

Syllabus

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Course: Public Economics

Professor:

2024 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	
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),	
Class 10			ETI	Feldstein 1995, Slemrod 98, Saez, Slemrod and Gieritz, Gruber and Saez	
Class 11			Optimal tax systems	Slemrod 1990, Slemrod 94, Chetty, 2009, Keen and Slemrod 2017	
Class 12			Wealth Taxation	Kopczuk (07,09,10,15,16), Saez & Zucman(16, 19a, 19b)	
Class 13			Gifts and Inheritance responses to tax policies or Optimal firms taxation	Locks (2022, Brazilian inheritance), Glogowski (2021), Fack and Landais (2016), Goupille-Lebret, Jonathan and Jose Infante (2018) Kopczuk and Slemrod, Dhamapala et al 2011, de Paula and Scheinkman, Garriga and Tortarolo, 2022 Ulyssea 2018	
Class 14			Presentation		
Class 15			Presentation		

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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, editors ISBN: 978-0-444-82315-1 , vol. 4 Elsevier.

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Handbook of Public Economics (1987), Alan J. Auerbach and Martin Feldstein, editores ISBN: 978-0-444-87908-0, vol. 2 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.

Diamond, P., Feldstein, M., Laffont, J., Stern, N. e Stiglitz, J.(2002). Journal of Public Economics, December, 2002.

1.1 Theory

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

Auerbach A. and Hines, J.. Taxation and Economic Efficiency, Handbook of Public Economics, vol3, p. 1347-1360.

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Hausman, J.A., Exact consumer´s surplus and deadweight loss, AER, 1981.

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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2.2 Empirical measure

Browning, E. (1987), On the marginal welfare cost of taxation. *American Economic Review*, 77, pp. 11--23.

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 microeconomic analysis. *Review of Economics and Statistics*, 79, pp. 50—67.

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Ricardo Politi, Cardim, Rafael and Enlison Mattos (2017). Transfers and marginal cost of public funding: Empirical evidence for local governments in Brazil. *RBE*.

Hendren, N. and Sprung-Keyser (2019). *A Unified welfare Analysis of government Policies* (mimeo)

3. Optimal Tax –

3.1 Optimal commodity tax

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

SB, cap2

Auerbach, A., The theory of excess burden and optimal taxation in Handbook of Public Economics, vol.1, pp 86-110.

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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Optimal design of taxes

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Dixit, A. and Besley, T.. James Mirrlees' contributions to the theory of information and incentives, Scandinavian Journal of Economics, vol 99, 1997, p. 207-235.

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3.5 Optimal progressivity

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J. Seade, "On the Shape of Optimal Tax Schedules," *Journal of Public Economics*, 7 No. 2 (April, 1977): 202-235.

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7.3. Network effects

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10 ETI - ELASTICITY OF TAXABLE INCOME

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11. Optimal tax systems and structures

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12. The role of firms, and the informal economy

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18. Behavioral tax: Present Bias, salience and optimal Taxation

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GRADING

A) 30% presentation: Paper must be approved by the professor and published in 2016 onwards. Deadline Choice: March 30th.

B) 30% referee report: 2 referee reports. Papers must be on the reference list and published recently. Deadline Choice: March, 9th.

Due dates:

First referee - April, 4th.

Second referee – April 20th

C) 40% research Project.

Due date: May 5th

D) Bonus: Exercises list. 10%. Exercises in Feb/March can be turned in by March 30th. The exercises proposed in April can be turned in April 14th.

PROFESSOR – EMAIL