Topics in Applied Economics V: Public Economics

2017-2018 Academic Year
Master of Research in Economics, Finance and Management

1. Description of the subject

- Topics in Applied Economics V
- Total credits: 3 ECTS
- Type of subject: Optative
- Department of Economics and Business
- Teaching team: Ruben Durante

Code: 32090
Workload: 75 hours
Term: 3rd
2. Teaching guide

- **Introduction**

  The emphasis of the course will be on learning techniques that can be applied to produce original research and to critically analyze existing research in the field of public economics. The course will emphasize empirical research and will contain a discussion of relevant econometric techniques used in public economics.

- **Teaching methodology**

  I will require no more than 3, and typically only 1 or 2 articles per lecture. I expect you to carefully read these required papers and to be prepared to discuss them in class. **The required readings are in bold.**

  In general, articles can be obtained from JSTOR (www.jstor.org) or NBER (www.nber.org) or directly through UCD online journal access.

**Questions to think about when reading empirical papers:**

- What question does it ask?
- What data is used? What are the key variables?
- What empirical model is used? What is the key parameter to be identified?
- What is the variation in the treatment? Do you believe this variation?
- What are the results and their interpretation? Is there an alternative interpretation? How does the paper contribute to the literature?

- **Contents**

  Please note that course readings may be subject to change.

**General References:**


**COURSE READINGS**

0. *Introductory Lecture / Methods in Empirical PF* (1 LECTURE)

Theory:

L. Kotlikoff and L. Summers, “Tax Incidence”, in A. Auerbach and M. Feldstein, Volume 2, 1043-1092. Sections 0, 1, 2 (pp. 1050-1060) and 4.4 (pp. 1082-1086).


Empirical applications:


Evans, Ringel and Stech 1999 “Tobacco Taxes and Public Policies to Discourage Smoking” Tax Policy and the Economy


Mandated benefits, theory and empirics:


2. Optimal Commodity Taxation (1 LECTURE)
Theory:


Empirical application:


3. Externalities (1 LECTURE)

Theory:


Empirical papers on externalities:


4. Theory of Income Taxation (1 LECTURE)


5. Empirical Taxes and Labor Supply (2 LECTURES)

E. Saez “Do Taxpayers Bunch at Kink Points?” AEJ Policy, August 2010.


T. MaCurdy, H. Paarsch, and D. Green, "Assessing Empirical Approaches for


6. Taxable Income Elasticities (1 LECTURE) [SKIP??] Empirical papers:


7. **Tax Salience** (1 LECTURE)


8. **Taxes, Transfers and the Low Income Population** (3 LECTURES)


**R. Chetty, J. Friedman and E. Saez** "Using Differences in Knowledge Across Neighborhoods to Uncover the Impacts of the EITC on Earnings", mimeo.


**H. Hoynes, D. Miller and D. Simon**, “Income, the Earned Income Tax Credit, and Infant Health,” mimeo


**M. Bitler, J. Gelbach, and H. Hoynes**, “What Mean Impacts Miss:


J. Hotz and K. Scholz, “The Earned Income Tax Credit”, in Means-Tested
Transfer Programs in the United States, R. Moffitt (ed.), The University of Chicago Press and NBER, 2003, 141-197


9. In-kind Public Assistance Programs (2 LECTURES)


10. Long Term Impacts of Early Life Interventions (1 LECTURE)


11. Public Health Care (3 LECTURES)


A. Aron-Dine, L. Einav, and A. Finkelstein “The RAND Health Insurance Experiment, Three Decades Later,” Forthcoming JEP.


J. Currie and J. Gruber “Health Insurance Eligibility, Utilization of Medical Care, and Child Health” QJE, 1996.

A. Finkelstein and R. McKnight, “What Did Medicare Do (And Was It Worth It)?” PUBE

12. Place Based Policies (1 LECTURE)


P. Kline, M. Busso, and J. Gregory, “Assessing the Incidence and Efficiency of a Prominent Place Based Policy”, working paper.


Lawrence F. Katz, Jeffrey R. Kling and Jeffrey B. Liebman “Moving to Opportunity in Boston: Early Results of a Randomized Mobility Experiment”,
Assessment and Grading System

Course Requirements:

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<td>Referee report</td>
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<td>Research proposal</td>
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**Paper comments:** Over the course of the term, each student has to complete 3 comments of a paper discussed in class. These comments are handed in at the beginning of class. They should include a summary of the paper, its conclusions, and answers to the problems listed below. Keep the summaries to around one page.

**Empirical problem sets:** There will be 2 problem sets. We will use STATA and estimate models similar to those in papers we have discussed in class. You can work on problem sets together; however, I expect each of you to submit your own solutions. Please present your answers in a clear, concise, preferably typed fashion. In your solution packet, make sure you include Stata do and log files.

**Research proposal:** The goal of this exercise is to help you move toward developing a research project. Ideally, this paper would be a short review of the relevant literature (or a particular paper) with ideas about your own project. Depending on how far along you are, this may also include some empirical analysis. I am happy to meet with you to discuss this.

**Referee Report:** This is a critique of an unpublished empirical paper. You are free to choose the paper you write on. The only papers that are off limits are those we discuss in class. You may, however, choose one on the reading list that we are not discussing in class. Other places to look for unpublished papers are the NBER and SSRN working paper web sites. This report should be no longer than 5 pages and typically is 2 single spaced pages. The role of a referee report is to assist a journal editor in deciding whether to pursue publication of a paper, and if so, which revisions to request. Your report should therefore detail—in your own words—the paper’s contribution to the literature (briefly, one paragraph max), key weakness(es), and thoughts on/recommendations for future improvement.