

## Seminar Public Economics 2, Winter Term 2018/19

Prof. Buettner/Prof. Rincke/Prof. Wrede

### Course Description:

During the seminar, participants will discuss a broad range of topics. A first set of topics address questions related to **spatial and public economics** (Prof. Wrede). A second set relates to **various examples of experimental field research in public economics** (Prof. Rincke). Finally, the seminar also deals with **taxation and public economics** (Prof. Büttner). The list of topics below provides more details, including references and brief comments on the research questions covered in the respective literature.

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 second part consists of a two-day seminar (December 6<sup>th</sup>/7<sup>th</sup>) 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 her/his presentation, followed by 25 minutes of discussion.

### Organisational details and grading:

- The seminar is jointly organized by the chairs of Prof. Buettner, Prof. Rincke, and Prof. Wrede.
- Students who want to participate should express their interest by submitting a participation form (see webpage of Prof. Rincke's chair) to [amanda.tuset.cueva@fau.de](mailto:amanda.tuset.cueva@fau.de) until **July 23<sup>rd</sup>, 2018**.
- 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 in 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: Spatial and public economics (Prof. Wrede)

#### 1. Infrastructure and worker mobility (n.a.)

Q: Consider papers that try to identify the causal effect of infrastructure on commuting and residence mobility

Heuermann, D.F. & Schmieder J.F. (2018). The effect of infrastructure on worker mobility: evidence from high-speed rail expansion in Germany. *Journal of Economic Geography*. doi:10.1093/jeg/lby019

#### 2. Fiscal equalization and spatial externalities (n.a.)

Q: Consider papers that analyze the effects of fiscal equalization schemes on economic activities and welfare in the presence of spatial externalities

Henkel, M., Seidel, T., Südekum, J. (2018). Fiscal transfers in the spatial economy. CESifo Working Paper Series No. 7012.

#### 3. Fiscal spillovers (n.a.)

Q: Analyze papers that do not find fiscal spillovers and strategic interdependencies at the local level of government

Isen, A. (2014). Do local government fiscal spillovers exist? Evidence from counties, municipalities, and school districts. *Journal of Public Economics* 110. 57-73.

#### 4. Labor demand and local employment (n.a.)

Q: Consider papers that analyze the elasticity of local employment to a labor demand shock.

Monte, F., Redding, S.J. & Rossi-Hansberg, E. (2018). Commuting, migration and local employment elasticities. Working Paper.

## **Block 2: Experimental research in public economics (Prof. Rincke)**

### **5. Salary and performance of public sector employees (n.a.)**

Q: How does a large unconditional increase in salary affect the performance of incumbent employees in the public sector?

Joppe de Ree, Karthik Muralidharan, Menno Pradhan, Halsey Rogers (2018), Double for Nothing? Experimental Evidence on an Unconditional Teacher Salary Increase in Indonesia, *Quarterly Journal of Economics* 133(2), 993–1039

### **6. Direct voter mobilization and voting behavior (n.a.)**

Q: Does direct voter mobilization affect voting behavior?

Vincent Pons (2018), Will a Five-Minute Discussion Change Your Mind? A Countrywide Experiment on Voter Choice in France, *American Economic Review* 108(6), 1322-63.

### **7. The price of prejudice (n.a.)**

Q: How do potential discriminators respond to changes in the cost of discrimination?

Jean-Robert Tyran and Morton S. Hedegaard (2018), The Price of Prejudice. *American Economic Journal: Applied Economics* 10(1), 40-63.

### **8. Discrimination as a self-fulfilling prophecy (n.a.)**

Q: How do minority workers respond to racial bias among managers?

Dylan Glover, Amanda Pallais, and William Pariente (2017), Discrimination as a Self-Fulfilling Prophecy: Evidence from French Grocery Stores, *Quarterly Journal of Economics* 132(3), 1219-1260.

## **Block 3: Taxation and Public Economics (Prof. Büttner)**

### **9. Enforcement of Indirect Taxes: the Case of VAT**

Q: The value added tax is now a key revenue instrument worldwide. What is the role of tax enforcement for this success?

Keen, Michael and Lockwood, Ben (2006), Is the VAT a Money Machine?, National Tax Journal, 59:4, pp. 905-28.

Pomeranz, D. (2015): No Taxation without Information: Deterrence and Self-Enforcement in the Value Added Tax, American Economic Review, vol. 105, no. 8, August 2015, pp. 2539-2369

### **10. Assessing the incidence of value-added taxes**

Q: Who bears the burden of VAT and what are the consequences on the distribution of economic welfare?

Benzarti, Y., Carloni, D. (2018), Who benefits from consumption tax cuts? Evidence from a large VAT reform in France. American Economic Journal: Economic Policy (Forthcoming).

Benzarti, Y., Carloni, D., Harju, J., Kosonen, T. (2017). What goes up may not come down: Asymmetric incidence of value-added taxes. NBER Working Paper No. 23849.

### **11. Legislature size and public spending**

Q: Does Public Spending increase with the Size of Councils

Egger, P and Koethenbueger, M. (2010): Government spending and legislative organization: Quasi-experimental evidence from Germany. American Economic Journal: Applied Economics 2 (4): 200-212

Pettersson-Lidbom, P. (2012): Does the size of the legislature affect the size of government? Evidence from two natural experiments. Journal of Public Economics, 142(2): 698-714.

### **12. Special Economic Zones**

Q: What is the long-term economic impact of special economic zones?

Wang, J. (2013). The economic impact of Special Economic Zones: Evidence from Chinese municipalities. Journal of Development Economics 101, pp.133-147.

Kline, P., Moretti, E. (2014). Local economic development, agglomeration economies, and the big push: 100 years of evidence from the Tennessee Valley Authority. Quarterly Journal of Economics 129(1), pp.275-331.