

Seminar Public Economics 1, Summer Term 2019

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 issues **development economics** (Prof. Rincke). Finally, the seminar also deals with **fiscal and tax policies** (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 (July 11th/12th) 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 11th, 2019**.
- 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. Matching in Cities (n.a.)

Q: Are high-quality workers significantly more likely to be matched to high-quality plants in larger cities than in smaller cities?

Dauth, W., Findeisen, S., Moretti, E. & Südekum, J. (2018). Matching in Cities. NBER Working Paper 25227.

2. Place-based tax policies (n.a.)

Q: What are the effects of payroll tax changes on firm behavior?

Ku, H., Uta Schönberg, U. & Ragnhild C. Schreiner, R.C. (2018). How Do Firms Respond To Place-Based Tax Incentives? NBER Working Paper 25115

3. Geography of Consumption (n.a.)

Q: How does consumer mobility in local consumption markets affect consumption, employment, and establishment density?

Agarwal, S., Jensen, J.B. & Monte, F. (2018). The Geography of Consumption. NBER Working Paper 23616.

4. Local Income Taxes and Residential Mobility (n.a.)

Q. How do location choices respond to local income taxes?

Schmidheiny, K. & Slotwinski, M. (2018). Tax-induced Mobility: Evidence from a Foreigners Tax Scheme in Switzerland. Working Paper.

Block 2: Development Economics (Prof. Rincke)

5. Fighting Corruption in China (n.a.)

Q: How does corruption in China work, how can we make it visible, and can a government crackdown help to reduce corruption?

Ting Chen; James Kai-sing Kung (2019), Busting the “Princelings”: The Campaign Against Corruption in China’s Primary Land Market, *Quarterly Journal of Economics* 134 (1), 185–226.

6. Poverty Alleviation via Support to Microenterprises (n.a.)

Q: Can \$150 of cash, five days of business skills training and ongoing supervision propel ultra-poor households out of poverty?

Blattman, Christopher; Green, Eric P.; Jamison, Julian; Lehmann, M. Christian; Annan, Jeannie (2016), The Returns to Microenterprise Support among the Ultrapoor: A Field Experiment in Postwar Uganda, *American Economic Journal: Applied Economics*, 8 (2), 35-64.

7. Firm Responses to Improved Tax Enforcement (n.a.)

Q: Tax compliance is low among firms in many low- and middle-income countries, including Ecuador. How do firms respond if the government starts an initiative to improve tax compliance?

Carrillo, Paul, Dina Pomeranz, and Monica Singhal (2017), Dodging the Taxman: Firm Misreporting and Limits to Tax Enforcement, *American Economic Journal: Applied Economics* 9 (2), 144-164.

8. The long-run effects of human capital improvements (n.a.)

Q: What are the consequences of a long-term human capital intervention, as the one by the Jesuit order in certain regions of South America in the 17th and 18th century?

Felipe Valencia Caicedo (2019), The Mission: Human Capital Transmission, Economic Persistence, and Culture in South America, *Quarterly Journal of Economics* 134 (1), 507–556.

Block 3: Fiscal and tax policies (Prof. Büttner)

9. Fiscal Rules (n.a.)

Q: How do fiscal rules interact with political preferences?

Grembi, V., Nannicini, T., Troiano, U. (2016). Do fiscal rules matter? *American Economic Journal: Applied Economics*, 1-30.

Chatagny, F. (2015). Incentive effects of fiscal rules on the finance minister's behavior: Evidence from revenue projections in Swiss Cantons. *European Journal of Political Economy*, 39, 184-200.

10. Effects of location incentives (n.a.)

Q: How effective are location incentives and do that have lasting effects on regional development?

Ehrlich, M. V., Seidel, T. (2018). The persistent effects of place-based policy: Evidence from the West-German Zonenrandgebiet. *American Economic Journal: Economic Policy*, 10(4), 344-74.

Brachert, M., Dettmann, E., Titze, M. (2018). Public Investment Subsidies and Firm Performance—Evidence from Germany. *Jahrbücher für Nationalökonomie und Statistik*, 238(2), 103-124.

11. Investment promotion, foreign direct investment, and spillover effects (n.a.)

Q: How effective is investment promotion and are there spillover effects to domestic firms?

Smarzynska Javorcik, B. (2004). Does foreign direct investment increase the productivity of domestic firms? In search of spillovers through backward linkages. *American economic review*, 94(3), 605-627.

Harding, T., Javorcik, B. S. (2011). Roll out the red carpet and they will come: Investment promotion and FDI inflows. *The Economic Journal*, 121(557), 1445-1476.

12. Direct democracy and public spending (n.a.)

Q: Theory suggests that direct involvement of citizens in political decision-making has significant fiscal consequences. What is the empirical evidence?

Asyatryn, Z./ Baskaran, T./ Grigoriadis, T./ Heinemann, F.: Direct Democracy and Local Public Finances under Cooperative Federalism, *The Scandinavian Journal of Economics*, 119(3), 2017, 801-820.