

PS2

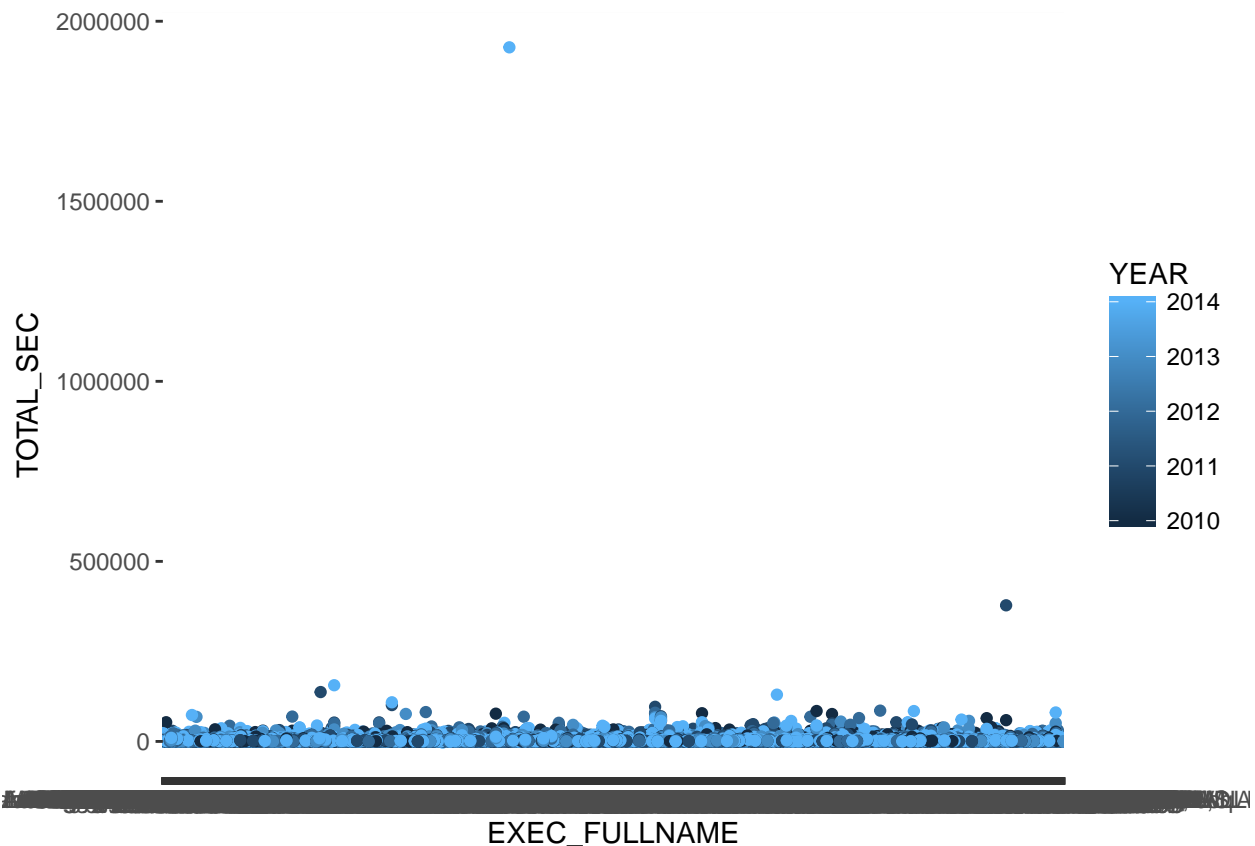
```
execomp <- read.csv("C:\\Users\\Eli\\Dropbox\\ERG\\Spring19\\PublicEcon\\HW2\\execucomp.csv")
sum(execomp$TOTAL_SEC==0, na.rm = 1)
```

```
## [1] 36
```

1. CEO Pay response to the 2013 US tax increase The goal of this exercise is to repeat the Goolsbee (2000) analysis of CEO pay around the 2013 top tax rate increase (instead of the 1993 top tax rate increase as Goolsbee did).

a) First stage: Using online sources, calculate the change in the top marginal tax rate for labor income compensation generated by the 2013 tax increase including both the change in the Federal tax rate, and the Affordable Care Act surtax. How does the size of the change compare with the 1993 tax increase from Goolsbee (2000) study?

```
## Warning: Removed 92 rows containing missing values (geom_point).
```



b) Timing of the reform: search online to figure out whether people knew in advance that the 2013 tax increase would take place? Is it reasonable to think that executives could respond to the tax change as they did with the 1993 tax change?

```
## Warning: package 'bindrcpp' was built under R version 3.4.4
```

```
##           [,1]      [,2]      [,3]      [,4]      [,5]
## YEAR      2010.0000 2011.0000 2012.0000 2013.0000 2014.0000
## Taxable Income 2790.9356 2965.5420 3043.9445 3060.5986 3740.1791
## SALARY      477.4275 489.9179 501.3290 517.4889 537.3085
```

## Bonus	135.8246	124.9208	126.7948	119.5551	119.3872
## LTIP	NaN	NaN	NaN	NaN	NaN
## Options	472.7014	488.2045	426.3211	447.4664	436.6163
## Other Compensation	153.3626	148.7925	167.7227	170.9054	180.3140

[1] "https://en.wikipedia.org/wiki/Income_tax_in_the_United_States#Marginal_tax_rates_since_2008"

From Goolsbee (2000)

Taxable income 911 1,153 974 965 1,173 Salary 347 336 336 351 373 Bonus 198 207 241 284 330 LTIP payout
57 72 57 64 89 Options exercised 268 496 293 235 381 Other income (nontaxed) 36 37 66 54 78