

Seminar Public Economics 1, Summer Term 2018

Prof. Buettner/Prof. Rincke/Prof. Wrede

Course Description:

During the seminar, participants will discuss a broad range of topics. A first set of topics address questions related to **spatial and public economics** (Prof. Wrede). A second set relates to different **instruments of poverty alleviation and their effectiveness** (Prof. Rincke). Finally, the seminar also deals with **various topics in taxation and public economics** (Prof. Büttner). The list of topics below provides more details, including references and brief comments on the research questions covered in the respective literature.

The seminar has two consecutive parts. **In the first part, students write a thesis (15 pages)** under the guidance of their advisor. In an introductory session, students learn about the principles of scientific work and the scope of analysis that is expected. The thesis elaborates on the literature (see the list of topics for the main article(s) to be covered). Students are expected to search for additional literature and then work independently on their topic. Advisors provide close guidance during this process. **The second part consists of a two-day seminar (June 14th/15th) of students' presentations.** Before preparing their presentations, supervisors will provide students with detailed feedback on their thesis.

Organisational details and grading:

- The seminar is jointly organized by the chairs of Prof. Buettner, Prof. Rincke, and Prof. Wrede.
- Students who want to participate should express their interest by submitting a participation form (see webpage of Prof. Rincke's chair) to amanda.tuset.cueva@fau.de until **February 8th, 2018**.
- Please indicate your preferred topics. Preference will be given to the earliest submissions.
- After being assigned to a specific topic, students can repeal their participation within a week's time. After that deadline has passed, participation in the seminar is mandatory. Students not handing in a thesis in time will be graded a 5.0.
- Please note that the maximum number of participants is 10 students.
- Additional information on how to write a seminar paper, how to search for literature, etc. will be provided in an introductory session.
- Grading: The overall grade will reflect the quality of the thesis (50%), the presentation in the seminar (30%), and the student's contributions to the discussion following each of the presentations (20%). To pass the seminar, students must obtain at least a grade of 4.0 in each of the parts.

List of Topics

Block 1: Spatial and public economics (Prof. Wrede)

1. Urban revival (n.a.)

Q: Analyze various causes of urban revival with a particular focus on residence choices of higher educated individuals

Couture, V. & Handbury, J. (2017). Urban revival in America, 2000 to 2010. NBER Working Paper No. 24084

2. Optimal spatial taxation (n.a.)

Q: Analyze the relationship between city size and tax rates from a normative point of view

Eeckhout, J. & Guner, N. (2017). Optimal spatial taxation: Are big cities too small? Discussion paper.

3. Fiscal spillovers (n.a.)

Q: Analyze papers that do not find fiscal spillovers and strategic interdependencies at the local level of government

Isen, A. (2014). Do local government fiscal spillovers exist? Evidence from counties, municipalities, and school districts. *Journal of Public Economics* 110. 57-73.

4. Homeownership and property taxes (n.a.)

Q: Analyze the impact of home ownership on local property tax rates

Füss, R. & Lerbs, O. (2017). Do local governments tax homeowner communities differently? ZEW Discussion Paper No. 17-036, Mannheim.

Block 2: Instruments of poverty alleviation (Prof. Rincke)

5. The long-run impact of cash transfers (n.a.)

Q: What are the long-run effects of cash transfers to poor households? Do cash transfers help to move families out of poverty?

Aizer, A., Eli, S., Ferrie, J., & Lleras-Muney, A. (2016). The long-run impact of cash transfers to poor families. *American Economic Review*, 106(4), 935-71.

6. Conditional cash transfers: incentives vs. nudges (n.a.)

Q: What makes conditional cash transfers effective? Is it the financial incentive associated with the conditionality of the transfer, or a signal about the importance of the behavior the condition refers to?

Benhassine, N., Devoto, F., Duflo, E., Dupas, P., & Pouliquen, V. (2015). Turning a Shove into a Nudge? A "Labeled Cash Transfer" for Education. *American Economic Journal: Economic Policy*, 7(3), 86-125.

7. Does public infrastructure reduce poverty? (n.a.)

Q: Can the government reduce poverty by providing public infrastructure?

Gonzalez-Navarro, M. & C. Quintana-Domeque (2016). Paving Streets for the Poor: Experimental Analysis of Infrastructure Effects. *Review of Economics and Statistics*, 98(2), 254–267.

8. The long-run effects of improved health care on poverty (n.a.)

Q: Do public health programs help to alleviate poverty?

Baird, S., Hicks, J. H., Kremer, M., & Miguel, E. (2016). Worms at work: Long-run impacts of a child health investment. *Quarterly Journal of Economics*, 131(4), 1637-1680.

Block 3: Taxation and public economics (Prof. Büttner)

9. Enforcement of indirect taxes: the case of VAT (n.a)

Q: The value added tax is now a key revenue instrument worldwide. What is the role of tax enforcement for this success?

Keen, Michael and Lockwood, Ben (2006), Is the VAT a Money Machine?, National Tax Journal, 59:4, pp. 905-28.

Pomeranz, D. (2015): No Taxation without Information: Deterrence and Self-Enforcement in the Value Added Tax, American Economic Review, vol. 105, no. 8, August 2015, pp. 2539-2369

10. Tax enforcement and tax withholding (n.a)

Q: Analyze whether withholding taxes are effective means to prevent tax evasion.

Johannesen, N. (2014): Tax evasion and Swiss bank deposits. Journal of Public Economics 111. 46-62.

Yaniv, G. (1992). Collaborated Employee-Employer Tax Evasion. Public Finance-Finances Publiques 47 (2). 312-321.

11. Innovation diffusion of energy-efficient technologies (n.a)

Q: Do new technologies help to reduce energy demand?

Newell, Richard G., Adam B. Jaffe, and Robert N. Stavins. "The induced innovation hypothesis and energy-saving technological change." The Quarterly Journal of Economics 114.3 (1999): 941-975.

Aghion, Philippe, et al. "Carbon taxes, path dependency, and directed technical change: Evidence from the auto industry." Journal of Political Economy 124.1 (2016): 1-51.

12. Legislature size and public spending (n.a)

Q: Does public spending increase with the size of councils

Egger, P and Koethenbueger, M. (2010): Government spending and legislative organization: Quasi-experimental evidence from Germany. American Economic Journal: Applied Economics 2 (4): 200-212

Pettersson-Lidbom, P. (2012): Does the size of the legislature affect the size of government? Evidence from two natural experiments. Journal of Public Economics, 142(2): 698-714.