

Seminar Public Economics 1, Summer Term 2023

Prof. Buettner / Prof. Necker / Prof. Wrede

Course Description:

During the seminar, participants will discuss a broad range of topics. A first set of topics is provided by the chair of Prof. Büttner, a second set by the chair of Prof. Necker, and a third set by the chair of Prof. Wrede. The list of topics below provides more details, including references and a brief research question. For each topic an advisor is announced after topics are allocated.

The seminar has two consecutive parts. **In the first part, students write a thesis (15 pages)** under the guidance of their advisor. In an introductory session, students learn about the principles of scientific work and the scope of analysis that is expected. The thesis elaborates on the literature (see the list of topics for the main article(s) to be covered). Students are expected to search for additional literature and then work independently on their topic. Advisors provide close guidance during this process. **The deadline to hand in the thesis is June 09, 2023. The second part consists of a two-day seminar (June 29-30, 2023) of students' presentations.** Before preparing their presentations, supervisors will provide students with detailed feedback on their thesis. During the seminar students present their thesis. Each presenter has 25 minutes for the presentation, followed by 25 minutes of discussion.

Organisational details and grading:

- The seminar is jointly organized by the chairs of Prof. Buettner, Prof. Necker, and Prof. Wrede.
- Students who want to participate should express their interest by submitting a participation form (see webpage of Prof. Wrede's chair) to sebastian.ach@fau.de by **February 15, 2023**.
- Please indicate your preferred topics. Preference will be given to the earliest submissions.
- After being assigned to a specific topic, students can repeal their participation within a week's time. After that deadline has passed, participation in the seminar is mandatory. Students not handing in a thesis on time will be graded a 5.0.
- Please note that the maximum number of participants is 10 students.
- Additional information on how to write a seminar paper, how to search for literature, etc. will be provided in an introductory session.
- Grading: The overall grade will reflect the quality of the thesis (50%), the presentation in the seminar (30%), and the student's contributions to the discussion following each of the presentations (20%).

List of Topics

Block 1: Public Economics (Chair of Prof. Büttner)

1. Transport Networks in China (Maximilian Pöhnlein)

Q: What are the effects of transport network investment on regional economic activity in China?

Faber, B. (2014). Trade integration, market size, and industrialization: evidence from China's National Trunk Highway System. *Review of Economic Studies*, 81(3), 1046–1070.

Qin, Y. (2017). 'No county left behind?' The distributional impact of high-speed rail upgrades in China. *Journal of Economic Geography*, 17(3), 489–520.

2. Taxes, Location Choice, and Innovation

Q: How does spatial variation of taxes determine the location of innovations?

Akcigit, U., J. Grigsby, T. Nicholas, S. Stantcheva (2022). "Taxation and Innovation in the Twentieth Century". *Quarterly Journal of Economics*, 137(1), 329–385.

Moretti, E. and D. Wilson (2017). "The Effect of State Taxes on the Geographical Location of Top Earners: Evidence from Star Scientists". *American Economic Review*, 107, 1858–1903.

3. Price Dispersion and the Law of One Price in Europe

Q: What can explain price dispersion across countries on an integrated market?

Fontaine, F., Martin, J., Mejean, I. (2020). Price discrimination within and across EMU markets: Evidence from French exporters. *Journal of International Economics*, 124, 103300.

Becker, S. S., Nautz, D. (2012). Inflation, price dispersion and market integration through the lens of a monetary search model. *European Economic Review*, 56(3), 624-634.

4. Fiscal forecasts

Q: What are well performing methods for forecasting budgetary variables?

Asimakopoulos, S., Paredes, J. Warmedinger, T. (2020). Real-time fiscal forecasting using mixed frequency data. *Scandinavian Journal of Economics* 122(1), 369-390.

Lahiri K., Yang C. (2022). Boosting tax revenues with mixed-frequency data in the aftermath of COVID-19: The case of New York. *International Journal of Forecasting* 38(2), 545-566.

Block 2: Behavioral Public Economics and Political Economy (Chair of Prof. Necker)

5. Preferences for Taxation of the Wealthy

Q: What determines preferences for wealth and inheritance taxation?

Bastani, S., Waldenström, D. (2021). Perceptions of Inherited Wealth and the Support for Inheritance Taxation: Evidence from a Randomized Experiment, *Economica* 88(350), 532-569.

Fisman, R., Gladstone, K., Kuziemko, I., & Naidu, S. (2020). Do Americans want to tax wealth? Evidence from online surveys. *Journal of Public Economics*, 188, 104207.

6. Tax Evasion and Inequality

Q: What is the effect of tax evasion on inequality?

Alstadsæter, A., Johannesen, N., & Zucman, G. (2019). Tax evasion and inequality. *American Economic Review*, 109(6), 2073-2103.

Guyton, J., Langetieg, P., Reck, D., Risch, M., & Zucman, G. (2021). Tax evasion at the top of the income distribution: Theory and evidence (No. w28542). National Bureau of Economic Research.

7. Cognitive Ability and the Reaction to Taxation

Q: How does cognitive ability affect people's responsiveness to tax incentives?

Abeler, J., & Jäger, S. (2015). Complex tax incentives. *American Economic Journal: Economic Policy*, 7(3), 1-28.

Bastani, S., Waldenström, D. (2021). "The Ability Gradient in Tax Responsiveness", *Journal of Public Economics Plus* 2, 100007.

8. Tax complexity and Non-Compliance

Q: How do tax complexity and people's willingness to obey the tax code interact?

Benzarti, Y. (2020, November). How Taxing Is Tax Filing? Using Revealed Preferences to Estimate Compliance Costs. *American Economic Journal: Economic Policy* 12(4), 38–57.

Akcigit, P. A. U., Lequien, M. G. M., & Stantcheva, S. (2022). Tax Simplicity or Simplicity of Evasion? Evidence from Self-Employment Taxes in France. Available at: <https://www.maximegravouelle.com/research/AALGS.pdf>

Block 3: Public Economics and Spatial Economics (Chair of Prof. Wrede)

9. Intergenerational transmission of welfare dependency

Q: To what extent does welfare rigidity affect the intergenerational transferability of welfare dependency?

Hartley, Robert Paul, Lamarche, Carlos & Ziliak, James P. (2022). Welfare Reform and the Intergenerational Transmission of Dependence. *Journal of Political Economy* 130 (3). 523-565

10. Does Welfare Prevent Crime?

Q: How does welfare change the likelihood of criminal activity, particularly for income generation?

Deshpande, Manasi & Mueller-Smith, Michael (2022). Does Welfare Prevent Crime? The Criminal Justice Outcomes of Youth Removed from Ssi. *Quarterly Journal of Economics*, Volume 137 (4). 2263-2307. <https://doi.org/10.1093/qje/qjac017>

11. Effects of subsidized housing on economic and social outcomes

Q: Does subsidized housing during childhood improve economic and social outcomes for adults?

Pollakowski, Henry O., Weinberg, Daniel H., Andersson, Fredrik, Haltiwanger, John C., Palloni, Giordano & Kutzbach, Mark J. (2022). Childhood Housing and Adult Outcomes: A Between-Siblings Analysis of Housing Vouchers and Public Housing. *American Economic Journal: Economic Policy* 14 (3). 235-272.
DOI: 10.1257/pol.20180144

12. Effects of transport infrastructure on population

Q: How does transport infrastructure via market access affect population growth?

Jedwab, Rémi & Storeygard, Adam (2022). The Average and Heterogeneous Effects of Transportation Investments: Evidence from Sub-Saharan Africa 1960–2010, *Journal of the European Economic Association* 20 (1). 1-38.
<https://doi.org/10.1093/jeea/jvab027>