

10 Things I Don't Know, and Would Like (You) to Find Out About

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Long-term Tax Disincentive Effects

- Does it take a generation for tax disincentive effects to show up?
- This is very difficult to measure, but may nevertheless be significant.
- Possible hint: we now know that portfolio choices depend on how many years of the Great Depression one lived through.

Reconciling Micro and Aggregate

- Version#1: Micro studies find small labor supply effects, but (some) cross-country studies find big effects.
- Version #2: Micro studies find a substantial elasticity of taxable income, but aggregate growth studies find no clear tax effect.
- If taxes matter so much, why do they matter so little?

Information

- Non-capricious tax collection relies on the transmission of information.
- The world is undergoing an information revolution—how will/should it affect tax policy?
- At the same time, in many developing countries, information is scarce and presumptive tax systems are the de facto norm.

How Did the Republic Survive...?

- ...and, indeed, prosper during the 1950s and 1960s, when the top income tax rates exceeded 90%?
- Will France survive the 2010s with a 75% top rate?
- Can the U.S. survive, and even prosper, with a 39.6% top rate?

Firms Remit Tax, Not People

- How can we incorporate heterogeneous firms into our standard models, in light of the central role of firms in tax collection?
- NB: the international trade folks have done it.
- Is the Coasean equilibrium of firm sizes also an optimum, or does the need for tax collection mean that we should subsidize big (not small) firms?

Credibility

- Will tax analysis be left behind in the credibility revolution in econometrics if governments won't let us randomize tax policies?
- Some governments will let us randomize tax system aspects, such as information transmission and audit policy.
- The high correlation between our values and our parameter beliefs is bad for our aspiration to be a science.

Macro

- How can we integrate standard tax analysis with macro concerns, so that we need not so abruptly switch from talking about equity and efficiency to talking about MPCs whenever a recession comes among?
- Is there a straightforward way to integrate deficit concerns into standard analysis?

The Future and Deficits

- If 70% of youth think they'll get no Social Security, doesn't that turn payroll taxes into a huge disincentive, with a big negative income effect?
- The cost of government is measured not by taxes collected, but by its spending.
- The net cost is measured by the non-transfer spending.

Horizontal (In)equity

- How do we incorporate horizontal inequity into formal normative models?
- It undermines the legitimacy of government, and ignoring it allows capriciousness and discrimination.
- It's harder than you might think to do this without violating other principles of welfare analysis.

Why Is Tax Different?

- Cell phone plans are complicated; people cheat on lots of things; people react to the relative prices of everything.
- What can we learn from psychology about how people react to authority?
- Can, e.g., lab experiments help us disentangle the role of authority “in” and authority “to”?
- Beware the Milgram shocking experiments.

Keep Up the Good Work

- Hopefully, I'll have the opportunity to take a crack at some of these questions.
- But, mostly it's up to you.
- I respect you all greatly for pursuing this noble and important, albeit fascinating, profession.
- I am deeply honored to receive the Daniel Holland Medal from the National Tax Association.