

University of California, Berkeley
Department of Economics
Fall 2019

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ECONOMICS 230A
PUBLIC SECTOR MICROECONOMICS

(Part 1; https://eml.berkeley.edu/~webfac/auerbach/e230a_f19/e230a_f19.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://doi.org/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://dx.doi.org/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>

Nathaniel Hendren, “Efficient Welfare Weights,” NBER Working Paper 20351, Revised October 2017. <http://www.nber.org/papers/w20351.pdf>

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>

Michael Keen and, Christos Kotsogiannis, “Coordinating Climate and Trade Policies: Pareto Efficiency and the Role of Border Tax Adjustments,” *Journal of International Economics*, September 2014, 119-128.

<https://www.sciencedirect.com/science/article/pii/S0022199614000403>

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>

Jeffrey Clemens and Stephen Miran, "Fiscal Policy Multipliers on Subnational Government Spending," *American Economic Journal: Economic Policy*, May 2012, 46-68. <http://dx.doi.org/10.1257/pol.4.2.46>

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://dx.doi.org/10.1257/aer.104.1.1>

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://www.aeaweb.org/articles.php?doi=10.1257/pol.3.2.1>

Hunt Allcott, Benjamin B. Lockwood, and Dmitry Taubinsky, "Regressive Sin Taxes, with an Application to the Optimal Soda Tax," *Quarterly Journal of Economics*, August 2019, 1557-1626. <https://doi.org/10.1093/qje/qjz017>

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 and Dorian Carloni, "Who Really Benefits from Consumption Tax Cuts? Evidence from a Large VAT Reform in France," *American Economic Journal: Economic Policy*, February 2019, 38-63. <https://doi.org/10.1257/pol.20170504>

Emmanuel Saez, Benjamin Schoefer, and David Seim, “Payroll Taxes, Firm Behavior, and Rent Sharing: Evidence from a Young Workers’ Tax Cut in Sweden,” *American Economic Review*, May 2019, 1717-1763. <https://doi.org/10.1257/aer.20171937>

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>

Juan Carlos Suárez Serrato and Owen Zidar, “Who Benefits from State Corporate Tax Cuts? A Local Labor Markets Approach with Heterogeneous Firms,” *American Economic Review*, September 2016, 2582-2624. <http://dx.doi.org/10.1257/aer.20141702>

Alan Auerbach, Laurence Kotlikoff, and Darryl Koehler, “U.S. Inequality and Fiscal Progressivity: An Intragenerational Accounting” August 2019.
<https://eml.berkeley.edu/~auerbach/U.S.%20Inequality%20and%20Fiscal%20Progressivity%208%2029%2019.1.pdf>