

Seminar Public Economics 1, Summer Term 2021

Prof. Büttner / Prof. Wrede

Course Description:

During the seminar, participants will discuss a broad range of topics. A first set of topics address questions related to **public and spatial economics** (Prof. Wrede). A second set relates to **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 deadline to hand in the thesis is June 20, 2021.**

The second part consists of a two-day seminar (July 8-9, 2021) 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. Büttner 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 18, 2021**.
- 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: Public and Spatial Economics (Prof. Wrede)

1. Third Party Information and Collusive Tax Evasion? (n.a.)

Q: Which instruments can be used to make collusive tax evasion more difficult?

Naritomi, J. (2019). Consumers as Tax Auditors. *American Economic Review* 109 (9), 3031-3072.

2. Effects of Taxation on Political Participation (n.a.)

Q: Does taxation reduce the free-rider problem of political participation?

Weigel, J.L. (2020). The Participation Dividend of Taxation: How Citizens in Congo Engage More with the State When it Tries to Tax Them. *Quarterly Journal of Economics* 135 (4), 1849-1903. <https://doi.org/10.1093/qje/qjaa019>

3. Optimal Taxation with Behavioral Agents (n.a.)

Q: How should optimum taxation formulas look like when agents are behavioral?

Farhi, E., & Gabaix, X. (2020). Optimal Taxation with Behavioral Agents. *American Economic Review* 110 (1), 298-336.

4. Complexity of Rules (n.a.)

Q: The complexity of rules (e.g. taxes) is often seen as a serious obstacle to their success. But what exactly makes a rule complex?

Oprea, R. (2020). What Makes a Rule Complex? *American Economic Review* 110 (12), 3913-3951.

5. Economic Effects of City Shape (n.a.)

Q: Do citizens benefit from compact city layouts?

Harari, M. (2020). Cities in Bad Shape: Urban Geometry in India. *American Economic Review* 110 (8), 2377-2421.

Block 2: Public Economics (Prof. Büttner)

6. Environmental policy (n.a.)

Q: Do labelling policies contribute to higher energy efficiency in durable goods markets?

Davis, L. W., Metcalf, G. E. (2016). Does better information lead to better choices? Evidence from energy-efficiency labels. *Journal of the Association of Environmental and Resource Economists*, 3(3), 589-625.

Houde, S. (2018). Bunching with the stars: How firms respond to environmental certification. CER-ETH–Center of Economic Research at ETH Zurich Working Paper, 18, 292.

7. Natural disasters (n.a.)

Q: What is the relationship between natural disasters and donations?

Smith, S., Wilhelm, M. O., Scharf, K. A. (2017). The donation response to natural disasters, IFS Working Papers, No. W17/19, Institute for Fiscal Studies (IFS), London

Strömberg, D. (2007). Natural disasters, economic development, and humanitarian aid. *Journal of Economic Perspectives*, 21(3), 199-222.

8. Property tax incidence (n.a.)

Q: What is the effect of property taxation on house prices and consumer spending?

Oliviero, T., Scognamiglio, A. (2019). Property tax and property values: Evidence from the 2012 Italian tax reform. *European Economic Review*, 118, 227-251.

Surico, P., Trezzi, R. (2019). Consumer spending and property taxes. *Journal of the European Economic Association*, 17(2), 606-649.

9. Fiscal crises (n.a.)

Q: How do governments deal with fiscal crises?

Bohn, H. (1998). The Behavior of U. S. Public Debt and Deficits. *The Quarterly Journal of Economics* 113 (3), 949-963.

Poterba, J. M. (1994). State Responses to Fiscal Crises: The Effects of Budgetary Institutions and Politics. *Journal of Political Economy* 102 (4), 799-821.

10. Green finance (n.a.)

Q: Do green investments pay off in the financial market?

Hong, H., Kacperczyk, M. (2009). The price of sin: The effects of social norms on markets. *Journal of financial economics*, 93(1), 15-36.

Riedl, A., Smeets, P. (2017). Why do investors hold socially responsible mutual funds? *The Journal of Finance*, 72(6), 2505-2550.