

Due Date: Wednesday, November 23, 2005

Imagine that the following two papers have been submitted to a journal at about the level of the Journal of Public Economics.

“Labor Supply Effects of the Earned Income Tax Credit: Evidence from Wisconsin’s Supplemental benefit for Families with Three Children” (by Maria Cancian and Arik Levinson)

“On the Optimality of Age-Dependent Taxes and the Progressive U.S. Tax System” (by Martin Gervais)

Please pick one of the two papers, and imagine that one of the editors has asked you for your recommendation about whether or not the paper should be published in the journal. Draft a brief letter, no more than one paragraph, to the editor explaining your recommendation regarding the paper. Recommendations usually fall into three categories: "publish as is," "revise and resubmit," or "reject." Your cover letter should explain the reasons for your recommendation, but it does not need to provide great detail.

Please attach a referee's report that is no longer than two single-spaced pages and that explains the arguments underlying your recommendation. Does the paper break new ground? Are the findings important enough to warrant publication, assuming that they are correct? Is the empirical work convincing and is the econometric methodology correct? If there are proofs, are they right? Are there other issues that the author should address if the paper is going to be revised?

Most journals allow at least six weeks for the completion of a referee's report, and many allow as much as six months. Unfortunately, you will have only one week!

Here are a few suggestions for referee report writing. For a longer discussion of some of these issues you may wish to consult two papers:

Daniel Hamermesh, "The Young Economist's Guide to Professional Etiquette," Journal of Economic Perspectives 6 (1992), 169-179

William Thompson, "Guidelines on Writing Referee Reports," mimeo, 1998. (available at [http://www.webpondo.org/files\\_ene\\_mar04/referee.pdf](http://www.webpondo.org/files_ene_mar04/referee.pdf)).

For theory papers, you typically start with a brief overview of what the authors do and a brief summary of the paper's new contribution. After that you provide your thoughts about strengths or weaknesses of the paper. Strengths might include: interesting question not answered before, interesting methodological contribution / new techniques that help to deepen understanding of the issue, new results on an old question, or similar items. Examples of weaknesses might include algebraic or modeling mistakes, demonstrating results that are well known or just a simple reinterpretation of the existing results, excessively strong or unrealistic assumptions needed to obtain the results, an inappropriate theoretical model for answering the question at hand, perhaps because it misses some important dimensions of the real world, or an uninteresting question (you need to find good arguments why it is the case).

For an empirical paper, many of the same issues that arise with respect to theoretical papers continue to apply, but there are further issues. You need to decide if the empirical work is convincing. Is the model identified in a reasonable way? Are the results statistically significant at conventional levels? Are the results substantively significant, or has the author found statistically significant but small coefficients? Sometimes small coefficients have important consequences, so you need to decide whether the estimates, of whatever magnitude, are of some intrinsic interest. Beware of results that are statistically indistinguishable from zero only because the standard errors are very large. You should also consider whether the data are well suited to the problem at hand, and whether the data set has been used appropriately. Are there concerns about sample choice? Are there problems with measurement error or other aspects of data quality? Sometimes, there are econometric issues with the estimation in a paper, and you should raise them for the editor. If the paper uses panel data but does not present robust and heteroskedasticity-consistent standard errors, you might ask for the revision to do so.

If a paper has several parts, for example a model, numerical simulations, and an estimation section, one can often comment on each part separately. Examples of questions you may raise about a numerical section are: Do the numerical results appear reasonable or robust? Do the parameters the authors choose appear to be reasonable? Do the results illustrate the theoretical points the authors make? Do you agree with the author's interpretation of their results?

If the paper is not worth publishing, your referee report should provide criticisms of the paper. If you think the paper is good, in practice you suggest a "revise and resubmit" and try to offer both constructive comments to the author, and specific guidance for the editor on what needs to be done to make the paper publishable. In the "R&R" case, your report should highlight strengths and weaknesses of the paper, and make suggestions for the improvement. One way to frame this question is to ask "if I were to write a paper on this subject, what would I do differently?"