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Department of Economics
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ECONOMICS 230A PUBLIC SECTOR MICROECONOMICS

(Part 1; http://eml.berkeley.edu/~webfac/auerbach/e230a_f16/e230a_f16.shtml)

Lecture notes will be posted prior to each class providing an outline of points to be discussed, derivations of detailed results, and other review materials. Readings below are accessible from within the UC Berkeley IP domain. Starred readings should be considered more important.

I. PUBLIC FINANCE AND THE ROLE OF GOVERNMENT

A. Introduction

Alan Auerbach and Kevin Hassett, "A New Measure of Horizontal Equity," *American Economic Review*, September 2002, 1116-1125.

<http://pubs.aeaweb.org/doi/pdfplus/10.1257/00028280260344650>

Matthew Weinzierl, "The Promise of Positive Optimal Taxation: Normative Diversity and a Role for Equal Sacrifice," *Journal of Public Economics*, October 2014, 128-142.

<http://www.sciencedirect.com/science/article/pii/S0047272714001522>

B. Dealing with Externalities

- * Lans Bovenberg and Lawrence Goulder, "Environmental Taxation and Regulation," *Handbook of Public Economics*, vol. 3, Chapter 23; Section 4.

<http://www.sciencedirect.com/science/article/pii/S1573442002800271>

Agnar Sandmo, "Global Public Economics: Public Goods and Externalities," *Économie Publique*, 2006 (1-2), 3-21. <http://economiepublique.revues.org/4282?file=1>

II. PUBLIC CHOICE

Torsten Persson and Guido Tabellini, "Political Economics and Public Finance," *Handbook of Public Economics*, vol. 3, Chapter 24.

<http://www.sciencedirect.com/science/article/pii/S1573442002800283>

James Poterba, "State Responses to Fiscal Crisis: The Effects of Budgetary Institutions and Politics," *Journal of Political Economy*, August 1994, 799-821.

<http://www.jstor.org/stable/pdfplus/2138765.pdf>

Timothy Besley and Stephen Coate, "Centralized versus Decentralized Provision of Local Public Goods: A Political Economy Approach," *Journal of Public Economics*, December 2003, 2589-2637.

<http://www.sciencedirect.com/science/article/pii/S004727270200141X>

Alan Auerbach, "Budget Windows, Sunsets, and Fiscal Control," *Journal of Public Economics*, January 2006, 87-100.

<http://www.sciencedirect.com/science/article/pii/S0047272705000423>

Timothy Besley and Michael Smart, "Fiscal Restraints and Voter Welfare," *Journal of Public Economics*, April 2007, 755-773.

<http://www.sciencedirect.com/science/article/pii/S0047272706001356>

III. THEORY OF TAXATION

A. Deadweight Loss and Optimal Tax Theory

- * Alan Auerbach and James Hines, "Taxation and Economic Efficiency," *Handbook of Public Economics*, vol. 3, Chapter 21; Sections 1-3, 5-6.

<http://www.sciencedirect.com/science/article/pii/S1573442002800258>

Martin Feldstein, "Tax Avoidance and the Deadweight Loss of the Income Tax," *Review of Economics and Statistics*, November 1999, 674-680.

<http://www.mitpressjournals.org/doi/pdf/10.1162/003465399558391>

Liran Einav, Dan Koenig, Jonathan Levin, and Neel Sundaresan, "Sales Taxes and Internet Commerce," *American Economic Review*, January 2014, 1-26.

<http://pubs.aeaweb.org/doi/pdfplus/10.1257/aer.104.1.1>

Jacob Goldin, "Optimal Tax Salience," *Journal of Public Economics*, November 2015, 115-123. <http://www.sciencedirect.com/science/article/pii/S004727271500153X>

Alberto Alesina, Andrea Ichino, and Loukas Karabarbounis, "Gender Based Taxation and the Division of Family Chores," *American Economic Journal: Economic Policy*, May 2011, 1-40. <http://pubs.aeaweb.org/doi/pdfplus/10.1257/pol.3.2.1>

Nathaniel Hendren, "The Policy Elasticity," *Tax Policy and the Economy*, 2016, 51-89.

<http://www.journals.uchicago.edu/doi/pdfplus/10.1086/685593>

B. Tax Incidence

- * Don Fullerton and Gilbert Metcalf, "Tax Incidence," *Handbook of Public Economics*, vol. 4, Chapter 26. <http://www.sciencedirect.com/science/article/pii/S1573442002800052>

John Cawley and David Frisvold, "The Incidence of Taxes on Sugar-Sweetened Beverages: the Case of Berkeley, California," NBER Working Paper 21465, August 2015. <http://www.nber.org/papers/w21465>

Alan Auerbach, "Who Bears the Corporate Tax? A Review of What We Know" in J. Poterba, ed., *Tax Policy and the Economy* 20, 2006, 1-40.

<http://www.nber.org/chapters/c0065.pdf>

Alan Auerbach, Laurence Kotlikoff, and Darryl Koehler, "U.S. Inequality, Fiscal Progressivity, and Work Disincentives: An Intragenerational Accounting" NBER Working Paper 22032, February 2016. <http://www.nber.org/papers/w22032>