Lectures on Empirical Public Finance
Kevin Milligan
Associate Professor
Department of Economics
University of British Columbia

Preliminary Course Syllabus

Course particulars
Place: Parsberg, Germany
Dates: August 3-7, 2009
Organizer: Bavarian Graduate Program in Economics
Instructor: Prof. Kevin Milligan
Course website: http://www.econ.ubc.ca/kevinmil/teaching/empirical-public.htm

Overview

This course consists of lectures on empirical public finance. The course will focus both on empirical methods of program evaluation and applications to questions in public finance. Methods to be covered include social experiments, linear differencing, and regression discontinuity. Topics to be covered include tax incidence, taxes and labour supply, welfare and work, and federalism.

The morning classes will feature lectures, with practical exercises and discussions in the afternoons. Problem sets, data sets, and other material will be posted on the course website.

Below is a tentative schedule, with readings. A CD containing a complete set of all the readings will be distributed on the first day of the course.

The most important readings are indicated with a star (*).

Please note that this schedule is subject to change. Check the course website for updates.

Schedule in brief
Monday: Program evaluation and social experiments.
Tuesday: Taxes and labour supply; differencing methods.
Wednesday: Welfare and labour supply; regression discontinuity
Thursday: Federalism and intergovernmental grants
Friday: Tax incidence
Monday August 3rd: Program Evaluation and Social Experiments

This lecture will cover some basic econometrics of program evaluation, which is used extensively in empirical public finance. We will cover the evaluation problem, treatment parameters, and the selection problem. We then proceed to social experiments, which are often held up as the ideal for empirical evaluation.

The afternoon session will feature a discussion and critique of recent experimental research papers.

Readings on program evaluation:


**Readings on social experiments:**


Tuesday August 4th: Taxes and Labour Supply; Differencing Estimators

The lecture will begin with the study of how taxation affects labour supply. We will cover theory and the history of the empirical literature for context. The lecture will lead to a discussion of differencing methods as a program evaluation tool.

The afternoon session will feature a hands-on exercise featuring the use of difference-in-differences estimation.

Readings on labour supply


Readings on differencing methods


Wednesday August 5th: Welfare programs and child tax credits; Regression Discontinuity Estimation

The lecture will cover some policy topics related to taxation and labour supply. Specifically, we will examine the literature on welfare and child benefits, such as the Earned Income Tax Credit. We will then learn about the regression discontinuity method.

The afternoon session will be an exercise on implementing a regression discontinuity estimator based on the data from Lemieux and Milligan (2008).

Readings on welfare and child benefits


Readings on Regression Discontinuity


Thursday August 6th: Fiscal Federalism and Intergovernmental Grants

The lecture will cover the basic models of fiscal federalism and intergovernmental grants.

The afternoon session will feature discussion of several empirical papers in this area, with special attention to the empirical techniques they use.

Readings


Friday August 7th: Tax incidence

The lecture will cover the historical approach to tax incidence, but quickly move on to the modern empirical literature which focuses much more on new behavioural economics.

The afternoon session will feature a discussion of several empirical papers on the topic.

Readings


