



**BERGISCHE
UNIVERSITÄT
WUPPERTAL**

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DATUM September 2022

Public Economics
Winter 2022/23

Dr. Arash Naghavi, Dr. Anna M. Makles, Dr. Franz Westermaier

This course covers basic issues in Public Economics with emphasis on combining theoretical models with empirical evidence. Topics include an introduction to the public sector, public goods and externalities, welfare analysis in behavioral models, an introduction to political economy, as well as efficiency costs and incidence of taxation.

Content		
a. The public sector: Theory and Policy	Lecture	<ol style="list-style-type: none">1. The Public Sector2. Public Goods3. Externalities4. Behavioral Public Economics / Internalities5. Political Economy6. Taxation
b. Empirical Public Economics	Exercise	<ul style="list-style-type: none">• Empirical applications with Stata
c. Tutorial	Exercise	<ul style="list-style-type: none">• Discussion of exercises that repeat and deepen the understanding of topics covered in a. and b.

Recommended general readings for parts a.-c.

Comprehensive lecture notes will be made available online.

- Hindriks, J., & Myles, G. D. (2013). *Intermediate Public Economics*, 2. Ed, MIT press.
- Auerbach, A. J., Chetty, R., Feldstein, M., & Saez, E. (Eds.). (2013). *Handbook of Public Economics* (Vol. 5). Newnes. (available online)
- Persson, T., & Tabellini, G. E. (2002). *Political Economics: Explaining Economic Policy*. MIT press.
- Chetty, R., Public Economics Lecture notes:
https://rajchetty.com/wp-content/uploads/2021/04/public_economics_lectures.pdf
<https://www.youtube.com/playlist?list=PL2SOU6wwxB0v3c46v2ptuDKIHmXHRAMEU>
- Saez, E., Public Economics Lecture Notes:
<http://elsa.berkeley.edu/~saez/course/course.html>
- Salanie, B. (2011). *The Economics of Taxation*, 2. Ed, MIT press.

Papers to be discussed in part b.

- De Ree, J., Muralidharan, K., Pradhan, M., & Rogers, H. (2018). Double for nothing? Experimental evidence on an unconditional teacher salary increase in Indonesia. *Quarterly Journal of Economics*, 133(2), 993-1039.
- Sallee, J. M., & Slemrod, J. (2012). Car notches: Strategic automaker responses to fuel economy policy. *Journal of Public Economics*, 96(11-12), 981-999.
- Chetty, R., Looney, A., & Kroft, K. (2009). Saliency and taxation: Theory and evidence. *American Economic Review*, 99(4), 1145-77.
- Falck, O., Gold, R., & Heblich, S. (2014). "E-lections: Voting Behavior and the Internet." *American Economic Review*, 104(7), 2238-65.

Grading:

The final grade will be made up of

- 20% Homework Assignments in part b.
- 80% Exam (90 min) on part a. and c.

Time / Room:

Lecture/Tutorial:	Tuesday, 14-16	Room: N.11.12
	Wednesday, 10-12	Room: M.15.13
Stata Exercise:	Tuesday, 16-18	Room: M.13.05 (CIP 1)