

Junior Appointments Committee

November 15, 2015

Dear Colleagues

It is a pleasure to introduce to you Elliott Ash, a Columbia PhD student that is graduating in from our Economics program. I have known Elliott since he took my Law and Economics class as a Columbia Law student. He was then admitted to our PhD program in economics, and I have been working closely with him since then. He has turned out to be an incredibly energetic researcher who blossomed in our program to join a growing group of talented applied students from Columbia, that includes former student, Sol Hsiang, recently tenured at Berkeley, currently considering a move to U of Chicago.

His research agenda is to push forward the frontier in applied economics using large administrative data sets constructed from public records. Let me begin with a discussion of his early work with me, and then I will discuss his job market paper, and conclude with a general assessment. He also has a number of joint projects with his other letter writers, and so it makes sense for them to discuss their joint work with Elliott to get a full picture of his range of skills.

He began work with me on a tort law project, that was eventually published in the Rand Journal (joint with Dan Carvell and Janet Currie). In that project we used a national data base on changes in tort law merged with national vital statistics data to tease out the relationship between changes in tort law and mortality. From there Elliott and I started a joint project (still ongoing), in which we are putting together a large database of state

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appellate court decisions from 1947 until now that is merged with Judge biographical information. This is a large undertaking that I could not have done without Elliott's input, both in terms of his programming skills, and also helping to manage the large number of RAs on the project.

In this project we are matching the appellate court decisions to judge biographies to create a unique data set that follows the output of judges over a long period of time. What is exciting about this project from a labor economist's perspective is that it allows one to measure the performance of a group of highly skilled individuals over a long period of time doing a job whose essential features have not changed.

The first paper we did with this data (forthcoming in the *Journal of Law and Economics*) measures the importance of intrinsic motivation for judges. We find the evidence is consistent with the hypothesis that state appellate court judges have an intrinsic desire to do a good job, that is separate from the pecuniary rewards of the job. We are currently revising our second paper on this project that explores how the selection of judges determines the quality of a judge. We find evidence that judges selected using merit commissions are of higher quality than judges selective via at large elections. Previous work has not found such an effect, in part because of the lack of a long longitudinal data base such as the one we have created. Once this paper is done, we plan to look at the relationship between the age of a judge, performance and the effect of mandatory retirement rules.

We are currently in the process of developing better measures of judicial performance. An important topic for future research is find better ways to evaluate the performance of highly skilled individuals. This is a question that is of importance so many markets, including the financial sector, education and health care. Elliott and I plan to work on the foreseeable future. In these projects Elliott has demonstrated a deep knowledge of the legal rules, and has been a true coauthor as we worked on the identification strategy and robustness checks. Since this is joint work, it was not considered suitable for his job market.

His job market paper, "Tax Law and Fiscal Policy: A Data-Driven Approach to Tax Policy Design" is a very creative piece of work that asks if the language in a tax law can have a real effect? The standard approach in public economics is to suppose that tax incidence is set by the tax rate given the tax base. Some recent work by Roger Gordon and Wojciech Kopczuk has begun to look at how changes in the tax base affect revenues. Conceptually, the question is simple - Revenue = Tax Rate x Base. The determination of

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the tax base is a function of a large and complex set of laws, as well as how these laws are implemented and enforced. One can detail the effect of a particular rule, such as the treatment of certain business expenses, but determining the overall pattern is very difficult. In this paper Elliott uses natural language processing techniques to see what phrases endogenously have the largest impact upon the tax base. He then measures how the frequency of these phrases vary with the political party in charge, and he is able to document the way parties can affect the revenues via systematic changes in the tax base, holding marginal tax rates fixed.

Given that the mechanisms by which language affect the base are varied and complex, one has to be careful that the results are not driven by spurious correlation. To address this problem, Elliott creates an instrument for the language based upon the culture of lawyers in similar jurisdictions and then uses changes in this language as an instrument for language in a state. The point here is to tease out a relationship between language per say and its effect upon the tax base.

This approach has the potential to open up a new area in political economy. As economists, we tend to view economic systems via the lens of national accounts and other data sets. Yet the economy is managed via a set of laws passed by governments and later enforced in court. With this work we will have a way of teasing out the link between legal language and its real effects upon the economy. Elliott is the perfect person to push forward this agenda. He combines a knowledge of the law (he is a member of the New York bar), real economic intuition, and an incredible amount of energy. He is easily one of the most energetic students I have supervised. In addition, he is a truly skilled programmer, and has the ability to produce high quality code at an incredible pace.

Finally, he has the skill set to manage a large group of research assistants. His commitment to this project is likely to yield a string of important papers. We have discussed the various ways that language can affect the tax base, including affect how income is treated, and the level of enforcement. Teasing the mechanisms between changes in language and their effect upon the tax base is likely to be a fruitful research agenda.

In “Are property taxes too high? Evidence from staggered property reassessments” Elliott has come up with a very clever identification strategy to measure the effect of a change in property taxes. The main idea begins with the observation that local public funding is based upon property taxes that vary with the value of housing and commercial properties. However, the values associated with these properties are determined via an evaluation process that follows an administrative schedule that is uncorrelated

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with economic activity. Elliott's idea is to use the staggered re-valuation of properties as an exogenous variation in local public funding to see the effect upon real activity. This is a really neat idea that provides a new and more convincing approach to measuring the effect of local public revenue. The main result is that a 1% increase in the property tax is associated with a 0.26% increase in local population and 0.15% increase in local business establishments. His robustness checks suggest that the effects are not driven by changes in other taxes, but by changes in the assessments themselves, or by changes in borrowing behavior. He shows that these results are consistent with a model in which an increase in property taxes can reduce distortions caused by other taxes (though theoretically the effects are ambiguous, which is why we need evidence!). Overall a really nice piece of work.

I will let Massimo Morrelli and Suresh Naidu discuss the work he is doing with them.

In summary, Elliott is a truly unique researcher that I recommend without hesitation to all schools, particularly those departments that value creativity, energy and research that crosses the boundary between economics, political science, law and computer science. He is a joy to work with, and is a fantastic colleague. His major sin is that he is only too happy to help others with their work, which at times wears him a bit thin. Naturally, this means that any department that hires him will be delighted to have him around. He creates enormous positive externalities and would be a great hire.

Please feel free to contact me if you have any questions.

Sincerely Yours,

*W Bentley Mayford*