1 Overview

This course covers topics related to public economics, with an emphasis on tax policy. The material will have both theoretical and empirical components – indeed, public economics as a field is about marrying theory with data.

2 Delivery Mode

Currently the class is scheduled to be in-person, based on the University’s determination that in-person learning will be the norm in Fall 2022. Should the course of the pandemic dictate the need for some classes to be held online, we will follow relevant University policies and keep you informed.
3 Schedule of Topics

<table>
<thead>
<tr>
<th>Number of lectures</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1</td>
<td>Introduction to Course</td>
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<tr>
<td>2</td>
<td>Externalities and Public Goods</td>
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<td>1</td>
<td>Forms of Taxation in the United States</td>
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<td>2</td>
<td>Tax Incidence</td>
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<td>2</td>
<td>Efficiency Costs of Taxation</td>
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<td>Optimal Taxation</td>
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<td>2</td>
<td>Effect of Taxes on Labor Supply</td>
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<td>1</td>
<td>Consequences of Tax Avoidance</td>
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<td>Estimating the Elasticity of Taxable Income</td>
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<td>1</td>
<td>Compliance and Tax Evasion</td>
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<td>4</td>
<td>Taxes on Capital and Business Investment</td>
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<td>4</td>
<td>The Retirement System</td>
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4 Deliverables and Grading

You will have five types of deliverables in this course, with the relative weighting given as follows:

- 25% Final exam.
- 15% Two problem sets.
- 10% Two paper/seminar summaries.
- 10% Presentation of academic paper.
- 40% One research proposal and presentation.

4.1 Final exam

The final exam will occur during the final exam period and will be cumulative. More details will be given closer to the final exam date.

4.2 Problem sets

There will be two problem sets. The problem sets are designed to get you into the weeds of some of the theoretical and empirical models discussed in class. You are not necessarily expected to be able to solve every problem; the grading will reflect this.

Preliminary due dates are as follows; I reserve the right to change these slightly. Problem sets are due before class on the day indicated – you may hand a physical copy to me or send me a copy via email.

Problem Set 1 10/26
Problem Set 2 12/12
4.3 Paper/seminar summaries

At the end of this subsection, I provide a list of several papers (a subset of all the papers covered in the syllabus). You are required to provide a summary of ONE paper of your choice, by the due date indicated for each paper. You are additionally required to provide a summary of ONE seminar of your choice, where the seminars can be either from ECON 708 or the Thursday L/P/D seminar. These seminar summaries should be submitted within one week of the seminar. The seminar summary is due no later than 9/30.

Both for papers and seminar, the summary must address the following (please number answers in the write-up):

1. What is the main question?
2. What data are used and what are the key variables?
3. What empirical model/methods are used?
4. What are the key parameters to be identified?
5. What is the identification strategy of the empirical approach?
6. What are the threats to identification and does the author adequately address them?
7. What are the main findings of the paper?
8. How does the paper contribute to the relevant literature?

For the seminars, it is understandable that you might not be able to answer all of these questions (i.e., you can’t go back and re-watch a seminar to refresh your memory!). But, do your best.

The papers, and due dates, are:

<table>
<thead>
<tr>
<th>Paper</th>
<th>Identifier</th>
<th>Due Date</th>
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<tbody>
<tr>
<td>Hungerman (2005)</td>
<td>[Hun05]</td>
<td>9/7</td>
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<td>Eissa (1995)</td>
<td>[Eis95]</td>
<td>10/10</td>
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<td>Agersnap &amp; Zidar (2021)</td>
<td>[AZ21]</td>
<td>10/12</td>
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<td>Feldstein (1995)</td>
<td>[Fel95]</td>
<td>10/19</td>
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<tr>
<td>Feldman and Slemrod (2007)</td>
<td>[FS07]</td>
<td>10/24</td>
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4.4 Presentation of academic research

You will make a 20-30 minute presentation discussing a paper of your choosing from a list that I will provide. The presentation should cover many of the same points as the paper summaries described in the previous section. You can expect me and/or your classmates to interrupt with questions or discussion points. Unlike what might be the approach in a 708 or a L/P/D seminar, you should not view your job as “attacking” the paper or looking solely for reasons why the paper is “wrong.” While you should absolutely note shortcomings of the paper, I very much want you to explain the contributions of the paper – what is it about this paper that makes it a good paper?

I will upload a sketch of a rubric that I will use to grade these presentations.
4.5 Research proposal

During the semester, you will develop an empirical research idea. The two final deliverables of this proposal are:

- A written proposal that outlines:
  - The question you are trying to answer.
  - The broad empirical strategy, including the data that you would use and the identification strategy, including how you would address potential threats to that strategy.
  - How this research would contribute to the existing literature on the topic.

- A brief presentation to be given in class at the end of the semester.

The main purpose of the research proposal is to familiarize yourself with the process of writing an empirical paper — it is not necessarily intended to jumpstart an actual paper that you plan to write. For this reason, it is acceptable for the research idea to involve data that you might not have access to, so long as it refers to data that does exist somewhere, or could conceivably be created with reasonable effort. For example, it is okay for the research idea to require the use of tax data, Census data, or some other confidential data, so long as it has been used for research before. If you are worried that your research idea involves data that is too fantastical, get in touch with me and we can figure it out.

The topic of your research does not necessarily need to be closely related to a topic that we cover in class. However, I do ask that it be broadly in the public finance umbrella. As above, if you have concerns about whether your topic “fits,” get in touch with me.

The schedule for these proposals is as follows:

- By 10/3, you will email me a list of two or three ideas, along with a very brief (no longer than a paragraph) explanation. I will provide feedback.
- Within one week of receiving this feedback, you will email me your choice of topic.
- An important part of the research process is incorporating feedback from others.
  - By 11/14, you will submit a rough draft of the written proposal to one of your peers (assigned by me).
  - Within one week, your peer will provide a “referee report”: thoughtful written feedback, which will be shared with you and with me.
- The final written proposal is due on 12/5. The final written proposal, and presentation, should incorporate this feedback.
- Along with the written proposal, you will also submit a “referee response”: a short written response to each comment made by your referee explaining the changes you have made to address the comment, or why you disagree with the comment.
- Brief presentations will be given on the last few days of the course. More details on the presentation will be given closer to the presentation date.

5 Other policies

UMD’s policies on graduate courses and graduate student rights and responsibilities can be found here: https://gradschool.umd.edu/faculty-and-staff/course-related-policies
5.1 Disclaimer

As my day job, I am an employee of the Department of the Treasury. The Treasury Ethics Office requires me to add the following disclaimer:

“The views expressed in this course are mine personally, and they do not necessarily reflect the views of the Department of the Treasury or the U.S. Government.”
6 Papers

Externalities and Public Goods


Tax Incidence


**Efficiency Costs of Taxation**


**Optimal Taxation**


Effect of Taxes on Labor Supply


Consequences of Tax Avoidance


Estimating the Elasticity of Taxable Income


Compliance and Tax Evasion


Taxes on Capital and Business Investment


**The Retirement System**


