Cover Letter

September 2, 2020

Applicant Information
Patrick Kennedy
PhD Candidate in Economics (4th year)
NSF Graduate Research Fellow
University of California, Berkeley
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Recommender Information
Alan Auerbach
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University of California, Berkeley
Director, Burch Center for Tax Policy and Public Finance
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To Whom It May Concern:

Please find attached my application materials for the NBER Graduate Student Workshop on Business Income Taxation on October 1, 2020. These materials include a CV, list of PhD coursework, and a one-page essay describing my motivation for attending the workshop.

I am very enthusiastic about the opportunity. Please feel free to contact me if I can provide any additional information, and thank you for your consideration.

Sincerely,

Patrick

Essay Describing Motivations for Attending the Workshop

Background

I am a fourth-year PhD Candidate in Economics at the University of California, Berkeley with research interests at the intersection of public finance, labor economics, and spatial/urban economics. I have worked extensively with tax microdata due to my research experience at the Joint Committee on Taxation in Washington, D.C., and the California Policy Lab in Berkeley, CA, and continue to use these microdata (including both individual and business tax records) for my ongoing original research. Below I briefly describe three of these ongoing projects.

Research: Assessing Opportunity Zones. I am conducting research to evaluate the impacts of the federal Opportunity Zone program on investment, employment, wages, and local prices in low-income Census tracts. I link data on firm-by-tract level financial investment flows from investors, business responses on real investment (proxied by changes in depreciation deductions), and wages of employees. I supplement this information with employer-linked individual tax data, as well as geographically granular data on real estate prices and new construction. The questions I aim to answer are: Why do some census tracts, industries, and firms receive more or less investment than others? What is the short-run incidence of this program on the wages of low-income incumbent residents? Although new data are still arriving in real time, this project is in fairly advanced stages in terms of data collection and identification strategies.

Research: Trade War Impacts. I am using business tax records and firm-level customs records to study the effects of recent US protectionist tariff policies on firms' investment, profits, employment, and wages. Tariffs are of course simply taxes on production and/or consumption, and although recent literature has documented that import competition in the US caused concentrated losses for American manufacturing firms and workers, it is unclear whether tariffs can achieve policymakers' aims of reversing those losses.

Research: TCJA Impacts. In collaboration with economists at the Joint Committee on Taxation, I am working to understand the short-run impacts of the TCJA's business tax cuts on investment and wages. This a very preliminary project, and as such I believe the workshop would be particularly valuable for informing and shaping the research design and approach.

Reasons for Attending the Workshop

My motivation for attending the workshop is straightforward: I have no doubt I would benefit from the research expertise, guidance, and feedback of the workshop faculty and attendees. The workshop program will cover material directly related to my ongoing research projects, and moreover I welcome the opportunity to meet and perhaps collaborate with talented and ambitious students who share my research interests.

List of Completed PhD Coursework

Core Coursework

Microeconomics

- Choice Theory; Consumer and Producer Theory; Social Choice; General Equilibrium (David Ahn)
- Game Theory; Mechanism Design (Haluk Ergin)

Macroeconomics

- Growth Theory; Consumption (Andres Rodrigues-Clare and Pierre Olivier Gourinchas)
- Business Cycles; Labor Markets (Yuriy Gorodnichenko and Benjamin Schoefer)

Econometrics

- Probability Theory; Linear Regression; Inference (Michael Jannson and Bryan Graham)
- GLS, Instrumental variables; GMM; Nonlinear models (Demian Pouzo and Jim Powell)

Economic History

- American and World Economic History (Bradford Delong and Barry Eichengreen)

Field Coursework

Public Economics

- Theory of Taxation; Public Choice and Expenditure; Capital Income Taxation (Alan Auerbach)
- Optimal Taxation; Behavioral Responses to Taxation; Social Insurance; International Taxation and Avoidance (Emmanuel Saez and Gabriel Zucman)

Labor Economics

- Labor Supply and Demand; Search Models; Firms and Inequality; Selection Models; Human Capital Theory; Discrimination; Human Capital; Peer Effects (Patrick Kline and Chris Walters)
- Applied Econometrics; Identification; Estimation; Inference (Patrick Kline and Chris Walters)
- Special Topics in Labor Economics (David Card)

Trade and Spatial Economics

- International Trade Theory and Evidence; Trade Policy (Andres Rodrigues-Clare)
- Economic Geography; Spatial Equilibrium; Urban Agglomeration/Congestion (Cecile Gaubert)

Macroeconomics

- Business Cycles; Phillips Curves and Inflation; Consumption and Income Shocks; Labor Share; Productivity and Scale Economies; Exchange Rates (Emi Nakamura and Jon Steinsson; audited)

PATRICK KENNEDY
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Education

2017- **UNIVERSITY OF CALIFORNIA, BERKELEY**
PhD Student in Economics, Regents Fellow, NSF Graduate Research Fellow

2009-13 **STANFORD UNIVERSITY**
Bachelor of Arts in Political Science, Phi Beta Kappa with distinction

Publications

2020 "The Return to Protectionism" with Pablo Fagjelbaum, Penelopi Goldberg, and Amit Khandelwal. *Quarterly Journal of Economics*. Lead article and Editors' Choice.

2019 "Where Do People Get Their News?" with Andrea Prat. *Economic Policy.*

Working Papers and Works in Progress

2020 "Protectionism and Profit: Worker- and Firm-Level Evidence"

2020 "Investment, Growth, and Place-Based Policies: Evidence from Opportunity Zones" with Harrison Wheeler.

Policy Experience

2020- **JOINT COMMITTEE ON TAXATION**, Washington, D.C.

- Research to inform tax policy conducted on behalf of the United States Congress.

2018–19 **CALIFORNIA POLICY LAB**, Univerity of California, Berkeley, CA

- Research partnerships with administrative agencies to understand and improve tax policy, education access, and labor market outcomes in the state of California.

2013–15 **FEDERAL RESERVE BOARD**, Division of International Finance, Washington, D.C.

- International capital flows research using security-level Treasury International Capital (TIC) data. Academic research and regular policy briefings for the FOMC.

2015 **DEPARTMENT OF THE TREASURY**, Financial Stability Oversight Council, Washington, D.C.

- Financial Stability Oversight Council Annual Report. (2015). Jointly published by the Treasury, Federal Reserve, and other agencies.

Refereeing

Econometrica; Journal of International Economics; World Bank Economic Review

Fellowships and Research Grants

2020 UC Berkeley Center for Equitable Growth ($10K)

2020 Burch Center for Tax Policy and Public Finance ($5K)

2019 UC Berkeley Opportunity Lab Fellowship, Inequality and Place Initiative ($15K)

2017 National Science Foundation Graduate Research Fellowhip ($134K)

2017 Berkeley Regents Fellowship ($96K)

2013 Presidential Fellow, Center for the Study of the Presidency and Congress ($2K)

2012 Stanford University Major Grant Award ($6K)

Conference and Seminar Presentations

2020 European Economic Association Summer Meetings, Rotterdam, Netherlands (virtual)

2020 NBER International Trade and Investment Spring Meetings (virtual)

2020 Berkeley Opportunity Lab, Berkeley California

2020 American Economic Association, San Diego, California

2019 West Coast Trade Workshop, San Diego, California

2018 NBER International Trade and Investment Winter Meetings, Stanford, California

2018 NBER Summer Institute, International Trade and Investment, Cambridge, Massachusetts

2018 67th Annual Economic Policy Panel, Zurich, Switzerland

2015 Federal Reserve Board, Washington, D.C.

Honors and Awards

2019 Opportunity Lab Fellowship, Inequality and Place Initiative (UC Berkeley)

2018 Regents Fellowship (UC Berkeley)

2017 National Science Foundation Graduate Research Fellowship (National Science Foundation)

2013 Dean's Award for Academic Excellence (Stanford)

2013 J.E. Wallace Sterling Scholastic Award (Stanford)

2013 Distinguished Honors, for outstanding thesis research (Stanford)

2013 Donald B. Marron Prize, for Best Historical Analysis of the Presidency (Center for the Study of the Presidency and Congress)

2012 Phi Beta Kappa (Stanford)

2011 Andrea Lunsford Award for Excellence in Original Research and Oral Communication (Stanford)

2010 Lindsay Peters Jr. Memorial Prize for Most Outstanding Student in American Government and Politics, given to the top student in American Goverment (Stanford)

UNIVERSITY OF CALIFORNIA, BERKELEY

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September 4, 2020

Brett Maranjian
NBER

Dear Brett,

I am writing to support the application of Patrick Kennedy, a fourth-year UC Berkeley Ph.D. student, to participate in the upcoming NBER Graduate Student Workshop on Business Income Taxation, in which, as you know, I will be giving a presentation.

Patrick was a student in my graduate public economics class, where he was engaged and inquisitive, has accumulated detailed knowledge about tax data and policy from his research experience, and is currently conducting original research on several topics closely related to business taxation.

Patrick has acquired significant experience working with tax data and studying tax policy. During 2018-19, he was a graduate research fellow at the California Policy Lab, where he worked with California individual tax data on questions related to the gig economy under the supervision of my colleague, Professor Jesse Rothstein. Moreover, since January, Patrick has been working part-time with the U.S. Joint Committee on Taxation, where he works with both individual and business tax records. In conversation, it is evident that Patrick has gained a nuanced appreciation for the details of tax implementation and reporting as a result of this experience.

Lastly, and perhaps most importantly, Patrick is engaged in several research projects directly related to business income taxation. Among his many projects, he is using individual and business tax data to assess the incidence of the federal Opportunity Zone program, trade war tariffs, and the Tax Cuts and Jobs Act. From what I know, these are creative and thoughtful projects with strong potential to extend the research frontier on topics related to place-based policies, trade, and business taxation.

All told, I believe Patrick would be an ideal candidate for the NBER Graduate Student Workshop on Business Taxation. I am confident that Patrick's research would benefit from the workshop, and also that Patrick would positively contribute to the learning experience of the other attendees.

Best regards,



Alan J. Auerbach

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