

EC2450A Public Economics and Fiscal Policy I – Syllabus

Instructor: Stefanie Stantcheva

TA: Michael Droste

Fall 2022

Hello! Very glad you are interested in this class!

Who is teaching? I am Stefanie Stantcheva: ssantcheva@fas.harvard.edu and our great teaching assistant is Michael Droste: mdroste@fas.harvard.edu.

Class time: The class meets Mondays and Wednesdays 1:30-2:45 pm in Littauer 301.

Course content: This is a graduate course in public economics, intended primarily for graduate students in the Department of Economics and those in the Business Economics and PEG programs. Other students with preparation in microeconomic theory and econometrics can inquire with me whether the course is suitable for them. The course is technical. It will cover core topics in the field of public economics, through a combination of theoretical models and empirical work. We will cover classical work, as well as new, frontier research.

Lecture notes: I will post lecture notes on Canvas every week the day before or on the day of the class.

Reading List: The Reading List for each lecture will be at the back of the slides' set. Papers are linked and we will post them in Canvas too. Strongly recommended readings are in bold. The other readings are there for you to know what the most relevant literature is and to pursue further if the topic is of interest to you.

There is no textbook for this class, but a useful guide on (almost) all the topics we will cover is available in the *Handbook of Public Economics* available through the Harvard libraries (electronically too).

Course requirements: To complete this course, you will have to 1) do a referee report on a paper that will be assigned; 2) write a paper proposal on a topic of interest to you in public economics; and 3) take a 1.15 hour final exam at the end of the semester.

Health guidance: PLEASE do NOT come to class if you are feeling unwell, for the sake of your classmates. As you know, antigen tests can be false negatives and tests can take a while to turn positive even after symptoms start. If you have symptoms, please be considerate of your classmates. We will make sure that you can follow remotely. I have created zoom

links in Canvas for every lecture. Email me if you anticipate skipping class. You can follow in real time over zoom or watch the recording if you are feeling too unwell. I will erase recordings after 10 days.

Office Hours: Tuesdays 6-7 pm, starting after Labor Day. Office hours are over zoom. Sign-up in google sheet below, feel free to sign up as a group or agree between yourselves to come in groups; you can mark “alone” if you want to have that slot alone (so others don’t show up during that time) or “ok with others” if you are ok with others just dropping in and listening or chatting. Pets, babies, friends, roommates welcome during office hours. The excel sheet has the zoom link. If you need a slot and there are none left, email me, I will add more slots until 7:30 pm.

https://docs.google.com/spreadsheets/d/1H-A6WyDjhUea0quma-C4hhbmkoDgrQk3CFEQiN-n_C8/edit?usp=sharing

Mike’s Office Hours: Mike will set his office hours.

The course will cover the following topics:

1. August 31: Facts about inequality, intergenerational mobility and the U.S. tax and transfer system, compared to other countries. (I)
2. September 7: Facts about inequality, intergenerational mobility and the U.S. tax and transfer system, compared to other countries. (II)
3. September 12: Optimal income tax theory (I)
4. September 14: Optimal income tax theory (II)
5. September 19: Optimal income tax theory (III)
6. September 21: Optimal income tax theory (IV)
7. September 26: Optimal income tax theory (V)
8. September 28: Optimal transfers
9. October 3: Optimal transfers
- October 5: Yom Kippur *No Class*
- October 10: Indigenous People’s Day: *No class*
10. October 12: Labor Supply responses (I)
11. October 17 : Labor Supply responses (II)
12. October 19: Taxable income elasticities (I)

13. October 24: Taxable income elasticities (II)
14. October 26: Tax avoidance, evasion, and enforcement (I)
15. October 31: Tax avoidance, evasion, and enforcement (II)
16. November 2: Social preferences: theory
17. November 7: Social preferences: empirical evidence
18. November 9: Social preferences: survey methods
19. November 14: New Dynamic Public Finance (including: Financing Human Capital acquisition over the life cycle) (I)
20. November 16: New Dynamic Public Finance (including: Financing Human Capital acquisition over the life cycle) (II)
21. November 21: Capital taxation: theory and evidence (I)
November 23: Thanksgiving: *No class*
22. November 28: Capital taxation: theory and evidence (II)
23. November 30: *Final Exam in class*