

Economics 2450B: Public Economics
Dept. of Economics, Harvard University
Spring 2015

Professor Nathaniel Hendren
Teaching Fellow: Andy Garin

Course Description

This course follows 2450A. The course will focus on both classic models and recent advances in theoretical models spanning the classic areas of public economics. The course will also retain a strong empirical component primarily focused on the testing and estimation of such models. Broadly, there are three sections to this course. The first part will cover optimal taxation. The second part, taught by Professor Marty Feldstein, will cover tax policy and budget issues. The third part will cover adverse selection and market imperfections.

Course Requirements

There are three sets of requirements for this course. First, the course will involve completion of 4 problem sets covering optimal tax and social insurance. Second, you will be asked to conduct a replication exercise of a paper related to the course. All papers chosen must be approved by Prof. Hendren. You are encouraged to choose an empirical paper, but those interested in pure theory papers are free to discuss this option with Prof. Hendren. Finally, there will be a final exam that will cover all material aside from the tax policy material covered by Prof. Feldstein.

Economics 2450B: Schedule

Part I: Welfare Analysis and Optimal Taxation (Hendren)

Monday, Jan 26	1	Basics of Welfare Estimation
Wednesday, Jan 28	2	Basics of Welfare Estimation
Monday, Feb 2	3	Optimal Income Taxes
Wednesday, Feb 4	4	Optimal Income Taxes
Monday, Feb 9	5	Optimal Income Taxes
Wednesday, Feb 11	6	(Inverse) Optimal Income Taxes
Monday, Feb 16	No Class	<i>President's Day</i>
Wednesday, Feb 18	7	Commodity vs Income Tax
Monday, Feb 23	8	Education
Wednesday, Feb 25	9	Capital Taxation
Monday, March 2	10	Capital Taxation
Wednesday, March 4	11	Intergenerational Policies
Monday, March 9	12	Intergenerational Policies
Wednesday, March 11	13	Optimal Social Insurance
Monday, March 23	14	Optimal Social Insurance
Wednesday, March 25	15	Optimal Social Insurance: Health
Monday, March 30	16	Property and place-based taxes

Part II: Tax Policy and Budget Issues: Lectures by Marty Feldstein

Wednesday, April 1	17	Feldstein Lectures: Tax Policy and Budget Issues
Monday, April 6	18	Feldstein Lectures: Tax Policy and Budget Issues
Wednesday, April 8	19	Feldstein Lectures: Tax Policy and Budget Issues

Part IV: Adverse Selection and Market Imperfections (Hendren)

Monday, April 13	20	Adverse Selection
Wednesday, April 15	21	Adverse Selection
Monday, April 20	22	Measuring Private Information
Wednesday, April 22	23	Inertia, Nudges, and Adverse Selection
Monday, April 27	24	Dynamics: Reclassification Risk
Wednesday, April 29	25	TBD

Recitation Sections

The TF will hold weekly sections to work through material covered in lecture and to relate that material to the literature and research applications. Sections will be Tuesdays from 6pm until 7:30 in Littaeur M16.