

Seminar Public Economics 2, Winter Term 2020/21

Prof. Buettner/Prof. Rincke/Prof. Wrede

Course Description:

During the seminar, participants will discuss a broad range of topics. A first set of topics address questions related to **spatial and public economics** (Prof. Wrede). A second set relates to **public economics and behavioral economics** (Prof. Rincke). Finally, the seminar also deals with **public economics** (Prof. Büttner). The list of topics below 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 January 11, 2021. The second part consists of a seminar (January 28/29, 2021, two half-days) of students' presentations (most likely via ZOOM).** 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.

Organisational details and grading:

- The seminar is jointly organized by the chairs of Prof. Buettner, Prof. Rincke, and Prof. Wrede.
- Students who want to participate should express their interest by submitting a participation form (see webpage of Prof. Rincke's chair) to david.hardt@fau.de until **August 3, 2020**.
- 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: Spatial and public economics (Prof. Wrede)

1. Wealth taxation and wealth accumulation

Q: How do wealth taxes affect wealth accumulation?

Jakobsen, Katrine, Kristian Jakobsen, Henrik Kleven, and Gabriel Zucman (2020). Wealth Taxation and Wealth Accumulation: Theory and Evidence From Denmark. *Quarterly Journal of Economics*, 135 (1), 329-388.

2. Optimal spatial policy and sorting

Q: Does the economy benefit from a reallocation of (high-skilled) workers to currently low-wage cities and smaller cities?

Fajgelbaum, Pablo D and Cecile Gaubert (2020). Optimal Spatial Policies, Geography, and Sorting. *Quarterly Journal of Economics*, 135 (2), 959-1036.

3. Persistence of locally concentrated income shocks

Q: How do geographically concentrated income shocks influence the long-run spatial distribution of poverty within a city?

Ambrus, Attila, Erica Field, and Robert Gonzalez (2020). Loss in the Time of Cholera: Long-Run Impact of a Disease Epidemic on the Urban Landscape. *American Economic Review*, 110 (2), 475-525.

4. Tipping points and effects of segregation

Q: How does neighborhood ethnic population composition affect the short- and long-run education and labor market outcomes of natives and immigrants?

Böhlmark, Anders, and Alexander Willén (2020). Tipping and the Effects of Segregation. *American Economic Journal: Applied Economics*, 12 (1), 318-347.

Block 2: Public and behavioral economics (Prof. Rincke)

5. Microenterprise Training in Developing Countries: Mentors or Teachers? (n.a.)

Q: Does training by successful entrepreneurs help microenterprise owners in developing countries to grow their businesses? What kind of support is most effective?

Brooks, Wyatt, Kevin Donovan, and Terence R. Johnson. 2018. "Mentors or Teachers? Microenterprise Training in Kenya." *American Economic Journal: Applied Economics*, 10 (4): 196-221.

6. Virtual Classrooms: How Online College Courses Affect Student Success (n.a.)

Q: How effective is online teaching relative to in-person classes?

Bettinger, Eric P., Lindsay Fox, Susanna Loeb, and Eric S. Taylor. 2017. "Virtual Classrooms: How Online College Courses Affect Student Success." *American Economic Review*, 107 (9): 2855-75.

7. Female Role Models and Gender Differences in the Choice of Major (n.a.)

Q: In some disciplines, there are big gender differences in the choice of major. Do female role models affect the behavior of students regarding the choice of major?

Porter, Catherine, and Danila Serra. 2020. "Gender Differences in the Choice of Major: The Importance of Female Role Models." *American Economic Journal: Applied Economics*, 12 (3): 226-54.

8. Teacher Salaries and Student Outcomes in Developing Countries (n.a.)

Q: It is often claimed that insufficient pay contributes to students in developing countries performing poorly in academic tests. Does increasing teacher salaries help to solve the problem?

Joppe de Ree, Karthik Muralidharan, Menno Pradhan, Halsey Rogers. 2018. "Double for Nothing? Experimental Evidence on an Unconditional Teacher Salary Increase in Indonesia." *Quarterly Journal of Economics* 133(2), 993–1039.

Block 3: Public economics (Prof. Büttner)

9. Government performance – the role of politicians (n.a.)

Q: Does higher remuneration of public officials improve government performance?

Gagliarducci, S., Nannicini, T. (2013). Do better paid politicians perform better? Disentangling incentives from selection. *Journal of the European Economic Association* 11(2): 369-398.

Ferraz, C., Finan F. (2009). Motivating Politicians: The Impacts of Monetary Incentives on Quality and Performance. NBER Working Paper No. 14906.

10. The prevention of VAT fraud (n.a.)

Q: What are the pros and cons of reverse charging in tackling VAT fraud?

Keen, M., Smith, S. (2006). VAT fraud and evasion: What do we know and what can be done? *National Tax Journal* 59(4): 861-887.

Sinn, H. W., Gebauer, A., Parsche, R. (2004). The Ifo Institute's model for reducing VAT fraud: payment first, refund later. In *CESifo forum* 5(2): 30-34. München: ifo Institut für Wirtschaftsforschung an der Universität München.

11. Pricing externalities – the case of public roads (n.a.)

Q: Are congestion charges effective in correcting externalities associated with road usage?

Green, C. P., Heywood J. S., Navarro M. (2016). Traffic Accidents and the London Congestion Charge. *Journal of Public Economics* 113: 11-22.

Gibson, M., Carnovale M. (2015). The effects of road pricing on driver behaviour and air pollution. *Journal of Urban Economics* 89: 62-73.

12. Fiscal rules (n.a.)

Q: What are the effects of constitutional-level balanced budget rules on fiscal outcomes?

Asatryan, Z., Castellón, C., Stratmann, T. (2018). Balanced budget rules and fiscal outcomes: Evidence from historical constitutions. *Journal of Public Economics* 167: 105-119.