

Spring, 2023  
Public Finance I, ECON 7670

*Instructor:* Elliott Isaac

*Email:* [eisaac@tulane.edu](mailto:eisaac@tulane.edu)

*Phone:* 504-862-8346 (office)

*Office:* Tilton Memorial Hall, Room 203

*Office Hours:*

Wednesdays	1-2 PM	Tilton Memorial Hall, Room 203
Fridays	10-11 AM	Tilton Memorial Hall, Room 203
Or by appointment		

*Lecture:* T/Th 9:30-10:45 AM, Tilton Memorial Hall, Room 307

*Course objective:* Public finance examines government tax and spending policies: what does government do, what are the effects of these actions, and are these effects “good” or “bad”. Economics 7680 is part of a doctoral-level sequence in public finance, and focuses upon issues in taxation. Using theoretical, empirical, and experimental tools, the course *describes* the major taxes used around the world; it *analyzes* the impacts of taxation on the allocation of resources, the distribution of economic welfare, and the level of tax revenues; and it provides a framework that *evaluates* these impacts.

*Attendance* I expect all students to attend class in-person when possible. I will take attendance during each class, but attendance will not count in your final grade. Attendance will be used to make sure all students have the resources they need to be successful, so please be honest about your attendance and do not inaccurately report attendance for yourself or others.

*Zoom and Remote Course Policies* Students may attend class via Zoom if absolutely necessary. This policy is to accommodate students with legitimate excused absences to engage with the class and content. Acceptable reasons to attend class via Zoom include, but are not limited to, a family emergency, illness, ADA accommodations, and University-sponsored travel.

*Recording Class Sessions* Classes may be recorded and the recordings may be posted to Canvas a few days after the class. Students may not post a class recording elsewhere, either wholly or in part. Instructors may not use a class recording in another course or in a subsequent semester.

*Code of Academic Conduct*

The Code of Academic Conduct applies to all undergraduate students, full-time and part-time, in Tulane University. Tulane University expects and requires behavior compatible with its high standards of scholarship. By accepting admission to the university, a student accepts its regulations (i.e., [Code of Academic Conduct](#) and [Code of Student Conduct](#)) and acknowledges the right of the university to take disciplinary action, including suspension or expulsion, for conduct judged unsatisfactory or disruptive.

*ADA/Accessibility Statement*

Any students with disabilities or other needs, who need special accommodations in this course, are invited to share these concerns or requests with the instructor and should contact Goldman Center for Student Accessibility: <http://accessibility.tulane.edu> or 504.862.8433.

*Program outcomes:*

This course addresses the following program outcomes:

- Apply standard economic theories to modern topics in the economics of taxation, focusing especially on individual and firm responses to taxation and the effects of these responses on broader economic outcomes.
- Apply standard empirical methods to modern topics in the economics of taxation.
- Demonstrate understanding of theoretical and empirical tools by developing and completing an independent research project on taxation.

*Learning outcomes:*

After this course, students will be able to:

- Define tax incidence
- Understand how to estimate tax incidence in a partial equilibrium framework
- Define deadweight loss (i.e., excess burden)
- Analyze the deadweight loss of taxation using partial equilibrium models
- Understand how to estimate deadweight loss
- Explain the intuition behind sufficient statistics
- Derive a sufficient statistic formula
- Analyze savings, labor, retirement, and consumption decisions under alternative tax regimes
- Describe and understand the major revenue sources (e.g., personal income tax, corporate income tax, deficit finance, taxes on consumption, and taxes on wealth)
- Critically evaluate empirical approaches to identifying tax effects
- Communicate economic questions in the context of a specific economic study
- Develop a well-defined research question
- Explore available data sources in connection to a research question
- Draft clear, concise, and well-organized slides
- Present economic ideas in front of an audience
- Write a well-constructed introduction to a paper
- Understand the difference between “identification” and “estimation”
- Estimate regressions in Stata
- Automate tables and figures in Stata

*Grading and Assignments:*

<b>Assignment</b>	<b>Date Due</b>	<b>Fraction of Grade</b>
Referee report	Throughout semester	6%
Paper responses	Throughout semester	10%
Chetty, Looney, and Kroft (2009) replication	Thursday, March 2	12%
Friedberg and Isaac (2022) replication	Thursday, April 13	12%
Research proposal		
Initial research ideas	Thursday, February 2	5%
Research update (data)	Thursday, February 16	5%
Research update (empirical strategy)	Thursday, March 2	5%
Introduction first draft	Thursday, March 16	5%
Revised introduction	Thursday, March 30	15%
Research update (results)	Thursday, April 13	5%
Presentations slides due	Thursday, April 20	
Final presentation	April 25 - May 2	20%

*Referee report*            You will write 1 referee report on a paper presented in this semester's Murphy-Economics Seminar Series. You may choose which paper to write about, but your report must be submitted by the start of the speaker's presentation. Detailed instructions are available on Canvas.

*Paper responses*            You will choose ~3 papers that we read in class for which to prepare a 6-8-minute presentation (3-4 slides) providing an overview of the paper. The presentation should outline the paper's motivation, research question, data, identification and empirical strategies, and results. Detailed instructions are available on Canvas.

*Replications*                You will replicate results from 2 papers discussed in class: Friedberg and Isaac (2022) and Chetty, Looney, and Kroft (2009). You may work in groups, but you must submit your own Stata code. Detailed instructions are available on Canvas.

*Research proposal*            As a capstone semester project, you will develop an original and feasible research question and empirical strategy using available data. You will complete this in stages, first proposing two research ideas, then providing updates on available data, an empirical strategy, and results, writing an introduction, and finally presenting the project in class at the end of the semester. Detailed instructions are available on Canvas.

*Tentative Course Schedule:*

Date	Topic	Papers	Homework
1/17/23	Introduction		
1/19/23	Introduction		
1/24/23	Empirical Methods		
1/26/23	Empirical Methods		
1/31/23	Incidence		
2/2/23	Incidence	Evans, Ringel, and Stech (1999)	2 research ideas due
2/7/23	Incidence	Hastings and Washington (2010)	
2/9/23	Incidence	Chetty, Looney, and Kroft (2009)	
2/14/23	Efficiency		
2/16/23	Efficiency		Data update due
2/21/23	<b>NO CLASS: MARDI GRAS</b>		
2/23/23	Efficiency	Ito (2014)	
2/28/23	Efficiency	Gorodnichenko, Martinez-Vazquez, and Peter (2009)	
3/2/23	Income Taxation		Empirical strategy update due CLK 2009 replication due
3/7/23	Income Taxation	Eissa (1995)	
3/9/23	Income Taxation	Martinez, Saez, and Siegenthaler (2021)	
3/14/23	Income Taxation	Friedberg (2000)	
3/16/23	Income Taxation	Saez (2010)	Introduction first draft due
3/21/23	Income Taxation	Jones (2012)	
3/23/23	Unit of Taxation	Friedberg and Isaac (Forthcoming)	
3/28/23	Social Safety Net Programs	Chetty, Friedman, and Saez (2013)	
3/30/23	Social Safety Net Programs	Eissa and Hoynes (2004)	Revised introduction due
4/4/23	<b>NO CLASS: SPRING</b>		
4/6/23	<b>BREAK</b>		
4/11/23	Social Insurance	Maestas, Mulland, and Strand (2013)	
4/13/23	Social Insurance	Homonoff and Somerville (2021)	Results update due FI 2022 replication due
4/18/23	Social Insurance	Chyn (2018)	
4/20/23	Social Insurance	Gelber, Jones, and Sachs (2020)	Presentations due Apr 20
4/25/23	Presentations (2)		
4/27/23	Presentations (2)		
5/2/23	Presentations (1)		
5/8/23	Final Exam Slot: 4-7 PM (Flex Day)		

*Title IX:* Tulane University recognizes the inherent dignity of all individuals and promotes respect for all people. As such, Tulane is committed to providing an environment free of all forms of discrimination including sexual and gender-based discrimination, harassment, and violence like sexual assault, intimate partner violence, and stalking. If you (or someone you know) has experienced or is experiencing these types of behaviors, know that you are not alone. Resources and support are available: you can learn more at [allin.tulane.edu](http://allin.tulane.edu). Any and all of your communications on these matters will be treated as either “Confidential” or “Private” as explained in the chart below. Please know that if you choose to confide in me I am mandated by the university to report to the Title IX Coordinator, as Tulane and I want to be sure you are connected with all the support the university can offer. You do not need to respond to outreach from the university if you do not want. You can also make a report yourself, including an anonymous report, through the form at [tulane.edu/concerns](http://tulane.edu/concerns).

<b>Confidential</b>	<b>Private</b>
<i>Except in extreme circumstances, involving imminent danger to one’s self or others, nothing will be shared without your explicit permission.</i>	<i>Conversations are kept as confidential as possible, but information is shared with key staff members so the University can offer resources and accommodations and take action if necessary for safety reasons.</i>
Counseling & Psychological Services (CAPS)   (504) 314-2277 or The Line (24/7)   (504) 264-6074	Case Management & Victim Support Services   (504) 314-2160 or <a href="mailto:srss@tulane.edu">srss@tulane.edu</a>
Student Health Center   (504) 865-5255	Tulane University Police (TUPD)   Uptown - (504) 865-5911 Downtown – (504) 988-5531
Sexual Aggression Peer Hotline and Education (SAPHE)   (504) 654-9543	Title IX Coordinator   (504) 314-2160 or <a href="mailto:msmith76@tulane.edu">msmith76@tulane.edu</a>

*Emergency Preparedness & Response:*

<b>EMERGENCY NOTIFICATION SYSTEM: TU ALERT</b>	<b>RAVE GUARDIAN</b>
<p>In the event of a campus emergency, Tulane University will notify students, faculty, and staff by email, text, and phone call. You were automatically enrolled in this system when you enrolled at the university.</p> <p>Check your contact information annually in Gibson Online to confirm its accuracy.</p>	<ul style="list-style-type: none"> <li>• Download the RAVE Guardian app from the App Store</li> <li>• Communicate with dispatchers silently by selecting “Submit Tip” feature in the app</li> <li>• Use the Safety Timer feature to alert your “guardian” (TUPD, family, friend) when travelling alone at night</li> </ul> <p>For more information, visit <a href="http://publicsafety.tulane.edu/rave-guardian">publicsafety.tulane.edu/rave-guardian</a></p>
<b>ACTIVE SHOOTER / VIOLENT ATTACKER</b>	<b>SEVERE WEATHER</b>
<ul style="list-style-type: none"> <li>• <b>RUN</b> – run away from or avoid the affected area, if possible</li> <li>• <b>HIDE</b> – go into the nearest room that can be locked, turn out the lights, silence cell phones, and remain hidden until all-clear message is given through TU ALERT</li> <li>• <b>FIGHT</b> – do not attempt this option, except as a last resort</li> </ul> <p>For more information on Active Shooter emergency procedures or to schedule a training, visit <a href="http://emergencyprep.tulane.edu">emergencyprep.tulane.edu</a></p>	<ul style="list-style-type: none"> <li>• Follow all TU Alerts and outdoor warning sirens</li> <li>• Seek shelter indoors until the severe weather threat has passed and an all-clear message is given</li> <li>• Do not attempt to travel outside if weather is severe</li> <li>• Monitor the Tulane Emergency website (<a href="http://tulane.edu/emergency/">tulane.edu/emergency/</a>) for university-wide closures during a severe weather event</li> </ul>