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**DOCTORAL
STUDIES**

Massachusetts Institute of Technology (MIT)
PhD, Economics, Expected completion June 2014
DISSERTATION: "Essays in Optimal Income Taxation"

DISSERTATION COMMITTEE AND REFERENCES

Professor James Poterba
MIT Department of Economics
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Professor Ivan Werning
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Professor Esther Duflo
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Professor Robert Townsend
MIT Department of Economics
77 Massachusetts Avenue,
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ADDITIONAL REFERENCE

Professor Emmanuel Saez
University of California, Berkeley
Department of Economics
530 Evans Hall, 3880,
Berkeley, CA 94720
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PRIOR EDUCATION Paris School of Economics and ENSAE,
 Master in Economic Analysis and Policy, 2009
 Ecole Polytechnique, Paris,
 Master Quantitative Economics and Finance, 2008
 University of Cambridge, UK,
 Bachelor of Arts (Honors) in Economics, 2007

CITIZENSHIP France **GENDER** Female

LANGUAGES English, French, Bulgarian, German, Spanish

FIELDS Primary: Public Finance
 Secondary: Development Economics

TEACHING EXPERIENCE “Development Economics: Macro Issues”, MIT course 14.772.
 Teaching assistant to Profs. Banerjee, Duflo and Townsend,
 Spring 2014.
 “Intermediate Macroeconomics”, Ecole Polytechnique.
 Teaching assistant to Prof. Florin Bilbiie, Spring 2009

RELEVANT POSITIONS Research Assistant to Prof. Robert Townsend, Thailand,
 Summer 2011
 Research Assistant to Prof. Esther Duflo, Microcredit in Morocco,
 Summer 2010
 Research Assistant to Prof. Daron Acemoglu, Summer 2010
 Research Assistant to Profs. Esther Duflo and Abhijit Banerjee
 (part time work, while studying) 2006-2009

FELLOWSHIPS, HONORS, AND AWARDS Bradley Foundation Fellowship in Public Finance, 2010-2014
 James Berkovec Memorial Fund Scholarship, 2009
 Ida Green Institute Fellowship, MIT, 2009
 Prize for the Best Master Dissertation, Chair of Business Economics, Ecole
 Polytechnique, 2008
 Scholarship for Academic Excellence, Ecole Polytechnique, 2007
 Gladstone Memorial Prize for the Best Undergraduate Dissertation, University
 of Cambridge, 2007
 Adam Smith Prize for the Best Undergraduate Dissertation in Economics,
 University of Cambridge, 2007
 Adam Smith Prize for the Best Undergraduate Student in Economics,
 University of Cambridge, 2007
 Scholar, Gonville and Caius College, University of Cambridge, 2004-2007
 Bursary for Academic Excellence, Cambridge European Trust, 2004

PROFESSIONAL ACTIVITIES *Referee for:*
The American Economic Review, The American Economic Journal: Economic Policy, The Quarterly Journal of Economics, The Journal of Public Economics, Mathematical Social Sciences

Conference and Seminar Presentations:

NBER Summer Institute, Public Economics, July 2013
Seminar Cornell University, April 2013, Ithaca, NY
Social Choice Workshop, May 2013, Princeton University
National Tax Association Meetings, Nov 2012, Providence, RI
SED Annual Meeting June 2012, Limassol, Cyprus

PUBLICATIONS **“Optimal Income Taxation with Adverse Selection in the Labor Market”,**
(forthcoming) *Review of Economic Studies*, 2013
This paper studies optimal linear and nonlinear redistributive income taxation when there is adverse selection in the labor market. Unlike in standard taxation models, firms do not know workers’ abilities and competitively screen them through nonlinear compensation contracts, unobservable to the government, in a Miyazaki-Wilson-Spence equilibrium. Adverse selection leads to different optimal tax formulas than in the standard Mirrlees (1971) model, because of the use of work hours as a screening tool by firms, which for higher talent workers results in a “rat race” and for lower talent workers in informational rents and cross-subsidies. The most surprising result is that, if the government has sufficiently strong redistributive goals, welfare can be higher when there is adverse selection than when there is not. Policies that endogenously affect adverse selection are discussed. The model has practical implications for the interpretation, estimation, and use of taxable income elasticities, which are central to optimal tax design.

“Optimal Taxation of Top Incomes: A Tale of Three Elasticities,”
(with Thomas Piketty and Emmanuel Saez),

(forthcoming) *American Economic Journal: Economic Policy*, 2013.

This paper presents a model of optimal labor income taxation in which top incomes respond to marginal tax rates through three channels: (1) standard labor supply, (2) tax avoidance, (3) compensation bargaining. We derive the optimal top tax rate formula as a function of the three corresponding behavioral elasticities. The first elasticity (labor supply) is the sole real factor limiting optimal top tax rates. The optimal tax system should be designed to minimize the second elasticity (avoidance) through tax enforcement and tax neutrality across income forms. The optimal top tax rate increases with the third elasticity (bargaining) as bargaining efforts are zero-sum in aggregate. We provide evidence on this elasticity using cross-country times series macro-evidence and CEO pay micro-evidence. The macro-evidence from 18 OECD countries shows that there is a strong negative correlation between top tax rates and top 1% income shares since 1960, implying that the overall elasticity is large. However, top income share increases have not translated into higher

economic growth. US CEO pay evidence shows that pay for luck is quantitatively more important when top tax rates are low. International CEO pay evidence shows that CEO pay is strongly negatively correlated with top tax rates even controlling for firm characteristics and performance, and this correlation is stronger in firms with poor governance. These results suggest that bargaining effects play a role in the link between top incomes and top tax rates, implying that optimal top tax rates could be higher than commonly assumed.

RESEARCH PAPERS

“Optimal Dynamic Taxation and Human Capital Policies over the Life Cycle” (Job Market Paper)

This paper derives optimal income tax and human capital policies in a dynamic life cycle model of labor supply and risky human capital formation. The wage is a function of both stochastic, persistent, and exogenous "ability" and endogenous human capital. Human capital is acquired throughout life through monetary expenses and training time. The government faces asymmetric information regarding the initial ability of agents and lifetime evolution of ability, as well as the labor supply. When human capital is observable, the optimal subsidy on human capital expenses is determined by three considerations: counterbalancing distortions to human capital investment from the taxation of wage and capital income, encouraging labor supply, and providing insurance against adverse draws from the productivity distribution. When the wage elasticity with respect to ability is increasing in human capital, the optimal subsidy involves less than full deductibility of human capital expenses on the tax base, and falls with age. The optimal tax treatment of training time also depends on its interactions with contemporaneous and future labor supply. I consider two ways to implement the optimum: income contingent loans, and a tax scheme that allows for a deferred deductibility of human capital expenses. I also study the case in which human capital is unobservable, and derive how optimal policies need to be adjusted to indirectly incentivize human capital acquisition. To complement the theory, numerical results are presented, which suggest that close to full deductibility of expenses might be optimal, and that simple linear age-dependent policies can achieve almost the full welfare gain from the second best.

“Generalized Social Marginal Welfare Weights for Optimal Tax Theory” (with Emmanuel Saez)

NBER Working Paper 18835, 2013

This paper proposes a theory of optimal taxation using the tax reform approach and generalized social marginal welfare weights to capture social preferences for redistribution. A tax system is optimal if no budget neutral small reform can increase a weighted sum of (money metric) gains and losses across individuals. However, the weights used for aggregating gains and losses are not derived from a standard social welfare function based on individual utilities but instead directly specified to reflect society's views for justice.

Optimum tax formulas take the same form as standard welfarist tax formulas by simply substituting standard marginal social welfare weights with those generalized marginal social welfare weights. We show how the use of suitable generalized social welfare weights can help resolve most of the puzzles of the traditional welfarist approach while retaining constrained Pareto efficiency. In contrast to the welfarist approach, generalized welfare weights can be specified to (1) provide a rich theory of optimal taxation even absent any behavioral responses, (2) treat differently “deserved income” vs. “undeserved income”, (3) treat differently “deserving transfer beneficiaries” vs. “free loaders”, (4) rule out the use of tags unless they can make a Pareto improvement. We show how the most prominent alternatives to utilitarianism such as Libertarianism, Rawlsianism, Equality of Opportunity, Fair Income Taxation, and Poverty Alleviation, can be re-cast within our theory. Hence, generalized welfare weights can be derived from social justice principles, leading to a normative theory of taxation. Generalized welfare weights can also be derived from estimating actual social preferences of the public, leading to a positive theory of taxation. We use a simple online survey to illustrate this latter approach.

“How elastic are preferences for redistribution? Evidence from Randomized Survey Experiments”

(with Ilyana Kuziemko, Michael Norton, and Emmanuel Saez),

NBER Working Paper 18865, 2013

[Revision requested, American Economic Review]

This paper analyzes the effects of information about inequality and taxes on preferences for redistribution using randomized online surveys on Amazon Mechanical Turk (mTurk). About 5,000 respondents were randomized into treatments providing interactive information on U.S. income inequality, the link between top income tax rates and economic growth, and the estate tax. We find that the informational treatment has very large effects on whether respondents view inequality as an important problem. By contrast, we find quantitatively small effects of the treatment on views about policy and redistribution: support for taxing the rich increases slightly, support for transfers to the poor does not, especially among those with lower incomes and education. An exception is the estate tax. We find that informing respondents that the estate tax affects only the very richest families has an extremely large positive effect on support for this tax, even increasing respondents' willingness to write to their U.S. senator about the issue. We also find that the treatment substantially decreases trust in government, potentially mitigating respondents' willingness to translate concerns about inequality into government action. Methodologically, we explore different strategies to lower attrition in online survey platforms and show our main results are robust across methods. A small follow-up survey one month later reveals that our results persist over time. Finally, we compare mTurk with other survey vendors and provide suggestions to future researchers considering this platform.