

## Hendren and Sprung-Keyser (2020) Outline

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- Background context
  - Shortfalls in current literature
- Purpose of the paper
  - Complete a comparative welfare analysis of 133 historical tax and expenditure policies implemented in the US over the past 50 years, focusing on:
    - Social insurance
    - Education
    - Taxes and cash transfers
    - In-kind transfers
  - Benefits captured by willingness to pay of policy recipients
  - Costs combines initial program spending and long-run effect of the policy on the gov budget
  - Generate the marginal value of public funds (MVPF)
    - Explain why this is a good measure
  - Note, constrained by scope of current literature
- Main results
  - MVPFs vary substantially by recipient age
    - High MVPFs for policies targeting children
    - Lower MVPFs for policies targeting adults
  - Among adults, MVPFs for reductions in top marginal tax rates are relatively large
- Relation to previous theories
  - MVPFs are related to literature on optimal government policy and redistribution (e.g. Mirrlees 1971 and 1976)
- Implications for future research
  - Show how MVPF framework allows us to quantify the value of this research
  - Show the added insights that come from using MVPF as opposed to traditional cost-benefit analyses
  - Discuss the implications of the MVPF framework for future empirical designs
- Relationship to existing literature
  - Researchers have previously argued that some government expenditures largely pay for themselves
  - Laffer effect – reducing top marginal tax rates raises total revenue
    - Most robust evidence for Laffer effects for policies investing directly in children
- Roadmap for the rest of the paper
  - General social welfare framework that motivates MVPF construction
  - Sample and construction of MVPF
  - Main results
  - Comparison of estimates to existing theories
  - Lessons for future work
  - Conclusion