

# Propositions

accompanying the dissertation

TAX POLICY IN IMPERFECT LABOR MARKETS

by

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1. In the typical case that labor participation is taxed, labor unions do not improve welfare. (Chapter 2)
2. Unemployment raises the efficiency costs of income taxes, especially at low earnings levels. (Chapters 2 and 3)
3. Employment subsidies such as the Earned Income Tax Credit should feature a phase-in region. (Chapter 3)
4. Income taxes can be used to indirectly tax profits if firms have monopsony power in the labor market. (Chapter 4)
5. Monopsony power has an ambiguous effect on welfare; it exacerbates inequality in capital income, but lowers inequality in labor income. (Chapter 4)
6. The world is second-best at best. An important implication for policymakers is that equity and efficiency can go hand in hand.
7. Data or empirical findings never speak for themselves. They need theory to be made useful.
8. Most current research in macroeconomics is based on *micro*-foundations. It would be good if more research in microeconomics is based on *macro*-foundations.
9. Public economics is the only study which offers the tools and a framework that can serve directly as a basis for policy making.
10. People who never miss a train spend too much time on train stations.
11. “Encourage your own curiosity; pursue the problems based on that.” – James Mirrlees