Overview: This course provides graduate-level discussion of topics and methods in public finance.

Objectives: This course has two objectives. The first is to teach current topics and methods in public finance. The second is to advance students’ development as economists by providing training in the production of high-quality research. This training may help students read, contribute to, and draw from recent progress in this literature.

The course covers a wide variety of applied econometric and theoretical approaches. It also discusses applications of a wide variety of datasets and methods that are useful in many settings for public finance and applied economics research.

Requirements:
1. Required reading: Papers marked with two stars (**) are required reading
2. Problem Sets: There will be a couple problem sets focused on learning tools by going through applied examples in the problem set
3. Written response papers: There will be short written response papers due at 9 am on the day of lecture. These written response papers should be 1 page and should summarize a (*) paper that will be discussed in class and provide two “big picture” comments on the assigned paper (e.g., suggestions for future research, questions related to the paper that the paper does not address, alternative interpretations of the evidence, and major substantive concerns with the analysis (ideally with suggestions for investigating/addressing)). The goal is to get you to think actively, critically, and constructively about research.

Grades:
1. 40% for the written response papers and class participation
2. 60% for problem sets

Schedule (subject to change):

- **Overview material**
  - 1a. Overview of public finance
  - 1b. Applied Economics Tools
- **Spatial Public Finance**
  - 2. Overview of spatial public finance & the Rosen Roback model
  - 3a. Place-based policies: theory
• Preliminary Syllabus

  3b. Place-based policies: evidence
  4. Sorting, Fiscal federalism

• Capital Taxation
  5a. Capital taxation: overview, facts, and theory
  5b. The distribution and taxation of wealth
  6. Business tax policy and firm location

• Tax policy, investment, and innovation
  7. Investment and corporate financial policy
  8. Entrepreneurship, Innovation, and Top earners

Assignments (subject to change):

  • Response to Albouy (2009) due before lecture 2
  • Problem Set on spatial taxation due before lecture 3
  • Response to Bayer, Ferreira, and McMillan (2007) before lecture 4
  • Response to Jakobsen Jakobsen Kleven, Zucman (2020) before lecture 5
  • Problem Set on Wealth Tax before lecture 6
  • Problem Set on Million Dollar Plants due before lecture 7
  • Problem Set on Base versus Rates before lecture 8

Reading List (subject to change)

General References

A. Useful Textbooks


B. Public Economics Lecture Notes:

Saez, Emmanuel and Gabriel Zucman. Graduate Public Economics Notes (Econ 230B).
https://eml.berkeley.edu/~saez/course/course.html
Preliminary Syllabus


C. Applied Microeconomics Lecture Notes:

Card, David. Labor Economics Notes (Econ 250A). [https://eml.berkeley.edu/~webfac/card/e250a_f16/e250a.shtml](https://eml.berkeley.edu/~webfac/card/e250a_f16/e250a.shtml)

Autor, David. Labor Economics Lecture Notes [https://economics.mit.edu/faculty/dautor/courses](https://economics.mit.edu/faculty/dautor/courses)

D. Trade Lecture Notes:

Allen, Treb and Costas Arkolakis. Elements of Advanced International Trade Notes. [https://sites.google.com/site/treballen/graduate-trade](https://sites.google.com/site/treballen/graduate-trade)


I. Overview of Public Finance and the Role of Government, Applied Tools [1 lecture]

**NBER public economics program overview**


II. Spatial Public Finance, Rosen-Roback Model, Place-Based Policy [3 lectures]
A. Spatial Model:


B. Place-based Policies:


C. Agglomeration in Consumption (and Public Goods)


D. Big Push and Agglomeration in Production


E. Fiscal Federalism, Sorting (skip some of these papers for time)


J. Donahue (1997). “Tiebout or not Tiebout.” JEP 11.4, pp. 73–82


*** III. Capital Taxation [2.5 lectures] ***


A. The Distribution and Taxation of Wealth


**Smith, Matt, Owen Zidar, and Eric Zwick, 2020, “Top Wealth In America: New Estimates and Implications for Taxing the Rich,” working paper.**


**B. Corporate Tax Incidence and Reform:**


Joint Committee on Taxation, December 2017.
- Macroeconomic Analysis Of The Conference Agreement For H.R. 1, The "Tax Cuts And Jobs Act"
- Distributional Effects Of The Conference Agreement For H.R.1, The "Tax Cuts And Jobs Act"
- Estimated Budget Effects Of The Conference Agreement For H.R.1, The "Tax Cuts And Jobs Act"
- https://www.jct.gov/publications.html?func=select&id=76


C. Evidence on Firm Location, Corporate Taxes, and Million dollar plants


D. Corporate Taxation in an Open Economy (skip for time)


**IV. Tax policy, Investment, and Innovation [1.5 lectures]**

A. Investment and Payout Taxes  


B. Taxes, Innovation, Entrepreneurship

Furman, Jason, 2016, “*Encouraging Innovation and the Role of Tax Policy*”

**Jones, Chad, 2019, “Taxing Top Income in a World of Ideas,” working paper.


Nirupama Rao “Do Tax Credits Stimulate R&D Spending? The Effect of the R&D Tax Credit in its First Decade”


