FGV | SAO PAULO SCHOOL OF ECONOMICS

Syllabus

[cmcd.economia@fgv.br]

Course: Public Economics

Professor:

2026 FIRST SEMESTER

COURSE OUTLINE

The course explores two dimensions. Taxation and publicly provided goods. In both parts we first address each topic theoretically and then (whenever appropriated) we present empirical papers. We must cover a broad range of topics that capture the frontier of public economics analysis as well as research questions applied to Brazil.

METHODOLOGY

Lectures, paper presentations.

PROGRAM

Class1			Welfare economics and excess burden	Auerbach + Auerbach Hines e Diamond e McFadden	
Class 2			Marginal cost of public Funds	Atk Stern + Ballard e Fullerton + Wildasin Empirico: Fullerton, Conway, DMS, CMP	
Class3			Optimal income tax Direct vs indirect tax	Stiglitz, Mirless, Seade, Saez	
Class4			Evasion and optimal income tax	Alingham and Sandmo, CG95, AMT 2011	
Class 5			Evasion – empirics	Pissarides and Weber, Feldman and slemrod, Hurst Li and Pugsley; H. J. Kleven, M. Knudsen, C. T. Kreiner, S. Pedersen, and E. Saez	
Class 6			Evasion – empirics	Pomeranz (2015), Carillo et al (2016), Haswgawa et al 2013, Gadenne et al 2019, Garriga and Tortarolo, 2022	
Class 7			Commodity taxes and evasion (theory and empirics)	DM- 71, AMR 21, Best et al 2015, CG, 93, AM, 2015, Naritomi 2019, Slemrod (avoidance),	
Class 8			Bunching at kinks, lines and notches - methods	Saez (2010), kleven (2013), Slemrod (2015)	
Class 9			Bunching at kinks, lines and notches - applications	Kleven and Waseem (2011) Liu et al(2020), Best et al	

				(2015) Sallee and Slemrod (2013),	
Class10			ETI	Feldstein 1995, slemrod 98, saez, slemrod and giertz, gruber and saez	
Class11			Tax Incidence: Payroll Taxes	Guo (2024), Ku et al (2020) Baumgartner et al (2025), Blandhol, et al (2025), Gruber (1997), Garriga, Tortaolo (2025)	
Class12			Wealth Taxation	Kopcuzk (07,09,10,15,16), Saez &Zucman(16, 19a, 19b)	
Class 13			Gifts and Inheritance responses to tax policies	Locks (2022, Brazilian inheritance), Glogowski (2021), Fack and Landais (2016), Goupille-Lebret, Jonathan and Jose Infante (2018)	
Class14			Papers Presentation/Discussion: Fiscal Federalism	Ex: On the Fiscal Sustainability of Swiss Cantons Since 1905	
Class15			Papers Presentation/Discussion: Working paper series		

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Suggested books:

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Rosen, H. (2004) Public Finance, McGraw-Hill/Irwin; 7 edition

Dahlby, B. (2008). The marginal cost of Public Funds. Theory and applications, MIT press.

Feldman, A., Welfare Economics and Social Choice Theory.

Handbook of Public Economics (2002), Alan J. Auerbach and Martin Feldstein, editores ISBN: 978-0-444-82315-1 , vol. 4 Elsevier.

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ARTICLES

Welfare Economics and Excess Burden

1. Background

Mas-Colell, A., Whinston, M. e Green, J., Microeconomic Theory, 1995, p-80-91, 116-123, 325-334, 817-831.

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1.1 Theory

Auerbach, A..The theory of excess burden and optimal taxation in Handbook of Pulbic Economics, vol.1, pp 61-86.

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Salanie, B, the economics of Taxation, appendices.

1.2 Measure

Slesnick, D., Empirical Approaches to the Measurement of Welfare, JEL, 36, p. 2108-2165.

***2.* Marginal cost of public fund**

2.1 Theory

Atkinson, A.B. e Stern, N. (1974), Pigou, Taxation and Public Goods. Review of Economic Studies, 41, pp. 119—128.

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Ballard, Shoven e Whalley (1985), General Equilibrium computations of the marginal welfare costs of taxes in the United States. American Economic Review, 75, pp. 128—138

Conway, K. (1997), Labor supply, taxes, and government spending: a microeconometric analysis. Review of Economics and Statistics, 79, pp. 50—67.

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3. **Optimal Tax –**

3.1 Optimal commodity tax

Homburg, Stefan (2006) A new approach to commodity taxation, FinanzArchiv.

SB, cap2
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Auerbach A. and Hines J., Taxation and Economic Efficiency, Handbook of Public Economics, vol3, p. 1361-1371.

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3.2 Optimal income tax

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GRADING

A) 30% presentation: Paper must be approved by the professor and published in 2018 onwards. Deadline Choice: Last class day of March.

B) 30% referee report: 2 referee reports. Papers must be on the reference list and published recently. Deadline Choice: Last class day of March.

Due dates:
First referee – Mid April,
Second referee – Last class.

C) 40% research Project.

Due date: Two weeks after the last class

PROFESSOR – EMAIL