Graduate student term papers:

Their purpose, how to write them, and what to avoid
What is the purpose of writing term papers?

→ to learn how to write your dissertation

Your dissertation will contain a

· description of your own research
· review of the literature relevant to your research

You need to convince your committee that

· your results are correct
· you know what your results mean and how they relate to the literature

→ term papers provide the necessary practice
(1) You need to write your paper in the same style as published papers

- your audience are persons who have done graduate work in economics but do not know the literature as well as you do. Not laypersons!

- do not write an “executive summary.” If your paper reads like an article from *The Economist* then you are on the wrong track.

- Read John Cochrane’s excellent paper “Writing Tips for Ph.D. Students”
  
  http://faculty.chicagogsb.edu/john.cochrane/research/Papers/phd_paper_writing.pdf
  
  (The link is on the department website (Graduate program))
(1) You need to write your paper in the same style as published papers

“...develop a model so abstract as to be virtually inapplicable. However, admitted faults within a nascent extension of the game theory paradigm render neither the subsequent literature equally culpable nor the enterprise itself without merit.”

*Beautiful language, but not the style of Economics Journals*
(1) You need to write your paper in the same style as published papers

“You need to write your paper in the same style as published papers. When analyzing the effects of removing taxes on capital income and increasing the wage tax, they explain that the elderly gain under this tax structure. However, the loss of welfare of younger generations more than offset these gains. They find the overall steady state welfare loss to be over 4 percent of total lifetime consumption and leisure (citation).”

Proofread your paper before you show it to someone!
“For the “second dividend,” Ronnie Schob explains that there are two forms of it, a “weak” one and a “strong” one. The “weak” one is when the revenue from the environmental tax is returned as a lump-sum transfer to households’. The “strong” form is when the revenue is used to cut distortionary taxes. He suggests in general we can not expect the “second dividend” in its “strong” form because there is a trade-off between the tax system and the environmental quality. However, in the absence of lump-sum transfers, the next best policy the government can follow is to compensate those who are affected by the dirty tax by subsidizing the clean goods that are substitutes of the dirty goods.”

Double-check that everything you write makes sense.
(1) You need to write your paper in the same style as published papers
   · your English must be understandable
     → it doesn’t have to be flawless, but your text must be as grammatically correct as possible
   · it is impossible to separate content from language
   · ask a native speaker of English to proofread your paper
   · speak English at home and with your friends as much as possible
(1) You need to write your paper in the same style as published papers

“4.2 A model of housing tenure choice
This paper emphasizes the externality that arises because tenants do not have incentive to take proper care of dwelling they occupy. This leads to agency costs in the form of more expensive maintenance or extra monitoring costs that will ultimately be paid by all renters in the form of higher rent. Therefore, cost is important source of tenure choice, if so, what about the welfare cost? Next paper examines welfare cost.”

Ask a friend to read your paper!
(1) You need to write your paper in the same style as published papers

“1. Theory: Laffer Curve and New Version

Traditional public revenue theory tells us that high marginal tax rates cause an inefficiency that arises with the square of the tax rate. ... If Laffer Curve is correct, high rates fail to raise any revenue. However, the empirical work has not been any more supportive since there is very little impact of changes in tax rates on labor supply for people, particularly for prime-age working men. This would also seem to indicate that Laffer curve is false.”
(2) Do not plagiarize!

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(2) Do not plagiarize!
to examine the evidence in support of the high-income Laffer curve. Using the same method as
Feldstein did for 1980s, he found that the elasticities of taxable income calculated for other tax
changes seem to be much more modest, with several indistinguishable from zero (Table 2). The
largest regression estimates of taxable income elasticity from 1922-1980 are lower than the smallest
estimates in the literature based on the 1980s (Table 3 and 4).

Gould (2000) estimated the elasticity of taxable income with respect to marginal rates in a
way that does not suffer from some standard problems of the previous literature by using panel data
for the levels and forms of compensation for several thousand corporate executives from 1991 to
1995. He distinguished temporary shifts in compensation from more permanent behavioral changes.
The revenue implications of tax cuts hinge on whether changes in taxable income are made in the
form of compensation or in the timing of compensation.

This study also showed that in this group of high-income people almost all of the estimated
responsiveness of taxable wage and salary income to marginal rates from 1991 to 1995 was the result
of shifts in the timing of compensation, not permanent shifts in the form of compensation.

The short-run elasticity of taxable income with respect to the net-of-tax share exceeds one, but
taking out the temporary component yields long-run elasticity between zero and 0.4. The largest
short-run responses are concentrated among very rich executives and those who have stock options.
There is virtually no response of taxable income when the exercise of stock options is excluded, and
the disaggregated data verify that the vast majority of the changes in taxable income come from
variations in the timing of optional exercises. Salary and bonus do not fall in response to changes in
marginal rates, and while there is some evidence of an increase in the nonreturnable form, the
magnitude is nowhere nearly large enough to explain the drop in taxable income from 1992 to 1993.

This result showed that the more the rich could lead to dramatic shifting of taxable income in
the year immediately surrounding a tax change. Such changes may allow many to avoid taxation for
a short period of time and may wreak havoc on contemporaneous revenue estimates. But after the
shifting is done, the total changes in taxable income seem to be more limited and the deadweight loss
of progressiveness more modest than previous work has suggested.

Esser and Ladewig (1996) examined the impact of TRA 88 to compare the labor force
participation and labor hours between the two groups, single women with children and without
children. They found that single women with children increase their relative labor force participation
by up to 2.8 percentage points. They found no change in the relative hours worked by single women
with children who were already in the labor force.

III. Discussion

1. The problem of rank reversal

Since there is a lack of panel data prior to 1980s, Lindsey estimated the elasticity of taxable
income by assuming that there is no rank reversal within income distribution over time. However,
several analysts have questioned whether people remain in the same relative income categories
across time. Stimpfl (1992, 1994, 1996) discussed the potential importance of temporary income
and rank reversals for drawing conclusion about relative income changes. He found that the
composition of high-income groups does have some significant turnover from year to year. Thus, the
work of estimating true elasticity of taxable income with respect to net-of-tax share had turned to
panel data.

2. The implication of magnitude in elasticity of taxable income and labor supply

The substantial sensitivity of taxable income to the net-of-tax share implies that lower
marginal tax rates would involve much less revenue loss than in traditional assumed and would bring
a much more substantial reduction in the deadweight loss of a tax system than is implied by
calculations based on labor supply alone. The substantial sensitivity of married women’s labor
supply implies that the efficiency of the tax system could be increased significantly by reducing the
marginal tax rates of these women relative to their husband’s marginal tax rates.
(2) Do not plagiarize!

Check the web (e.g. the resources at our own library at http://library.lib.binghamton.edu/instruct/plagiarism.html if you are not sure what constitutes plagiarism and what doesn’t)
(3) Do not paraphrase!

- The purpose of your paper is never to summarize a particular paper

- you refer to other papers either to compare them with each other (lit. review), or to relate them to your own work (research paper)

- if you find the need to paraphrase, then most likely you are not doing what you ought to be doing

- for the same reason: Do not quote!
(4) How to write a literature review?

- the purpose of a literature review is to provide readers who have done graduate work in economics with information about a topic

- be sure that you know what you want your reader to learn from your review

- include the essential papers in the literature, not just some random papers

- identify the relevant information in every paper and compare the papers with each other
(4) How to write a literature review?

- read some of the literature reviews in the
  - Journal of Economic Literature
  - Handbook of XXX-Economics series

- do not include irrelevant details

What is irrelevant?
That depends on what you want your reader to learn from your review

→ equations are often irrelevant
  because you want to emphasize the essential differences and similarities of your papers
(5) How to write a research paper?

As your reader, I need to know

- what is the purpose of your research?
- why is this interesting?
- what are you doing?
- what is new?
- what exactly are you doing?
- what do you find?
- what does it mean?
- what are the broader implications?

Before you start writing your paper, answer each question in a short paragraph
(5) How to write a research paper?

Writing good papers and giving good presentations are closely related

- go to as many seminars as possible
- if you get lost, ask yourself: why do I get lost
  - talk is not well motivated (who cares?)
  - talk is not well structured (where does this go?)
  - presenter speaks to fast, mumbles
  - presenter does not answer questions well
    - does he know what he is doing?
    - does he care if anyone can follow his presentation?
(5) How to write a research paper?

Writing good papers and giving good presentations are closely related

Remember that you need to give a good job market seminar to get a job offer in academics.