This course covers material on (I) labor income taxation: behavioral responses to taxes and transfers, optimal income taxation and redistribution, (II) Taxes, savings, and investment, (III) Local public finance.

Syllabus, lecture slides (with links to readings), and problem sets are all posted online at: http://elsa.berkeley.edu/~saez/course/course.html (1st half)

Class meetings: Mondays 10am-12pm, Room 639 Evans Hall

Prerequisites: First year graduate microeconomics (Economics 201A,B), First year graduate econometrics (Economics 240A), and first public sector microeconomics class 230A.

Requirements: Three problem sets (30% of the grade), one referee report (10% of the grade). Final examination is on Monday May 2 (review week), 10am-12pm, room 639 Evans Hall (60% of the grade).

The GSI Yotam Shem-Tov will be in charge of grading assignments. Feel free to email Yotam directly for any questions related to assignments. You should print your problem set and hand it in in class or put it in paper format in Yotam’s mailbox in front of the Peixotto room within 1 hour of the end of the class.

Readings: For each lecture, online slides include all references at the back with web links. References in bold are required reading.

Section I: Labor Income Taxation and Redistribution (SAEZ)

IA: Theoretical Aspects: Optimal Income Taxation and Redistribution

1 January 25 Problem of redistribution and current US income tax and transfers
2 February 1 Optimal income taxation
3 February 8 Optimal transfer programs

IB: Empirical Aspects: Behavioral Responses to Taxes and Transfers

4 February 22 Labor supply responses to taxation and transfers (PS 1 due)
Section II: Taxes, Saving, and Investment (YAGAN)

7  March 14  Capital Income Taxation: Facts and Optimal Policy (PS 2 due)
8  March 28  Taxation, Corporate Financial Policy, and Business Investment
9  April 4  Social Security and Disability Insurance (referee report due)
10  April 11  Taxation and Household Saving

Section III: Local Public Finance (YAGAN)

11  April 18  Property Taxation, the Tiebout Model, and Education Finance
12  April 25  Place-Based Policies and Capitalization (PS 3 due)