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 (or remotely via the UCB library proxy).

I. PUBLIC FINANCE AND THE ROLE OF GOVERNMENT


II. THEORY OF TAXATION

A. Deadweight Loss and Optimal Taxation

Alan Auerbach and James Hines, “Taxation and Economic Efficiency,” *Handbook of Public Economics*, vol. 3, Chapter 21; Sections 1-3, 5-6. doi.org/10.1016/S1573-4420(02)80025-8


B. Tax Incidence


C. Efficiency and Incidence in a Dynamic Setting


Fullerton and Metcalf, “Tax Incidence,” *Handbook of Public Economics*, vol. 4, Chapter 26; Sections 4-5.


III. RESPONSES TO CAPITAL INCOME TAXATION

A. Portfolio Choice

B. Capital Gains Taxation

C. Investment Behavior