Public Economics 1

This is the first semester in the sequence on the economics of the public sector. This course covers topics in optimal taxation. The focus is to prepare you to do research in public economics.

The reading list is a little more extensive than what we will actually cover, given time constraints. At the beginning of each section, I will announce which articles you will be responsible for.

Requirements

Problem sets: They are important for learning the material, but do not count heavily toward your grade. Some problem sets extend a lecture presentation, while others include detailed examples. You may discuss these problems with other students, but you must turn in your own answers. Unless stated otherwise, they must be handed in for grading.

Exams: There will be a midterm and a final which will count equally in your grade.

I. Externalities and Corrective Taxes


Slutsky, S., “Personal Action Altruism, Externalities, and Corrective Taxes,” working paper

**II. Second Best Analysis**


**III. Optimal Commodity Taxation**


IV. Optimal Income Taxation: Static


Slutsky, “Schooling Policy and Pecuniary Externalities in a 2nd Best World with Administrative Waste”

V. Optimal Income Taxation: Dynamic


VI. Tax Evasion and Compliance Policies

