Public Economics
(Master PPD & APE, Paris School of Economics)
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Academic year 2016-2017

Syllabus & Course Material
(check on line for updated versions)
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• Course web page: http://piketty.pse.ens.fr/teaching/10/18
  (check on-line for updated versions)
• The objective of this course is to present an introduction to public economics, with special emphasis on the history of taxation, public spending and state formation, normative theories of government intervention & redistribution, and the incidence of tax and transfer policies, both in developed countries and in the developing world.

• For an introduction to economic history, with emphasis on capital accumulation, inequality & growth, see Economic History course; both courses are complementary.

• The course is organized in 12 lectures of 3 hours.

• To validate the course, students are required:
  (1) to attend and actively participate to all lectures;
  (2) to take the exam (past exams are available here)
A quick roadmap of the lectures

• **Lecture 1: State formation & taxation in historical perspective** (Monday Sept. 19th 2016)

• **Lecture 2: Normative theories of fiscal and social justice in historical perspective** (Monday September 26th 2016)

• Lectures 3-6 by A. Boizio and J. Grenet
  (Tools for welfare analysis; taxation of goods and services; labor income taxation 1 and 2)
• Lecture 7: Wealth & property taxes over time & across countries (Monday November 7th 2016)

• Lecture 8: Optimal taxation of capital & capital Income (Monday November 14th 2016)

• Lectures 9-12 by A. Bozio & J. Grenet (Corporation taxation; externalities; public goods; social insurance)
How to use the reading list

• The reading list contains many references (particularly regarding the history of taxation, theories of justice, and optimal taxation). Aim is to provide an introduction to the existing literature for students who plan to specialize in these areas. **You are not expected to read everything!**

• You should try to read at least the **“highly recommended readings”** (denoted with a *), as well as a selection of books and articles based on your own tastes. **But please read!**

• The exam will be based upon a good working knowledge of all the material that is presented in the lecture slides (in particular the optimal tax models). Please ask during the classes if there is anything unclear in this material.
Reading list

(* : highly recommended reading)

**Lecture 1: State formation & taxation in historical perspective**

The rise of the fiscal and social state

- P. Lindert, *Growing Public – Social spending & economic growth since the 18th century*, CUP 2004
- European Commission, *Tax Reforms in EU Member States, 2015 Report*
• **Revenue Statistics in Latin America**, OECD & ECLAC, 2012
• **The Role of Tax Policy in Times of Consolidation**, EC Report, 2013 (see also **Taxing Times**, IMF Fiscal Monitor, 2013)

The structure of taxation in historical and sociological perspective

• N. Delalande, *Les batailles de l’impôt – Consentement et résistance de 1789 à nos jours*, Seuil 2011
• G. Ardant, *Histoire de l’impôt* (2 tomes), Fayard 1971

**Introduction to optimal taxation: social objective vs tax & transfer incidence**

- G. Fack "Are Housing Benefits An Effective Way To Redistribute Income? Evidence From a Natural Experiment In France", *LE 2006*
Lecture 2: Normative theories of fiscal and social justice in historical perspective

• K. Arrow, *Social Choice and Individual Values*, YUP 1951


• * A. Sen, “Development as Freedom: an Indian Perspective”, *IJIR 2006*


• J. Roemer, *Theories of Distributive Justice*, HUP 1998

• W. Kymlicka, *Contemporary Political Philosophy*, OUP 2002
• M. Nussbaum, *Frontiers of Justice: Disability, Nationality, Species Membership*, HUP 2006
• * T. Piketty, “Social Mobility & Redistributive Politics”, *QJE 1995*
• * -- , “The Information-Aggregation Approach to Political Institutions”, *EER 1999*
• D. Spector, “Rational Debate Leads to One-Dimensional Conflict”, *QJE 2000*
• L. Kuziemko, M. Norton, E. Saez, S. Stantcheva, « How Elastic are Preferences for Redistribution? », *AER 2015*
Lecture 7: Wealth & property taxes over time & across countries

• * Capital..., chap.15
• J. Beckert, Inherited wealth, PUP 2008
• I. Fisher, « Economists in Public Service », AER 1919
• * French & US recent inheritance & wealth tax schedules (xls)


• - - , « The missing wealth of nations: are Europe and the US net debtors or net creditors? », *QJE 2013*

• * - - , « Taxing across borders: Tracking personal wealth and corporate profits », *JEP 2014*


• K. Clausing, "In Search of Corporate Tax Incidence", *WP 2011 Tax Law Review 2012*
Lecture 8: Optimal taxation of capital & capital income


E. Saez, “The Desirability of Commodity Taxation under Non-Linear Income Taxation and Heterogeneous Tastes”, JPubEc 2002

--, « Direct vs Indirect Tax Instruments for Redistribution: Short-run vs Long-run », JPubEc 2004


E. Farhi, I. Werning, “Bequest Taxation and $r - g$”, WP 2014

N. Kaldor, An Expenditure Tax, Unwin 1955