

Kasie Whitener (00:04):

All right. Welcome back into the More School podcast. More Impact. This is Kasie Whitener, I'm your host, and with me today, Dr. Jason DeBacker, Associate Professor of Economics at the Darla Moore School of Business. Welcome,

Jason DeBacker (00:15):

Kasie. Good morning. Good to be with you. It's good

Kasie Whitener (00:17):

To have you here. I don't know you very well, so I'm looking forward to getting to know you over the course of our conversation

Jason DeBacker (00:22):

Today. Well, we're not too far apart. You're just five or six doors down, I

Kasie Whitener (00:25):

Think. Yeah, yeah. Just down the hall from me. So tell me a little bit about your background. How did you get to the Darla Moore School?

Jason DeBacker (00:30):

Uh, long and windy road for me actually. Um, went to graduate school at the University of Texas, uh, finished in 2008, spent a year at the University of Georgia, which is my undergraduate alma mater. And then from there I moved to the Department of Treasury in Washington DC and I worked for three years in the Office of Tax Analysis there. And that was really formative for my research agenda. I started in graduate school doing research in political economy. Turned out it was a little hard to find a job in that area. And so I started working in tax policy and have been doing my research in that area since. After those three years at treasury, I left to come back to academia. First stop was Middle Tennessee State University outside of Nashville, Tennessee. Spent four years there and then moved to the Darla Moore School in 2016. Um, been a real pleasure to be here. I have great colleagues. I'm quite fortunate to be back in the SEC at a R-one institution.

Kasie Whitener (01:21):

Was it the heat of Columbia? The beauty of Columbia? What drew you to USC?

Jason DeBacker (01:27):

Yeah, I thi so first and foremost is just the Moore School's reputation and support for academic research. I, again, coming here from Middle Tennessee State University, which is not an R-one, there's just a big difference in terms of the emphasis placed on research and the support given to you as a research faculty member. Um, so I've really appreciated that. I, of course, have a preference to live in the southeast. My, uh, folks are still in Georgia as our three of my brothers, and so it's great to be kind of close to home and I can make long weekend trips to see family.

Kasie Whitener (01:57):

That's really useful. Definitely. I think a lot of people re-settle here because they've got family in the area. Yeah.

Jason DeBacker ([02:02](#)):

And you feel fortunate as a, as an academic, you don't often have your choice of location. Right. So really lucky to be back here. Yeah.

Kasie Whitener ([02:08](#)):

Talk to me about working for the Department of Treasury in DC. Yeah. So what was that like?

Jason DeBacker ([02:13](#)):

It was a, a really nice experience and, and I will say one of the things I miss, we have a relatively small economics department here at the Moore School relative to other SEC schools. Um, and there's just one other colleague doing research in public finance economics, which is my area of expertise. But at the Department of Treasury and Office of Tax Analysis, you're with amongst over 40 PhD economists all working in public finance. Uh, and you're also paired with another 40 plus lawyers working on tax policy. So just the wealth of resources and expertise and a very specific area was really neat to see. And then also, um, just the ability to be right in that policy discussion and see kind of what is the administration thinking about? How do we think Congress will respond? And, um, just the day-to-day of keeping up with the budget, uh, revenue estimating was my particular task there. So that is, uh, taking proposals from the executive branch and trying to see or estimate how much revenue those things would gain or lose.

Kasie Whitener ([03:15](#)):

I'm fascinated by this, and I feel like we could definitely go on into like a rabbit hole of tax policy. And I like, we're gonna have to have a whole other episode that's all about tax policy. Happy to do that. It might not be relevant to the Darla Moore School and Moore Impact might not pick it up as far as like a topic for the show, but you and I definitely need to have a deeper conversation about this. Let's talk about you going from this public policy work to now public policy research. What kind of impact are you hoping to have at the Darla Moore School? With the research you're doing?

Jason DeBacker ([03:43](#)):

Yeah, as I said, like my work at Treasury was really formative in what I've done since. And one thing that really caught my attention being at Treasury that I wasn't really familiar with as a graduate student, but just how important academic research is in the policy making process. Because when you're doing things, for instance, my job of revenue, esti <laugh> estimating revenue from different policy proposals, you have to understand, you know, how are people or businesses going to respond to changes in tax rates. And the academic research out there has provided estimates of those types of behavioral responses. And so we were constantly looking to academic journals to try to get the best information we had about how we think businesses or individuals are going to respond to changes in tax rates. And so then coming back to academia, I really then kind of understood this link. And that's really been helpful for how I've developed my research since. Um, and a lot of my work is focused on those tax policy questions that originated with what I was doing at Treasury.

Kasie Whitener ([04:43](#)):

When we think about economics in general, economics as a study, where, when did you decide as an undergraduate and graduate school that like, economics is where I wanna be? And the reason I'm asking that is because if you're estimating what you think people are going to do, it's about incentives and you

learn that like in the very earliest part of your economics, uh, education. So when did this like light bulb go off for you?

Jason DeBacker (05:04):

Oh gosh. Um, yeah, so incentives do matter and kind of the, I don't know, sad story or maybe not so sad, but my motivation as an undergraduate was, you know, I'm responding to incentives and I chose my undergraduate major entirely based on which major had the highest starting salary. Nice. So I was a management information systems major. I finished in December of 2001 at UGA, so just at University of Georgia. That's right. And so this is kind of like, kind of my last year there is kind of like peak.com bubble, right? And so management information systems had the highest starting salary. Um, turned out I didn't graduate at the opportune time as we kind of entered a recession post 9-11. Um, but I did work for a bit in it. But my real interest as a undergrad though, was in economics. All my business school electives were economics classes.

Jason DeBacker (05:52):

Uh, so I probably took eight or eight or nine economics classes as an undergrad. And I found myself in my first job after finishing my undergraduate degree, um, working in information systems, but in the evening reading economics books. And I thought, well, I should just make this my career. Um, like many of our students in the Moore school, I, you know, took the easiest path possible to get my degree and I did the minimum math required. Uh, so I took, uh, one semester of calculus and that was it. Um, realizing and for graduate school and economics, you need quite a bit of mathematics, right? So I started going to, um, night school at a community college and took Calc two. And then I went back and enrolled as a non-degree student at the University of Georgia and took several other mathematics classes as well as econometrics, uh, to have on my resume for, uh, applications to graduate school. I was fortunate to get into a graduate school given my undergraduate, uh, career. Um, and yeah, the rest is history, I guess, as they say. Yeah, I

Kasie Whitener (06:49):

Love this conversation. I love the idea that we are gonna go into economics almost just because we're passionate about economics that, uh, I'm kind of laughing 'cause my, when, so when I was younger, my dad told me, my dad majored in economics at the Naval Academy and he told me like, you absolutely have got to study this. And I'm like, I don't care anything about that. And here I am, like in my forties now, fascinated by economics. I'm like consuming every podcast I can get my hands on to understand more about it. And I love that people found it early enough that they could do something with it. 'cause really now all I'm trying to do is play catch up all the time. <laugh>. So. All right. So now you go to the Department of Treasury. You work in policy. Mm-Hmm. <affirmative>, you come down to the University of South Carolina. Um, tell me about your classroom experience with your students. So you mentioned this before, like there we're gonna take the path of least resistance, which is kind of the role for undergrad is like, just get it done, right? Mm-Hmm. <affirmative>, like, just get the degree. What is the classroom like? What do you teach for undergrads and what is that classroom like?

Jason DeBacker (07:38):

Yeah for undergraduates, uh, most of my teaching is two different courses. One is intermediate macroeconomics, and the other is a course I developed called Political Economy. Uh, kind of the area of interest I had in graduate school and where my, uh, topic of my dissertation was. Um, but I really enjoy teaching both of those classes because they're so relevant to policy. So macroeconomics is all about

thinking in, at least in my view, thinking about macroeconomic policy, either fiscal policy, taxes and spending or monetary policy. Um, and so everything we do is connected directly to articles in the newspaper, things these students are reading about in the Wall Street Journal, and things that they're going to need to know either as business leaders or just as citizens and voters. Um, so that connection between what we're studying, even though it's intermediate macroeconomic theory, and we do work with theory and economic models, and the math is hard for students sometimes, but it's all very connected and super relevant, um, for them regardless of their, the path they choose after, after their time with the Moore School.

Kasie Whitener (08:36):

So you're bringing some of these news articles in asking them to try to analyze what they're seeing and how does this match what we've been studying?

Jason DeBacker (08:42):

Yeah. We're trying to connect that, you know, they gotta invest a lot of algebra, a little bit of calculus sometimes in understanding these models. But we want to connect that mathematics to the economic theory and into the underlying policy questions that we want to understand. Um, so we want to think about things that are, for many people really opaque. Like we can think about monetary policy where there's like tons of different conspiracy theories about what's goes on, because it's just hard for people to understand. But if we just kind of open the curtain a little bit, and we can do that with a little bit of understanding of economics and supply and demand, we can see all we're doing here right, is just changing the amount of money in the economy. We're doing that by buying or selling bonds, and that's gonna have an effect on interest rates. As we buy more bonds, we put more money in the economy that increases bond prices, which lowers interest rates. And so we see that, that direct connection between how those monetary policy makers are making decisions and what's gonna happen for us as borrowers for home mortgages or as business folks looking to invest and expand our business

Kasie Whitener (09:45):

In general, how much money is available, right? And then where the money is and how expensive is it to get access to it? Right, right. Yeah. When we think about the students in these undergraduate classes, do they, are their eyes glazing over? Are they not understanding it? Or are you seeing light bulbs go off?

Jason DeBacker (10:01):

There's there's a mix of both, for sure. <laugh>. Yeah. Um, you know, we do have, because intermediate macro is one of the harder courses, we pretty much only have econ majors for whom that class is required. So for the most part, people are pretty engaged and want to understand this material. Again, there is a bit of a learning curve, and we've seen, I, I think this is generally true, kind of a decline in mathematics preparation. And so there's always that hurdle and we've, you know, tried to give, uh, the best foundations we can in our principles of economics courses. I also have created some guides to kind of simplify the mathematics for what we're doing as pertaining to my class. Um, but that always is a little bit of a, a struggle to get over, but I'm trying to have them push through, right, because I wanted them to see the importance. And that's where it's really helpful to bring in those news articles, talk about what are those big questions that we, as economists, and particularly as policymaking, economists trying to grapple with.

Kasie Whitener (10:55):

You mentioned we have relative to other SEC schools, uh, kind of small economics department. Talk a little bit about your colleagues in the department. What are they focused on? What are they looking at? You said your tax policy is your focus. Mm-Hmm. <affirmative>. What are the other things that we see in the economics department?

Jason DeBacker ([11:09](#)):

Yeah, so we have people covering a variety of issues. I would say in our department, in the Moore School, we're all fairly tied to empirical analysis of public policy or other, I, I think, tangible questions. So we have, um, colleagues looking at, uh, childcare policies, education and healthcare policies. Uh, but we also have people working on economic theory. So studying game theory, how people actually, do they match what the models predict, and they can do laboratory experiments to see if that is happening or not. Um, and then you can kind of go back to the theory and think, okay, what are we missing here? Right? Um, and we have colleagues looking at environmental economics questions, um, in particular like, uh, tying back to tax policy, tax credits for, for electric vehicles and EV adoption, kind of what are things we can do to promote that? Um, is it cost effective or not? Um, so we have a diverse set of interests, uh, really covering all the fields of applied microeconomics as well as economic theory, uh, on the microeconomic side and, and monetary policy on the macroeconomic side.

Kasie Whitener ([12:12](#)):

And now you run the policy simulation library, what is that?

Jason DeBacker ([12:16](#)):

That's right. So in addition to my work as a academic here at the Moore School, uh, for about 10 years now, I've been involved in a community of, uh, policy analysts, economists, and others who are interested, interested in bringing transparency and openness to the analysis of public policy. Uh, so about 10 years ago, I started working with a group called the Open Source Policy Center that was affiliated with the American Enterprise Institute, a Washington DC Think Tank. Uh, since then, we've kind of split off from that group and formed our own organization called the Policy Simulation Library. And this, and this organization, nonprofit is set up to provide education as well as, uh, software development to enable people to look at public policy and do, and do that in an open source way so we can do things that are transparent and reproducible.

Jason DeBacker ([13:06](#)):

And the idea here is that economic models turn out to be really important for public policy, decision making. I saw that firsthand with tax policy where, you know, you have, when a, uh, piece of legislation relating to our tax code is, uh, being, uh, brought to the floor in Congress, there's the Joint Committee on Taxation, which is the official scorekeeper that provides a number about how much revenue this proposal would gain or lose. Right. And that number is critical because it determines, uh, maybe not just how people might think about this policy, but it actually determines even the voting rules, right? Right. Because if you have something that is, uh, not going to increase the deficit, there's a different set of <laugh> voting roles than if you have something that is increasing the deficit. And so those numbers are really, really important, but nobody knows exactly how the joint committee is arriving at those numbers.

Jason DeBacker ([13:58](#)):

So what we wanted to do is kind of bring transparency to this. Um, and so we've helped develop models similar to what are used at the Joint committee, but we've built those with open source software and

provided them free, uh, to the public. And so we've seen, uh, users from all walks of life, from regular, uh, individuals to expert policy makers who are working on the Hill and might have ideas that they're kind of kicking around, but they're, they don't wanna really send over to the joint committee yet for analysis. Um, so they want to tinker with something a little bit. And our models allow them to do that. We've had New York Times journalists use the models and produce amazing visualizations of, you know, what are the effects of the Tax Cuts and Jobs Act. And so, um, we've kind of built this suite of models, and really what we have now is a library of models, and that what is, what the Policy Simulation Library represents. It's kind of your stop on the internet to go and find what open source models are available in different policy domains.

Kasie Whitener ([15:01](#)):

This is amazing. So this is external to your work at the Darlow Moore School. This is a hobby, this is something that you're working on because you're just interested in this, you're just passionate about it.

Jason DeBacker ([15:10](#)):

Yeah. I'm just interested in it, and I think it's really important for that policy making process. Of course, it dovetails with my research because I help maintain some of these open source models that relate to tax policy and I've published several papers using some of these models in academic journals. Um, but yeah, it's really something I do, uh, on, on the side. Uh, but I'm pretty proud of the work we've done, you know, established a nonprofit out of Columbia, South Carolina that is working all across the world and has raised over \$2 million to support education and development of open source policy modeling.

Kasie Whitener ([15:42](#)):

That's, I'm stunned. I'm amazed. This is fantastic. Um, partly because I have a side interest in politics anyway, right? And so then I'm like, there's this tremendous resource that you're just making available for free. All this knowledge that our politicians could have access to, that our policy makers could have access to, that they could use to make better decisions. That's a tremendous public service to be doing, to take your knowledge and your expertise and just make that available to other people.

Jason DeBacker ([16:06](#)):

Yeah. Again, I think it's really important, uh, as a contribution to the public good. And it's, I think, really helping in the national debate, but we're also trying to push on the state level where there's less resources among, uh, state legislatures, for example, they don't have the, the resources, the Joint Committee on Taxation does in Washington DC. And so, you know, providing some of these modeling tools at the state level are really important. And we've also done quite a bit of work in developing countries where they're also more resource constrained.

Kasie Whitener ([16:32](#)):

So let's talk about the software itself. Mm-Hmm. <affirmative>, and we're gonna get deep into the weeds on this, okay. Because when I think about open source software and making things available for people to be able to use it, this is the kind of proprietary knowledge that companies could be building and making money off of and selling, right? Um, but in this case, who would buy it, right? Maybe is the first sort of business school question around it. Um, and then it's like, well, we need it and we can do it, and there's no money to pay for it. So there's, you have philanthropists, you have, uh, donors like, who gets behind a project like this and makes sure that you have access to, I mean, the very basic of building

software, you have to have servers. So, I mean, even that very little piece of it, there's somebody's giving some kind of resources to this Mm-Hmm. <affirmative>, not just time and knowledge.

Jason DeBacker ([17:13](#)):

Yeah. There are a lot of resources that go into it. I mean, we've been fortunate with a lot of people, myself included, giving a lot of their time for free. So there's a lot of volunteer contributions. I've had undergraduate and PhD students at the Moore School who have helped contribute to these models as, as side projects, so they could gain some, uh, coding expertise or policy expertise. Um, but we've also raised money from, uh, other foundations who are interested in supporting the public. Good. Um, there is a whole interesting question, open source software, not just what we're doing in the policy space, but obviously open source software is just critical for all kinds of, uh, you know, we have the Linux operating system, we have Dropbox built on Python. I mean, there's just this huge ecosystem and open source software is really running kind of everything right at, at this point, at least foundationally.

Jason DeBacker ([18:01](#)):

And so, um, there's this question of how, how is that sustainable? And it's been a model where there have been kind of contributors, um, be those non-profits or for-profit institutions who have just given to support, uh, these software projects. But it is a really interesting, and something that's still evolving ecosystem of how do you kind of keep this, keep this thing going when you don't have those, those sales. So we've again, tried to go out and raise money through grant work. We've done some partnerships with, um, private entities where we might do a project for them, but there's something that spills over and we can just put in the public domain. Um, there's all kinds of stories like that for open source software generally. Um, so one tool I use in, in Python is a library called Pandas. And I always liked this origin story because it was invented by a guy, uh, or developed by a guy working at, uh, applied quantitative research, a hedge fund kind of based out of kind of Chicago finance PhDs. And he had just developed this for their, their trading models. But, you know, realized it was a really useful tool. And fortunately, AQR let him put that in the public domain. And so now PANDAS is kind of the foundation for data science with Python. Um, and so there's, you know, people, institutions have contributed to this public good, but you're always kind of shoestring it together. And so there's, you know, the long run is always a little bit uncertain how we can keep this going, but we're doing our best to, to make it happen.

Kasie Whitener ([19:24](#)):

At first, as you're talking about this, I'm like, wow, how did you get learning about all this software? And then I was like, oh, wait, management Information Sciences was your <LAUGH> undergrad. So you were doing this computer work, this software work, you were familiar with the IT side before. And then you add the economics and the policy piece on top of that afterwards. So while people who might be listening are thinking like, this is a lot of software conversation, why are we having the software conversation and the Moore Impact business school conversation, part of it is because these are systems that help to support the decisions that businesses are going to make. And when those software systems get built internally and then made accessible for other people to use them in other capacities, that's tremendous. Mm-Hmm. <affirmative>, that's tremendous.

Jason DeBacker ([20:04](#)):

Yeah. And at the Moore School, we've got the data lab. We've really put a, in the last several years, a big emphasis on data analytics because it is really driving business decisions. And our students need to be

competent and capable with these tools, regardless of they're going to work in marketing or management or economics,

Kasie Whitener ([20:20](#)):

Being able to simply log in somewhere and see like this whole framework and user interface where you can just put in these numbers and it'll give you back this information or whatever. We just take it for granted. What you're talking about it sounds like, is working on the backside of that, saying, how do we actually get there? What kinds of calculations are being built? How does the computer model generate that information? Right? How does it generate the knowledge?

Jason DeBacker ([20:41](#)):

That's right. And we're, again, putting tremendous effort to try to make this transparent. So not only can you see the source code, but we're trying to make sure there's documentation that walks one through kind of what is happening, what are some of the assumptions that are made, how can you change those assumptions and things like that,

Kasie Whitener ([20:56](#)):

Your students in your undergraduate classes, how much exposure do they get to these kinds of more complex issue conversations? So we talked about bringing in the news article and then kind of trying to match it with the theory that's in the textbook, but how much do they get practical get to run these kinds of experiments? Do they get to get into this kind of software? Are are they exposed to that?

Jason DeBacker ([21:17](#)):

The undergraduate students not as much. Again, we talked about kind of the, the, the kind of level of background they have, and it's a little bit tough to get into that, but this fall I'm teaching a honors section of Intermediate Macro, and I'm really excited about this, and I think it'll go either really well or really poorly. But the idea is I'm gonna bring them these tools and we're gonna basically build up a macroeconomic model from scratch. Um, and so we're gonna see kind of firsthand how all those pieces fit together and how we can look at tax and spending policy through that model, um, that they're gonna build from the very basic components of individual utility functions and firm production functions, and aggregate up to the economy as a whole. And we're gonna make this complicated enough that we'll start with pen and paper, but it's gonna get complicated enough. We're gonna need the computer. And so they're gonna go on and we're, we'll have them code in Python and, and get a model working. Um, so again, I, I think these honor students are gonna be able to do it. Uh, my experience is they're very capable, motivated, uh, but it's gonna be an experiment. I'm looking forward to seeing how it goes this fall.

Kasie Whitener ([22:17](#)):

That'll be exciting. All right. So in terms of research and the work that you're doing, uh, not externally in the, um, in the library, but the stuff that you're doing for the university and the p papers that you're publishing Mm-Hmm. <affirmative>, what's the, what are the papers you're working on right now?

Jason DeBacker ([22:30](#)):

Yeah, so I'm working on a paper, I, I guess I should say kind of two areas of my research in the economics of tax policy. One is looking at, uh, how taxes affect individual and business decisions, investment employment, and so on. Another line of research is looking at how do we administer the tax

code and how are people complying with the tax code. Um, so in the area of tax compliance I have a project where we're looking at how marginal tax rates affect people's compliance decisions, um, for this we're looking at, um, the, I guess this is a, I first of, I'll say this is an important question because it's kind of ambiguous, kind of the direction of the effect. It's, um, you know, there's kind of confounding factors here, whether a higher marginal tax rate's gonna induce people to comply more or less. And so, uh, it's an empirical question.

Jason DeBacker ([23:16](#)):

We're trying to address that with, uh, US data. And we're looking, uh, through some of the best data possible, which are IRS audit data. So we have some randomized audits, the IRS conducts for research purposes. And so with that, we get people who are randomly selected into audit, and we are, and we're looking at kind of variation in tax rates across states, and over time as different states have had tax reform, so we can get your kind of state and federal total marginal tax rate. And with that, we're looking to identify how those marginal tax rates influence compliance decisions. So that's kind of at the early stages, we're just getting our data collected. Uh, another paper looking at tax compliance. This time at the corporate level where we've got a, a paper that we're revising right now for a top public economics journal looks at corporate decisions to avoid audits, uh, where we see corporations are manipulating their assets to fall below IRS thresholds that trigger much higher audit rates. Uh, so we're kind of looking at the behavioral responses this time at the corporate level, how they lower their reported assets in a way to try to get out of more audit scrutiny.

Kasie Whitener ([24:16](#)):

It feels like the economics, uh, department is observing what the finance department is doing in terms of when we think about our Eric Powers conversation last week, Mm-Hmm. <affirmative> talking about getting into finance and going into corporate finance. You should see his eyes light up when he gets excited about corporate finance. And he talks about how those decision makers in these corporations, they're looking at things like tax policy and tax liability, and where do we have to move these assets and how do we divest and invest in order to reduce our tax burden? Right? Mm-Hmm, <affirmative>. So then if we go to your paper and the research that you guys are doing and saying, what are the corporations doing and how are they moving things around and when are they hitting thresholds and why are they making this decision? And that decision seems like you could walk over to Eric's door and like kind of knock on it and be like, Hey man, <laugh>, why are you guys making these choices, making these decisions? And then try to figure out where does the tax code need to be revised? Where do the penalties need to come down? Where do the, uh, loopholes need to be closed? These kinds of things. Those decisions that our policy makers are making to try to, I guess, increase revenue to try to prevent these kinds of, uh, shell games. Mm-Hmm. <affirmative>, if, for lack of a better term, does that seem to be the end result of this kind of research?

Jason DeBacker ([25:26](#)):

Yeah. Yeah. 'cause I mean, we wanna understand how these taxpayers are responding to our, in the, in my case enforcement system, uh, because we wanna know where should we put our resources and how should we use them. So maybe for instance, on the corporate paper, we're seeing that maybe you don't wanna set hard thresholds where you, you know, audit policy changes pretty quickly as a firm grows larger. Maybe you want something where firms are not gonna behave as much by having a more smooth increase in your audit rate, say as firms get larger. Um, but we do know we wanna audit our larger firms more frequently because that's where all the money is. Um, you know, the top a hundred

firms pay 90% of the corporate tax revenue. Um, so we do wanna audit those larger firms, but we might wanna think about our audit policy a little bit more carefully than, than what we're doing.

Jason DeBacker ([26:07](#)):

And I think that's what our research shows. And so, you know, it's been really, uh, rewarding to me in the sense of like, uh, now having worked in the area of tax compliance for more than a decade, that, you know, I've seen my papers published, but also seen the impact on, on policy makers have, you know, been a consultant with IRS as they've tried to reformulate their audit policies. I've worked with them to help revamp this randomized audit program. They, they conduct for research purposes. And so again, seeing that those policy makers, or in this case the tax administrators really care about what we're doing as academics, I think that's really rewarding and makes it, you know, makes it easy to get up every day and, and, and push through with that research

Kasie Whitener ([26:49](#)):

In general. In the public world, taxes are like a dirty word and people don't like it. Um, they don't wanna talk about taxes. They feel like maybe, and I'm probably just generalization, uh, but that the IRS is not great that there's a whole bunch of mistakes being made that this is, you know, there's like an evil associated with that. So do you see yourself in any kind of conversations or do you feel like the research that you're doing is in any conversations that justifies IRS behavior that's working on like, well, this is the better way to do it or the right way to do it? I mean, where do you see yourself with this? Is this like, are you fighting the good fight on behalf of the IRS or are you out there going like, let's make sure they're doing the right thing?

Jason DeBacker ([27:31](#)):

Well, certainly if I don't wanna have conversations, I just start talking about working with the IRS and then that ends any cocktail

Kasie Whitener ([27:37](#)):

And people just walk away <laugh>. Yeah.

Jason DeBacker ([27:38](#)):

Yeah. Any chat ends at that point. But

Kasie Whitener ([27:40](#)):

I had the opposite response. I'm like, I wanna talk more about that particular piece, <laugh>.

Jason DeBacker ([27:45](#)):

But, but to me, I, I think this is critical, right? 'cause we're taxpayers, there's, there are, we might not all agree on what we need to be supporting with our public funds, but you know, there is something, the military, road construction, you know, things, the people, the post office, right? Peop, <laugh> people, uh, like, and, and want to support. And so, you know, it's incumbent upon, I think our government to, if we're gonna support those things, raise revenue in the most effective way. Um, and effective is not a well-defined term, but in economics we kinda look at two things. Efficiency. So what are the economic losses that happen when you tax something? Uh, and we wanna minimize those. And then there might

be equity concerns as well that, um, people have, um, that's kind of realize, I guess through our political process, what those equity concerns are.

Jason DeBacker ([28:33](#)):

But we kind wanna balance those two things. And they're often intention with one another with tax policy. Um, and that's why I think it's really interesting. 'cause that's kind of the key question, equity versus efficiency trade off. And it's just very transparent with tax policy. 'cause you wanna tax the things or tax the most those things where people respond the least, but things, people respond, the least two are things people really need, right? Right. So like the idea, I guess we throw out some jargon. Like one of the principles of optimal taxation for commodity taxes is what's called the inverse elasticity rule. But all that means is we're gonna ta put the highest tax rate on the things with the lowest elasticity or where people respond the least. So you can think about, we wanna have a really high tax on insulin, but a really low tax on things people are very responsive to when the price changes.

Jason DeBacker ([29:21](#)):

So like yachts, for instance, something that is a luxury good and people will not buy if it's, if it becomes much more expensive. And so you'd want a low tax on yachts, high tax on insulin, but we can see clearly, like from an equity perspective, that's probably not gonna be the best thing, right? Right. So those trade offs are inherent throughout tax policy. And so we want to try to balance those. And I think that's where, as researchers, we're not trying to make a decision that's for elected officials to do, but we wanna make sure they're making informed decisions. What are the costs of taxing this thing or this other thing? And what are the, you know, benefits to doing that vis, you know, relative to other potential revenue sources.

Kasie Whitener ([30:00](#)):

And my favorite economics phrase, unintended consequences.

Jason DeBacker ([30:03](#)):

That's right. Right? Yeah. Yeah.

Kasie Whitener ([30:04](#)):

So as people have these ideas, it should be like this, it should be like that. And then it turns out, well, actually, when you put it that way, it turns out this way. Right? Um, so in, in your, as you're going through your research, you're figuring out, all right, I'm gonna do this thing on the side with this, uh, library that is my sort of public service. I'm in the classroom with your undergrads, you're working with graduate students, you're publishing your own research at the Darla Moore School, all of this economics stuff. If you're talking to a potential undergrad who's gonna come to the Darla Moore School, why do they choose economics? Why did they pick this department to major in?

Jason DeBacker ([30:39](#)):

Yeah. So I'm a big fan of economics for undergraduates because it keeps your options open, right? It provides a really strong foundation, maybe offensive to say the Moore School podcast, but we're, we're kind of all economists in the Moore School, right? Some of us just might focus on a very specific area of economics like finance or marketing, but we're all thinking about human behavior, how humans respond to incentives. And so economics is gonna provide you that broad base. So whether you go into marketing or you go into law or you go into public policy, those tools to understand the world through

this lens of incentives and, you know, equilibrium and supply and demand is gonna be really important, uh, for you to have a grasp on. And, um, so I think from that sense, economics is a really useful undergraduate major. Now, that is also kind of the downfall of economics because students often can't see what is my career path?

Jason DeBacker ([31:33](#)):

Mm-Hmm. <affirmative>, you know, I know if I do accounting, I'm gonna go get a CPA and I'm gonna be a practicing accountant. Right? And it's a very clear path. For economics, you see people going into consulting and finance and law and public policy, and you're like, well, what do I do? Right? Who do I follow? Right? And so it just adds this extra layer of kind of like decision making. Um, but again, I kind of view that as, as the benefit because at 18 and 19, you're probably not sure what you wanna do. And so I think their economics is gonna give you that broad base and really just enhance your analytical skills. We see economics majors being amongst the top on scores for the GRE or, uh, the GMAT and or the LSAT. And so these students are clearly gaining a bunch of analytical schools that are gonna help them, whether they pursue law or business, uh, after their time as an undergraduate,

Kasie Whitener ([32:22](#)):

And getting that reinforcement of the math, as you mentioned, specifically the applicable math, the things that you're going to need to have, um, that will be relevant to their business careers in general.

Jason DeBacker ([32:31](#)):

That's right. Yeah.

Kasie Whitener ([32:32](#)):

Yeah. Alright. <laugh>, the big question on the economics. Moving into 2024, a new center being open in the economics department focused on policy research. You mentioned trying to provide these tools to the state level. Mm-Hmm. <affirmative>, tell us about this.

Jason DeBacker ([32:49](#)):

Yeah, so we're really excited in our department, uh, to be launching the Economic Policy and Innovation Center, uh, EPIC or, or, um, I, I guess is is the acronym we'll use here. Uh, but the Economic Center is going to really be focused on bringing to bear, as I mentioned, our, our faculty have expertise on kind of all areas of applied microeconomics and are addressing these policy related questions. Everything from healthcare to electric vehicles to childcare policy. We wanna bring that expertise we have in our department as well as those engaged students and really use those things together to help our community and our state. Um, and so, uh, EPIC is really gonna help us do that by providing that platform and, uh, organization to interface with state policy makers, local policy makers, and highlight the applied research that's going on in our department and how it can be used here in South Carolina.

Kasie Whitener ([33:44](#)):

I love everything about y'all support, especially, we're so close to the State House and I love the idea that you're gonna be supporting our state and local politicians with the information that they need to understand how the decisions they're making are impacting citizens on the front lines. Right?

Jason DeBacker ([34:01](#)):

Right and I think, I mean, we can see the State House from our building. Uh, we need to be involved there. There's not, to my knowledge, a school of public policy in the entire state of South Carolina. Um, and we have policy relevant research going on in our department, and I think we need to fill that gap and provide the support to our decision makers. Um, you know, help them understand what some of the important questions are, what some of the pros and cons are, different approaches, and then they can make the most informed decisions.

Kasie Whitener ([34:27](#)):

I think it's fantastic. Uh, I gotta spend some time with Orgul back in, uh, November, Dr. Ozturk and she's really excited about EPIC and what's gonna be happening for you guys in 2024 and 2025? Uh, I am too, as the management department, as entrepreneurship, uh, when we think about what we can do together to be thinking through, like, these are opportunities because policies are going in one way or the other. Where are each our entrepreneurial opportunities to meet the needs of people that are not currently being met? So it's really exciting to think about some of the collaboration we can have in the Moore School.

Jason DeBacker ([34:58](#)):

Absolutely. Yeah.

Kasie Whitener ([34:59](#)):

All right, Dr. Jason DeBaker, thank you so much for being part of our Moore School podcast. More Impact.

Jason DeBacker ([35:04](#)):

Thank you, Casey. It's been a pleasure. It's

Kasie Whitener ([35:06](#)):

Been great to be with you. This has been more impact. When you learn more, you know more, and when you know more, you do more. Thanks for listening.