University of California, Berkeley
Department of Economics
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Professor Alan Auerbach
525 Evans Hall; 3-0711
auerbach@econ.berkeley.edu

ECONOMICS 230A
PUBLIC SECTOR MICROECONOMICS

(Part 1; http://eml.berkeley.edu/~webfac/auerbach/e230a_f17/e230a_f17.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

Emmanuel Saez and Stefanie Stantcheva, "Generalized Social Marginal Welfare Weights for Optimal Tax Theory," *American Economic Review*, January 2016, 24-45.
http://pubs.aeaweb.org/doi/pdfplus/10.1257/aer.20141362

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

Hunt Allcott and Dmitry Taubinsky, "Evaluating Behaviorally Motivated Policy: Experimental Evidence from the Lightbulb Market," *American Economic Review*, August 2015, 2501-38. http://pubs.aeaweb.org/doi/pdfplus/10.1257/aer.20131564

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 Knoepfle, 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," *Journal of Policy Analysis and Management*, Spring 2017, 303-326.
http://onlinelibrary.wiley.com/doi/10.1002/pam.21960/epdf

Youssef Benzarti, Dorian Carloni, Jarkko Harju, and Tuomas Kosonen, "What Goes Up May Not Come Down: Asymmetric Incidence of Value-Added Taxes," 2017, http://conference.nber.org/confer//2017/SI2017/PE/Benzarti_Carloni_Harju_Kosonen.pdf

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