

# Empirical Public Economics

Module 4, 2021-2022

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## Course information

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**Course Website:** TBA

**Instructor's Office Hours:** TBA

**Class Time:** TBA

**Room Number:** TBA

**TAs:** TBA

## Course description

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This course introduces students to frontier research in empirical public economics. The course will start by providing students with foundation to empirical public economics, which will be followed by acquainting students with the frontier research in empirical public economics and its deep intersection and interaction with institutional economics and the tax system. However, as opposed to the course on institutional economics, we will take the perspective of 'efficiency' of institutions, especially the efficiency of the judicial system, the tax system and its impact on efficiency, equity and development.

## Course requirements, grading, and attendance policies

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Taking Econometrics I, II and Applied Microeconometrics course are preferred but not required for this class. Kindly, try to make it to the course 5 minutes before the start of each lecture. Grades will consist of a 2-page referee report (25%), a presentation (25%) i.e. executive summary with discussion of an academic paper and a research paper (40%). The students can choose to organize in a group of 2 or submit assignments individually if they prefer to do so. Class participation counts for 10% of the grade. Compulsory readings are marked with \*. This course is ideal for those interested in broad issues of inequality and political economy of development.

## Course contents

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### Part 1. Fundamentals

- \*Piketty, T. (2014) **Capital in the Twenty-First Century**, Harvard University Press, **Ch. 1** [[pdf](#)]
- Piketty, T. (2014) **Capital in the Twenty-First Century**, Harvard University Press, **Ch. 13** [[pdf](#)].
- \*Acemoglu, Daron (2005) “**Constitutions, Politics and Economic Growth: The Economic Effects of Constitutions**,” *Journal of Economic Literature*, XLIII, 1025-1048
- Blinder, A.S. and Watson, M.W., 2016. **Presidents and the US economy: An econometric exploration**. *American Economic Review*, 106(4), pp.1015-45.
- Cagé, J. and Gadenne, L., 2018. **Tax revenues and the fiscal cost of trade liberalization, 1792–2006**. *Explorations in Economic History*, 70, pp.1-24.

### Part 2. Public Economics, Public Goods and the Government

- \*Fehr, E. and Gächter, S. (2000) “Cooperation and Punishment in Public Goods Experiments”, *American Economic Review*, 90(4), pp. 980–994
- Fischbacher, U. and Gächter, S., 2010. Social preferences, beliefs, and the dynamics of free riding in public goods experiments. *American economic review*, 100(1), pp.541-56.
- \*Banerjee, A. and Somanathan, R., 2007. The political economy of public goods: Some evidence from India. *Journal of development Economics*, 82(2), pp.287-314.
- George, S.E. and Ponattu, D., 2018. Like Father, Like Son? The Effect of Political Dynasties on Economic Development. Working Paper.
- Dal Bó, E., Dal Bó, P. and Snyder, J., 2009. Political dynasties. *The Review of Economic Studies*, 76(1), pp.115-142.
- Grossman, G., Pierskalla, J.H. and Boswell Dean, E., 2017. Government fragmentation and public goods provision. *The Journal of Politics*, 79(3), pp.823-840.

### Part 3. The Core: Normative Theory and Fiscal Justice

- \*Sen, A., 2006. Development as freedom: An India perspective. *Indian Journal of Industrial Relations*, pp.157-169.
- Kuziemko, I., Norton, M.I., Saez, E. and Stantcheva, S., 2015. How elastic are preferences for redistribution? Evidence from randomized survey experiments. *American Economic Review*, 105(4), pp.1478-1508.
- Atkinson, A.B., Piketty, T. and Saez, E., 2011. Top incomes in the long run of history. *Journal of economic literature*, 49(1), pp.3-71.
- \*Piketty, T. and Zucman, G., 2014. Capital is back: Wealth-income ratios in rich countries 1700–2010. *The Quarterly Journal of Economics*, 129(3), pp.1255-1310.
- Diamond, P. and Saez, E., 2011. The case for a progressive tax: from basic research to policy recommendations. *Journal of Economic Perspectives*, 25(4), pp.165-90.
- Alvaredo, F., Chancel, L., Piketty, T., Saez, E. and Zucman, G., 2018, May. The elephant curve of global inequality and growth. In *AEA Papers and Proceedings* (Vol. 108, pp. 103-08).
- \*Novokmet, F., Piketty, T., Yang, L. and Zucman, G., 2018. From Communism to Capitalism: Private vs. Public Property and Inequality in China and Russia. *American Economic Association P&P*
- Tørsløv, T.R., Wier, L.S. and Zucman, G., 2018. The missing profits of nations (No. w24701). *National Bureau of Economic Research*.

- Alstadsæter, A., Johannesen, N. and Zucman, G., 2019. Tax evasion and inequality. *American Economic Review*, 109(6), pp.2073-2103.
- Novokmet, F., Piketty, T. and Zucman, G., 2018. From Soviets to oligarchs: inequality and property in Russia 1905-2016. *The Journal of Economic Inequality*, 16(2), pp.189-223.
- Alstadsæter, A., Johannesen, N. and Zucman, G., 2018. Tax Evasion and Tax Avoidance. NBER working paper, 23772.

#### **Part 4. Public Economics, Institutional Efficiency and Development**

- Mehmood., S., 2020. Judicial Independence and Development: Evidence from Pakistan. Under Revision for Review of Economic Studies
- \*Seror., A., and Mehmood., S., 2020. Religious Leaders and Rule of Law. AMSE Working Paper
- Chaney, E., 2013. Revolt on the Nile: Economic shocks, religion, and political power. *Econometrica*, 81(5), pp.2033-2053.
- Ponticelli, J. and Alencar, L.S., 2016. Court enforcement, bank loans, and firm investment: evidence from a bankruptcy reform in Brazil. *The Quarterly Journal of Economics*, 131(3), pp.1365-1413.
- Wang, A., Wang, S. and Ye, X., 2018. Religion and Motivated Cognition: When Ramadan Meets the College Entrance Exam.
- Glaeser, E. L., & Shleifer, A. (2002). Legal origins. *The Quarterly Journal of Economics*, 117(4), 1193-1229.
- \*Feld, L.P. and Voigt, S., 2003. Economic growth and judicial independence: cross-country evidence using a new set of indicators. *European Journal of Political Economy*, 19(3), pp.497-527.

#### **Description of course methodology**

Course is based on lectures that involve active participation of students in discussion.

#### **Sample tasks for course evaluation**

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Write a 2-3-page referee report on the paper "Capital is back: Wealth-income ratios in rich countries 1700–2010" by Thomas Piketty and Gabriel Zucman

#### **Course materials**

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##### **Recommended textbooks**

Piketty, Thomas. 2014. *Capital in the Twenty-First Century*. Cambridge, MA: Harvard University Press.

#### **Academic integrity policy**

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Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.