeconomics

Content:

This course provides an introduction to the economic analysis of public policy issues. The course has two main focuses. The first is the development of up-to-date analytical tools, drawn from recent research, and their application to key policy issues relating to the spending, taxing and financing activities of government. The second focus is the acquisition of essential empirical knowledge related to the role of the State in the economy and its interplay with income and wealth inequality.

The first part of the course presents the foundations of public economics. We start by laying down the general problem and methods of welfare and distributional analysis, and

review the traditional rationale for government intervention (externalities, public goods, etc.). We also present empirical tools needed to evaluate public policies and conduct welfare analysis. We then look at problems of public choice and political economics, and go on to consider the implications of recent research in behavioural economics for welfare analysis.

The second part studies in much more detail two of the most important domains of public intervention: education policies, and social insurance programs.

The third part presents recent research in the area of income and wealth distribution. What do we know about the long-run trends in the distribution of income and wealth among individuals? And what are the theories that can account for the facts? This part includes an exposition of the main themes in Thomas Piketty's *Capital in the 21st Century* (2014, Harvard University Press) and covers the main debates the book generated, as well as other (e.g., newer) research conducted in this area.

The fourth part is devoted to taxation, behavioural responses and the design of tax policy. We begin by examining the effects of taxes and transfers on labour supply and migration, and then go on to consider incomes and behavioural responses at the top of the income distribution. We look at the implications of taxation for economic efficiency and explore the optimal taxation of commodities and income. The final lecture is devoted to the question of development and public finance.

Reading:

The recommended textbook for the course is **Jonathan Gruber (2011) *Public Finance and Public Policy*, 3rd edition, Worth Publishers**. Students are encouraged to purchase the text for ease of reference. Copies will also be available in the Library Course Collection. The second edition of the text (Gruber, 2007) is less up to date but has similar coverage (note that the chapter and section references for the 2nd edition are identical to those in the 3rd edition).

Almost all of the journal articles in the reading list can be accessed via the LSE Library electronic journals collection. Hyperlinks are given for working and discussion papers. CC refers to Course Collection.

General:

J Gruber (2011) *Public Finance and Public Policy*, 3rd edition, Worth Publishers.

N Barr (2012), *The Economics of the Welfare State*, 5th ed., OUP

Institute for Fiscal Studies, *Mirrlees Review: Reforming the Tax System for the 21st Century*, Volume 1 (2010): Dimensions of Tax Design, Volume 2 (2011): Tax by Design. Oxford University Press, Oxford. Available online at:
<http://www.ifs.org.uk/mirrleesReview>

T. Piketty (2014). *Capital in the 21st century*. Cambridge: Harvard University Press.

Review:

Students wishing to review their microeconomic theory should consult a textbook on intermediate microeconomic theory, such as Morgan, Katz and Rosen (2006) *Microeconomics*, McGraw Hill (CC HB172 M84) or J Perloff (2008) *Microeconomics: Theory & applications with calculus*, Pearson (CC HB172 P45).

Please note:

The starred items are compulsory. But you should make **no** attempt to read everything on the reading list; the supplementary readings are provided for students interested in pursuing a particular topic in more depth or for those seeking an alternative approach to that in the starred readings. ***It is not important to read a huge amount, but vastly important really to understand what you do read.***

PART I - Foundations of public economics

Introduction to public economics and public policy analysis

Background reading: Gruber (2011), chs 2, 3

1. Introduction: what is public economics?

Motivation of the course. The 4 questions of public economics. Overview of the course topics. Outline of the course.

*Barr (2012), chs. 2, 3, 5.

*Gruber (2011), chs 2 (especially 2.3), 17 (section 17.1)

Foundations of public economics

2. Foundations of welfare and distributional analysis

Utility maximization and welfare measures. Equilibrium analysis. Economic incidence. Fundamental theorems of welfare economics.

*Gruber (2011), ch. 2

*Barr (2012), chs. 3, 4.

3. Externalities

The theory of externalities. Market failure and the conditions for economic efficiency. Types of externalities. Private bargaining solutions versus government intervention. Alternative government policies: taxes, congestion charges, regulation, and zoning. Climate change.

*Gruber (2011), chs 5, 6 (especially sections 6.1 and 6.2)

*Fullerton, D, A Leicester and S Smith (2010) "Environmental Taxes", *Dimensions of Tax Design* (The Mirrlees Review, vol. 1), ch. 5. Part A only (pp 423-449). <http://www.ifs.org.uk/mirrleesreview/dimensions/ch5.pdf>

J Leape (2006), "The London Congestion Charge", *Journal of Economic Perspectives*, 20:4, Fall, 157-176.
[<http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.20.4.157>]

N H Stern (2008), "The economics of climate change", *American Economic Review*, **98**, 1-37. [<http://dx.doi.org/10.1257/aer.98.2.1>]

HM Treasury, *The Stern Review: The Economics of Climate Change*, October 2006 (see especially part IV: "Policy responses for mitigation") [http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_index.cfm]

The Economist, various articles and online debates – including:
"Getting Warmer: A special report on climate change and the carbon economy" (5 December 2009): <http://www.economist.com/node/14994872>

"How to live with climate change" (25 November 2010): <http://www.economist.com/node/17575027>

4. Public goods

Sources of market failure and the role for government intervention: competition failure, public goods, externalities, incomplete markets, information failures. The theory of public goods: non-rivalness and non-excludability; efficiency conditions.

*Gruber (2011), chs. 2 (especially section 2.3) and 7

Morgan, J. (2000), "Financing Public Goods by Means of Lotteries", *Review of Economic Studies*, **67**, 761-784. <http://www.jstor.org/stable/2695947>

Stiglitz, J., (2002) "Information and the Change in the Paradigm in Economics", *American Economic Review*, 92:3, June, 460-502. <http://www.jstor.org/stable/3083351>

Bernheim, B D and A Rangel (2005), "Behavioral public economics: Welfare and policy analysis with non-standard decision makers", NBER Working Paper 11518, July, pp 53-62 only (warm glow theory). [<http://www.nber.org/papers/w11518>]

5. Tax incidence

Defining incidence. Partial equilibrium analysis of simple incidence problem and the role of elasticities. General equilibrium analysis. New behavioural research in salience.

*Gruber (2011), ch. 19

*J Rothstein (2008) "The Unintended Consequences of Encouraging Work: Tax Incidence and the EITC", Princeton University, CEPS Working paper no. 165, May 2008. Sections 1,8 only. [<http://www.princeton.edu/ceps/workingpapers/165rothstein.pdf>]

*R Chetty, A Looney and K Kroft (2009) "Salience and Taxation: Theory and Evidence", *American Economic Review* 99:4 (September), 1145-1177. (see, especially, pp 1145-1149, 1175-1176) [<http://dx.doi.org/10.1257/aer.99.4.1145>]

Fullerton, D and G Metcalf (2002), "Tax incidence", in A Auerbach and M Feldstein, eds., *Handbook of Public Economics*, Amsterdam: Elsevier, Vol. 4, pp. 1787-1872. (Available as NBER W8829: <http://www.nber.org/papers/w8829>)

Empirical methods for public economics: treatment evaluation

6. The evaluation problem (1/2)

Potential outcome framework and the evaluation problem. Randomized experiments. Natural experiments. Diff-in-diff models and examples.

Angrist, J. and A. Krueger (1999), "Empirical Strategies in Labor Economics", in Ashenfelter and Card, *Handbook of Labor Economics*.

*Angrist, J. (2008), "Treatment Effects", *The New Palgrave*, <http://econ-www.mit.edu/files/32>

Duflo, Esther, Rachel Glennerster, and Michael Kremer. 2008. "Using Randomization in Development Economics Research: A Toolkit." In *Handbook of Development Economics*, Volume 4, ed. T. Paul Schultz and John Strauss, 3895–3962. Amsterdam and San Diego Elsevier, North-Holland.

7. The evaluation problem (2/2)

Instrumental variables: principles, examples. Regression discontinuity design: principles, examples.

Angrist, Joshua D., and Victor Lavy. 1999. "Using Maimonides' Rule to Estimate the Effect of Class Size on Scholastic Achievement." *Quarterly Journal of Economics*, 114(2): 53375.

Krueger, Alan B. 1999. "Experimental Estimates of Education Production Functions." *Quarterly Journal of Economics*, 114(2): 497532

Social choice and the scope of government

8. Public choice & political economy

Fundamental issues in public choice: preference revelation, aggregation of preference. Arrow's Impossibility Theorem. Voting models and the new political economy. New contract theory and the scope of government.

*Gruber (2011), ch. 9

*A Shleifer (1998), "State versus Private Ownership", *Journal of Economic Perspectives*, 12:4, Fall, 133-150. <http://www.jstor.org/stable/2646898>

Persson, T. and G Tabellini (2002), "Political economics and public finance", in Auerbach, A. and M. Feldstein (eds.), *Handbook of Public Economics*, Vol III, North-Holland: Amsterdam., see especially pp 1-25. (<http://papers.nber.org/papers/W7097>).

O Hart, A Shleifer and R Vishny (1998), "The proper scope of government: Theory and an application to prisons," *Quarterly Journal of Economics*, 112:4, 1127-1161. <http://www.jstor.org/stable/2951268>

PART II –Public Interventions in the Education and Insurance Markets

Education

9. Public intervention in the education market

(i) Reasons for government intervention in education: market failure and redistribution. (ii) The crowd-out effect of free public schools. (iii) The arguments for and against school choice and school vouchers. (iv) Measuring the returns to education. (v) Human capital investment versus job market signalling.

*Chapter 11 in Gruber (2011).

Ashenfelter, O. and C. Rouse (1998). "Income, Schooling and Ability: Evidence from a New Sample of Identical Twins." *Quarterly Journal of Economics* 113, 253-84.

* Duflo, E. (2001). "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment." *American Economic Review* 91, 795-813.

Hanushek, E. A. and J. Luque (2003). "Efficiency and equity in schools around the world." *Economics of Education Review* 22, 481-502.

* Poterba, J. (1995). "Government Intervention in the Markets for Education and Health Care: Why and How?" In V. Fuchs (ed.), *Individual and Social Responsibility*, University of Chicago Press, Chicago.

N. Gordon (2004), Do federal grants boost school spending? evidence from title I. *Journal of Public Economics*, 88(9-10):1771-1792, 2004.

Rouse, C. (1998). "Private School Vouchers and Student Achievement: An Evaluation of the Milwaukee Parental Choice Program." *Quarterly Journal of Economics* 113, 553-602.

Social insurance

10. Social insurance

(i) Why do people value insurance? (ii) Why have social insurance? Asymmetric information and adverse selection. (iii) What are the problems with social insurance? Crowd-out and moral hazard. (iv) Applications to Unemployment Insurance and Disability Insurance.

* Chapters 12 and 14 in Gruber (2011).

Benítez-Silva, H., M. Buchinsky, and J. Rust (2004). "How Large Are the Classification Errors in the Social Security Award Process?" NBER Working Paper 10219.

* Meyer, B. D. (2002). "Unemployment and workers' compensation programmes: rationale, design, labour supply and income support." *Fiscal Studies* 23(1), 1-49.

Chetty, Raj, A general formula for the optimal level of social insurance. *Journal of Public Economics*, 90(10-11):18791901, 2006.

11. Retirement Pensions

Funded versus unfunded ("pay-as-you-go") state pensions. Is there a pensions crisis? Intergenerational and intragenerational equity. Efficiency: effects on savings and retirement decisions. Options for reform.

*N Barr and P Diamond (2006), 'The Economics of Pensions', *Oxford Review of Economic Policy*, Vol. 22. No. 1, Spring, pp. 15-39.

<http://oxrep.oxfordjournals.org/cgi/reprint/22/1/15?ijkey=9DjQZbG8zPR17qI&keytype=ref>

*N Barr (2006), 'Pensions: Overview of the Issues', *Oxford Review of Economic Policy*, Vol. 22. No. 1, Spring, pp. 1-14.

<http://oxrep.oxfordjournals.org/cgi/reprint/22/1/1?ijkey=xUhuLJ3z5zh3d8&keytype=ref>

*Gruber (2011), ch 13 (state pensions: US issues), ch 12 (social insurance)

Barr (2012), Ch. 7.

Raj Chetty & John N. Friedman & Soren Leth-Petersen & Torben Nielsen & Tore Olsen, (2012). "Active vs. Passive Decisions and Crowdout in Retirement Savings Accounts: Evidence from Denmark," *NBER Working Papers* 18565, National Bureau of Economic Research, Inc.

The Economist (2009), "A slow-burning fuse: A special report on ageing populations", June 27, 2009 (especially pp. 3-5 ('Introduction'), 9-11 ('Scrimp and Save', and 11-13 ('Work till you drop'))

<http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=42527197&site=ehost-live>

<http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=42527205&site=ehost-live>

<http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=42527207&site=ehost-live>

"Pensions: Challenges and Choices", The First Report of the UK Pensions Commission, October 2004.

[<http://www.webarchive.org.uk/wayback/archive/20070717120000/http://www.pensionscommission.org.uk/www.pensionscommission.org.uk/publications/2004/annrep/index.html>]

12. Health

(i) Reasons for government intervention in health care markets. (ii) The moral hazard cost of subsidized health insurance and the price elasticity of health care demand. (iii) Optimal health insurance. (iv) What is the effect of public health insurance on health outcomes? (v) The rising health care expenditures over time.

* Chapters 15 and 16 in Gruber (2011).

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

* Poterba, J. (1995). "Government Intervention in the Markets for Education and Health Care: Why and How?" In V. Fuchs (ed.), *Individual and Social Responsibility*, University of Chicago Press, Chicago.

Propper, C. (2001). "Expenditure on Healthcare in the UK: A Review of the Issues." *Fiscal Studies* 22(2), 151-183.

PART III - Inequality

13. Inequality: introduction and core concepts

(i) Inequality and public economics. (ii) Conceptual framework: income, output, capital, wealth. (iii) Functional vs. personal income distribution

Stone, Richard (1986). "Nobel Memorial Lecture, 1984: The Accounts of Society" *Journal of Applied Econometrics* 1(1), 5-28.

* Kuznets, S. (1955), "Economic Growth and Income Inequality", *American Economic Review*, vol. 45, No. 1, March 1955, pp. 1-28. Available at <http://www.aeaweb.org/aer/top20/45.1.1-28.pdf>

Piketty, T. (2014). *Capital in the 21st century*. Cambridge: Harvard University Press. (Introduction)

14. Inequality between labour and capital

(i) Trends in factor shares. (ii) Factor shares, rates of return, and capital-income ratios. (iii) Cobb-Douglas vs. CES production.

Karabarbounis, L. and B. Neiman (2014). "The Global Decline of the Labor Share." *Quarterly Journal of Economics* 129(1), 61-103.

Piketty, T. and G. Zucman (2014). "Capital is Back: Wealth-Income Ratios in Rich Countries, 1700-2010" *Quarterly Journal of Economics* 129(3), 1255-1310.

15. Inequality between individuals

(i) Data sources: tax data, survey data, (distributional) national accounts. (ii) Measurement: Gini coefficient, top shares, Pareto coefficients. (iii) Rising inequality: a contrast between Continental Europe and the US.

Atkinson, A., F. Alvaredo, T. Piketty E. Saez, and G. Zucman. *The World Wealth and Income Database (W2ID)*.

Atkinson, A.B. 2004. "Luxembourg Income Study (LIS): Past, Present and Future." *Socio-Economic Review* 2(2): 165-190

* Atkinson, A. B., T. Piketty and E. Saez (2011). "Top Incomes in the Long Run of History." *Journal of Economic Literature* 49(1), 3-71.

Cowell, F. (2011). *Measuring inequality*, Oxford University Press

Piketty, T., E. Saez and G. Zucman (2015). "Distributional National Accounts: Method and Estimates for the United States, 1913-2014". Working Paper.

16. Labour income inequality

(i) Levels and trends in labour income inequality. (iii) Trends in income mobility. (iii) The race between education and technology. (iv) The role of institutions. (v) Intergenerational mobility and equality of opportunity.

* Autor, D. (2014). "Skills, education, and the rise of earnings inequality among the other 99 percent". *Science*, 344 (6186), 843–851.

Miles Corak (2013), "Income Inequality, Equality of Opportunity, and Intergenerational Mobility", *Journal of Economic Perspectives*, vol. 27, no 3, pp. 79-102.

Chetty, R., N. Hendren, P. Kline, and E. Saez (2014). "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States," *Quarterly Journal of Economics*, 129(4), 1553-1623

Goldin, Claudia and Lawrence F. Katz (2008). *The Race between Education and Technology*, Harvard University Press (see chapter 8 available as NBER working paper under the title "The Race between Education and Technology: The Evolution of U.S. Educational Wage Differentials, 1890 to 2005").

Kopczuk, W., E. Saez, and J. Song (2010). "Earnings Inequality and Mobility in the United States: Evidence from Social Security Data since 1937," *Quarterly Journal of Economics* 125(1), 91-128.

17. Wealth and capital income inequality

(i) Trends in top wealth shares. (ii) Models of the wealth distribution. (iii) $r > g$.

Atkinson, A. and Harrison, A. (1978). *Distribution of Personal Wealth in Britain*. Cambridge University Press, Cambridge, UK.

Piketty, T. and G. Zucman (2015). "Wealth and Inheritance in the Long Run" in *Handbook of Income Distribution* vol. 2 (Atkinson and Bourguignon, eds), Elsevier, Amsterdam.

* Saez, E. and G. Zucman (2014). "Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data", NBER working paper.

18. Inherited vs. self-made wealth

(i) The Kotlikoff-Summers controversy. (ii) The inheritance flow. (iii) The inheritance stock.

Kotlikoff, L. (1988). "Intergenerational Transfers and Savings." *Journal of Economic Perspectives* 2(2), 41-58.

Modigliani, F. (1988). "The Role of Intergenerational Transfers and Lifecycle Savings in the Accumulation of Wealth." *Journal of Economic Perspectives* 2(2), 15-40.

* Piketty, T. (2011). "On the Long-Run Evolution of Inheritance: France 1820-2050." *Quarterly Journal of Economics* 126(3), 1071-1131.

Piketty, Thomas, Gilles Postel-Vinay and Jean-Laurent Rosenthal (2014). "Inherited vs. Self-Made Wealth: Theory and Evidence from a Rentier Society (1872-1927)." *Explorations in Economic History* 51, 21-40.

Holtz-Eakin, D., D. Joulfaian and H.S. Rosen (1993). "The Carnegie Conjecture: Some Empirical Evidence." *Quarterly Journal of Economics* 108, 288-307.

19. Global inequality

(i) Concepts of global inequality. (ii) Trends in between country income inequality. (iii) Income inequality within developing countries. (iv) The world distribution of income and wealth. (v) Capital ownership in a globalized world. (vi) Offshore wealth.

François Bourguignon and Christian Morrisson, "Inequality Among World Citizens: 1820– 1992", *American Economic Review*, vol. 92 (4), September 2002, pp. 727–44.

* Christoph Lakner and Branko Milanovic (2014), "Global income distribution: From the fall of the Berlin Wall to the Great Recession", working paper.

Xavier Sala-i-Martin, "The World Distribution of Income: Falling Poverty and ... Convergence, Period", *Quarterly Journal of Economics*, vol. CXXI (2), May, 351–97 480, 2006.

Branko Milanovic (2014), "Global inequality of opportunity: how much of our income is determined by where we live", *Review of Economics and Statistics*.

Ximing Wu and Jeffrey Perloff, "China's income distribution", *Review of Economics and Statistics*, vol. 87, 2005, pp. 763-775.

Zucman, G. (2013). "The Missing Wealth of Nations: are Europe and the U.S. net Debtors or net Creditors?" *Quarterly Journal of Economics* 128(3), 1321-1364.

PART IV - Taxation

20. Optimal labour income taxation

(i) The optimal income tax problem. (ii) The relationship between optimal income taxation and the Laffer curve. (iii) The optimal marginal tax rate at the top.

* Chapter 20 in Gruber (2011).

P. Diamond and E. Saez. The case for a progressive tax: From basic research to policy recommendation. *Journal of Economic Perspectives*, 25(4):165-190, Nov. 2011.

Piketty, Thomas, Emmanuel Saez and Stefanie Stantcheva (2014). "Optimal Taxation of Top Labor Incomes: A Tale of Three Elasticities". *American Economic Journal: Economic Policy* 6(1), 230-271.

21. Taxable income elasticities

(i) The elasticity of taxable income: concept, policy relevance, and estimates. (ii) Evidence on the labour supply elasticity. (iii) Evidence on the avoidance elasticity.

Feldstein, M. (1995). "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.

Goolsbee, A. "What Happens When You Tax the Rich? Evidence from Executive Compensation", *Journal of Political Economy*, Vol. 108, 2000, 352-378

Gordon, R.H. and J. Slemrod (1998). "Are "Real" Responses to Taxes Simply Income Shifting Between Corporate and Personal Tax Bases?" NBER Working Paper, No. 6576.

Kleven, H. J., C. Landais, and E. Saez (2014). "Taxation and the International Mobility of Superstars: Evidence from the European Football Market." *American Economic Review*.

Kleven, Henrik Jacobsen, Camille Landais, Emmanuel Saez, and Esben Anton Schultz. "Migration and Wage Effects of Taxing Top Earners: Evidence from the Foreigners' Tax Scheme in Denmark." *Quarterly Journal of Economics* 127(1), (2014).

* Saez, E. (2004). "Reported Incomes and Marginal Tax Rates, 1960-2000: Evidence and Policy Implications," in J. Poterba (ed.), *Tax Policy and the Economy* vol. 18. MIT Press, Cambridge, MA.
<http://emlab.berkeley.edu/users/saez/NBER10273TPE04.pdf>

Saez, E., J. Slemrod, and S. Giertz (2009). "The Elasticity of Taxable Income with Respect to Marginal Tax Rates: A Critical Review." *Journal of Economic Literature*.
<http://emlab.berkeley.edu/users/saez/saez-slemrod-giertzNBER09.pdf>

22. Optimal capital and inheritance taxation

(i) Capital accumulation: conceptual framework. (ii) Benchmark theoretical results: zero optimal capital tax rate. (iii) Models of positive optimal capital taxation

Atkinson, A. and J. Stiglitz (1976). "The design of tax structure: Direct versus indirect taxation." *Journal of Public Economics* 6, 55-75.

Chamley, C. (1986). "Optimal Taxation of Capital Income in General Equilibrium with Infinite Lives." *Econometrica* 54, 607-622.

Judd, K. (1985). "Redistributive Taxation in a Simple Perfect Foresight Model." *Journal of Public Economics* 28, 59-83.

Piketty, T. and E. Saez (2013). "A Theory of Optimal Inheritance Taxation" *Econometrica* 81(5), 1851-1886.

Pirttila, J. and H. Selin (2011). "Income shifting within a dual income tax system: evidence from the Finnish tax reform." *Scandinavian Journal of Economics* 113(1), 120-144.

Sandmo, A. (1985). "The Effects of Taxation on Savings and Risk-Taking", in A.

23. Business taxation

(i) Why tax corporations? (ii) The incidence of the corporate tax. (iii) Effects of corporate taxes on real investment. (iv) International profit-shifting.

Auerbach, A. J. (2005). "Who bears the corporate tax? A review of what we know". Working Paper 11686, National Bureau of Economic Research.

Chetty R. and E. Saez (2005). "Dividend Taxes and Corporate Behavior: Evidence from the 2003 Dividend Tax Cut." *Quarterly Journal of Economics*, 120(3), 791-833.

Suarez-Serrato, J.C. and O. Zidar (2014). "Who Benefits from State Corporate Tax Cuts? A Local Labor Market Approach with Heterogeneous Firms". Working paper.

* Yagan, D. (2014). "Capital Tax Reform and the Real Economy: the Effects of the 2003 Dividend Tax Cut." UC Berkeley working paper.

24. Tax havens and international tax competition

(i) International tax competition for productive capital. (ii) International profit shifting.

Clausing, K. (2003). "Tax-motivated Transfer Pricing and US Intrafirm Trade Prices". *Journal of Public Economics* 87, 2207-2223.

Dharmapala, D., C. F. Foley and K. J. Forbes (2011). "Watch What I Do, Not What I say: The Unintended Consequences of the Homeland Investment Act." *Journal of Finance* 66(3), 753-787.

Johannesen, N. and G. Zucman (2014). "The End of Bank Secrecy? An Evaluation of the G20 Tax Haven Crackdown." *American Economic Journal: Economic Policy* 6(1), 61-91.

Kleinbard E. D. (2011). "Stateless Income". *Florida Tax Review* 11(9), 699-774.

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