

Seminar Public Economics 2

Winter Term 2022/23

Prof. Büttner / Prof. Wrede/ Prof. Necker

Course Description:

During the seminar, participants will discuss a broad range of topics. A first set of topics addresses questions related to **public economics** (Prof. Büttner). Furthermore, a second set **explores behavioral public economics and political economy** issues (Prof. Necker). Finally, a third set relates to **spatial and public economics** (Prof. Wrede). The list of topics in the [Course Description WS 2022/2023](#) 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 December 22, 2022.

The second part consists of a two-day seminar (January 12-13, 2023) 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. A more detailed schedule of the January 12-13, 2023 presentations will be provided to registered participants during the semester.

Organisational details and grading:

- The seminar is jointly organized by the chairs of Prof. Büttner, Prof. Necker and Prof. Wrede.
- Students who want to participate should express their interest by submitting a participation form (see webpage of Prof. Büttner's chair) to william.dean@fau.de until **August 2, 2022**.
- 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 economics (Prof. Büttner)

1. Tax Incidence (Prof. Büttner)

Q: Are specific commodity taxes passed through to consumers?

Benzarti, Y., Carloni, D., Harju, J., & Kosonen, T. (2020). What goes up may not come down: asymmetric incidence of value-added taxes. *Journal of Political Economy*, 128(12), 4438-4474.

Montag, F., Sagimuldina, A., & Schnitzer, M. (2020). Are temporary value-added tax reductions passed on to consumers? Evidence from Germany's stimulus. arXiv preprint arXiv:2008.08511.

2. Transport Infrastructure Investment (Maximilian Pöhlein)

Q: What are the effects of transport infrastructure investment on regional economic activity?

Faber, B. (2014). Trade integration, market size, and industrialization: evidence from China's National Trunk Highway System. *Review of Economic Studies*, 81(3), 1046-1070.

Qin, Y. (2017). 'No county left behind?' The distributional impact of high-speed rail upgrades in China. *Journal of Economic Geography*, 17(3), 489-520.

3. "Ghost firms" (Annalisa Tassi)

Q: Can policies effectively reduce the presence of ghost firms or invoice mills?

Carrillo, P., Donaldson, D., Pomeranz, D. D., & Singhal, M. (2022). Ghosting the Tax Authority: Fake Firms and Tax Fraud. NBER Working Paper 30242.

Waseem, M. (2022). Overclaimed Refunds, Undeclared Sales, and Invoice Mills: Nature and Extent of Noncompliance in a Value-Added Tax.

4. Public Policy and Health (William Dean)

Q: What are causes of differential regional outcomes during the opioid epidemic in the United States? More specifically, what roles do local economic factors and public policy play?

Abby Alpert, William N Evans, Ethan M J Lieber, David Powell. (2022). Origins of the Opioid Crisis and its Enduring Impacts. *The Quarterly Journal of Economics*, 137(2), 1139-1179.

Cutler, David M., and Edward L. Glaeser. (2021). When Innovation Goes Wrong: Technological Regress and the Opioid Epidemic. *Journal of Economic Perspectives*, 35 (4), 171-96.

Block 2: Behavioral public economics and political economy (Prof. Necker)

5. What motivates paternalism? (Prof. Necker)

Q: When, why, and how do people act paternalistically?

Ambuehl, S., B. D. Bernheim, & A. Ockenfels (2021). What motivates paternalism? An experimental study. *American Economic Review* 111(3), 787-830.

Ifcher, J., & Zarghamee, H. (2020). Behavioral economic phenomena in decision-making for others. *Journal of Economic Psychology*, 77, 102180.

6. Misunderstanding economics (Prof. Necker)

Q: Which misperceptions do voters have, and what is the effect?

Dal Bó, E., Dal Bó, P., & Eyster, E. (2018). The demand for bad policy when voters underappreciate equilibrium effects. *The Review of Economic Studies*, 85(2), 964-998.

Stantcheva, S. (2020). Understanding economic policies: What do people know and learn?. Unpublished Manuscript, Harvard University.

7. Determinants of fairness views (Prof. Necker)

Q: What determines individuals' acceptance of inequality/fairness views?

Almås, I., Cappelen, A. W., & Tungodden, B. (2020). Cutthroat capitalism versus cuddly socialism: Are Americans more meritocratic and efficiency-seeking than Scandinavians?. *Journal of Political Economy*, 128(5), 1753-1788.

Hufe, P., R. Kanbur, A. Peichl, Measuring Unfair Inequality (2022). Reconciling Equality of Opportunity and Freedom from Poverty, *The Review of Economic Studies*, <https://doi.org/10.1093/restud/rdab101>

8. Facts, alternative facts, and narratives (Prof. Necker)

Q: How do Facts, alternative facts, and narratives influence policy outcomes?

Barrera, O., Guriev, S., Henry, E., & Zhuravskaya, E. (2020). Facts, alternative facts, and fact checking in times of post-truth politics. *Journal of public economics*, 182, 104123.

Shiller, R. J. (2017). Narrative economics. *American Economic Review*, 107(4), 967-1004.

Block 3: Spatial and Public Economics (Prof. Wrede)

9. Interregional Transfers, Equity, and Welfare (Prof. Wrede)

Q: How do interregional transfers affect regional disparities and economic welfare?

Henkel, M., Seidel, T. & Suedekum, J. (2021). Fiscal Transfers in the Spatial Economy. *American Economic Journal: Economic Policy* 13(4), 433-468.

10. Persistent Transport Network Effects (Elisa Poletto)

Q: Do transport networks affect economic integration in the long term?

Flückiger, M., Hornung, E., Larch, M., Ludwig, M. & Mees, A. (2022). Roman Transport Network Connectivity and Economic Integration. *Review of Economic Studies* 89(2), 774–810.

11. Trade and Support for Populist Parties (Sebastian Ach)

Q: What are economic causes for the growing support for populist parties in industrialized countries? Is trade a relevant determinant?

Dippel, C., Gold, R., Heblich, S. & Pinto, R. (2022). The Effect of Trade on Workers and Voters. *Economic Journal* 132(641), 199-217.

12. Intergenerational Social Mobility (Prof. Wrede)

Q: What is the mechanism behind the low mobility between generations?

Fagereng, A., Mogstad, M. & Rønning, M. (2021). Why Do Wealthy Parents Have Wealthy Children? *Journal of Political Economy* 2021 129(3), 703-756.

Stand: 28.07.2022