

## EF 8936: International Public Economics

Winter 2023

Mondays: 6:00PM - 9:00PM, SHE 637

### Instructor Information

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- **Instructor Name:** Obeid Ur Rehman
- **Office Hours:** Email and/or Zoom Meeting (by appointment)  
[Link](#) to sign-up for zoom meeting. Available appointment slots will be updated weekly.  
If available slots are filled or not convenient, we can schedule an alternate time.  
Please feel free to set up joint meetings with other students if that suits you.
- **Course Website:** [my.torontomu.ca](http://my.torontomu.ca)
- **Email Address:** [obeid@torontomu.ca](mailto:obeid@torontomu.ca)  
*TMU e-mail accounts are to be used for communication between faculty and students.*

### Course Description

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The design of fiscal policies in modern economies requires that policymakers carefully consider the domestic and international ramifications of their decisions. This course examines some important issues in international public finance and analyzes the impact of fiscal policies on market efficiency and economic equity. Topics to be covered include tax incidence, efficiency and avoidance; income, corporate and wealth taxation, social insurance and the provision of public goods.

Prerequisite: EF8901 or equivalent, EF8902 or equivalent, or instructor permission. 1 Credit

### Course Details

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#### Teaching Methods

The course will be taught in person. Classes will be a combination of lectures, student-led presentations, and discussions. Attendance and class participation are highly encouraged and also count towards your grade (see below).

## Course Materials

**Required Textbook:** Gruber, J., Public Finance & Public Policy (I will use the 6th edition but you can use any edition).

The readings include some chapters from the Gruber textbook noted above, selected papers published in academic journals, working papers, and policy reports. Electronic copies of the papers and reports will be posted on the course's shell on D2L.

## Evaluation

Evaluation Component	Percentage of Final Grade
Policy Memo	36% (2 x 18%)
Assignments	30% (3 x 10%)
Presentation	14% (1 x 14%)
Referee Report	10% (1 x 10%)
Class Participation	10%
Total:	100%

**Policy Memos:** There will be 2 policy memoranda submissions over the semester. Each memoranda will be in response to a policy prompt and will include a suggested reading list. Topics will be distributed 2 weeks in advance. Late submissions on the memos will not be accepted.

Memos are to be done entirely individually. Memos should be 5 pages double-spaced, on US Letter size, with 12-point Times New Roman font, 1 inch margins. It is appropriate to use technical language, which should dive deeply into the topic.

**Assignments:** There will be 3 assignments over the semester, comprised of analytical and short-answer questions. Questions will be distributed at least one week before the due dates. You are required to work on the assignments on your own. Upon completion, you will have to submit a scanned or typed copy of your answer key in PDF format through D2L by the due date. Late assignments will not be accepted.

**Presentations:** Most weeks we will have at least one student presentation in class. Each student will give 1 presentation over the semester. The presentations will be on the assigned papers for that week. The schedule for student presentations will be mutually decided after the first class.

You will be required to submit your slides prior to your presentation through D2L. Each presentation will be 10-15 minutes long followed by a discussion among the class.

**Referee Report:** Each student will also write a referee report on the same paper that they presented. The referee report will be due one week after their presentation. Referee reports should be around 3 pages double-spaced, on US Letter size, with 12-point Times New Roman font, 1 inch margins.

**Class Participation:** This portion of your grade will be determined entirely through your interaction with your classmates and me during the presentations and lectures in the course. You can receive this grade by attending class, doing the assigned readings, contributing to discussions, and asking questions during lecture and during student presentations.

**Accommodations:** Students missing an assignment or presentation will receive a grade of zero if satisfactory documentation/justification is not provided. If proper documentation/justification is provided, *before the due date*, an accommodation may be granted for an extension or to shift the weight of the missed component to the other submission of the same component.

## Topics and Course Schedule

**Updates:** The reading list will be updated over the semester. The most current version will be on D2L.

Weekly Topics and Readings	Due
<b>Week 1 - Introduction:</b> <ul style="list-style-type: none"><li>Gruber: Chapter 1 and 18.1</li></ul>	
<b>Week 2: Theory and Empirics Review</b> <ul style="list-style-type: none"><li>Gruber: Chapter 2 and Chapter 3</li></ul>	
<b>Week 3: Tax Incidence</b> <ul style="list-style-type: none"><li>Gruber: Chapter 19</li></ul>	Assignment 1 Thu, Feb 2 <sup>nd</sup>

<ul style="list-style-type: none"> <li>Doyle, J., &amp; Samphantharak, K. (2008), “\$2.00 Gas! Studying the effects of a gas tax moratorium”, <i>Journal of Public Econ.</i>, 92(3), 869–884</li> <li>Benzarti, Y., Carloni, D., Harju, J., &amp; Kosonen, T. (2020). What goes up may not come down: asymmetric incidence of value-added taxes. <i>Journal of Political Economy</i>, 128(12), 4438-4474</li> </ul>	
<b>Week 4: Tax Efficiency, Costs and Salience</b> <ul style="list-style-type: none"> <li>Gruber: Chapter 20</li> <li>Finkelstein, A. (2009). E-ztax: Tax salience and tax rates. <i>The Quarterly Journal of Economics</i>, 124(3), 969-1010.</li> <li>Chetty, R., Looney, A., &amp; Kroft, K. (2009). Salience and taxation: Theory and evidence. <i>American economic review</i>, 99(4), 1145-77.</li> </ul>	
<b>Week 5: Income Taxation</b> <ul style="list-style-type: none"> <li>Gruber: Chapter 21</li> <li>Kleven, H. J., &amp; Schultz, E. A. (2014). Estimating taxable income responses using Danish tax reforms. <i>American Economic Journal: Economic Policy</i>, 6(4), 271-301.</li> <li>Imbens, G. W., Rubin, D. B., &amp; Sacerdote, B. I. (2001). Estimating the effect of unearned income on labor earnings, savings, and consumption: Evidence from a survey of lottery players. <i>American economic review</i>, 91(4), 778-794.</li> </ul>	
<b>Reading Week</b>	
<b>Week 6: ETI and Other Margins of Response</b> <ul style="list-style-type: none"> <li>Saez, E., Slemrod, J. B., &amp; Giertz, S. H. (2009). The Elasticity of Taxable Income with Respect to Marginal Tax Rates: A Critical Review.</li> <li>Kleven, H. J., Landais, C., &amp; Saez, E. (2013). Taxation and international migration of superstars: Evidence from the European football market. <i>American economic review</i>, 103(5), 1892-1924.</li> <li>Akcigit, U., Baslandze, S., &amp; Stantcheva, S. (2016). Taxation and the international mobility of inventors. <i>American Economic Review</i>, 106(10), 2930-81.</li> </ul>	Memo 1  Thu, Mar 2 <sup>nd</sup>

<p><b>Week 7: Capital, Wealth Taxation</b></p> <ul style="list-style-type: none"> <li>• Gruber: Chapter 22</li> <li>• Chetty, R., Friedman, J. N., Leth-Petersen, S., Nielsen, T. H., &amp; Olsen, T. (2014). Active vs. passive decisions and crowd-out in retirement savings accounts: Evidence from Denmark. <i>The Quarterly Journal of Economics</i>, 129(3), 1141-1219.</li> <li>• Duflo, E., Gale, W., Liebman, J., Orszag, P., &amp; Saez, E. (2006). Saving incentives for low-and middle-income families: Evidence from a field experiment with H&amp;R Block. <i>The Quarterly Journal of Economics</i>, 121(4), 1311-1346.</li> </ul>	
<p><b>Week 8: Corporate Taxation</b></p> <ul style="list-style-type: none"> <li>• Gruber: Chapter 24</li> <li>• Zucman, G. (2014). Taxing across borders: Tracking personal wealth and corporate profits. <i>Journal of economic perspectives</i>, 28(4), 121-48.</li> <li>• Yagan, D. (2015). Capital tax reform and the real economy: The effects of the 2003 dividend tax cut. <i>American Economic Review</i>, 105(12), 3531-63.</li> </ul>	<p>Assignment 2</p> <p>Thu, Mar 16<sup>th</sup></p>
<p><b>Week 9: Externalities</b></p> <ul style="list-style-type: none"> <li>• Gruber: Chapter 5 and 6</li> </ul>	
<p><b>Week 10: Public Goods</b></p> <ul style="list-style-type: none"> <li>• Gruber: Chapter 7</li> <li>• Andreoni, J., Payne, A., &amp; Smith, S. (2014). Do grants to charities crowd out other income? Evidence from the UK. <i>Journal of Public Economics</i>, 114, 75-86</li> </ul>	
<p><b>Week 11: Social Insurance</b></p> <ul style="list-style-type: none"> <li>• Gruber: Chapter 12 and 14</li> </ul>	<p>Assignment 3</p> <p>Thu, Mar 30<sup>th</sup></p>
<p><b>Week 12: Education and Course Summary</b></p> <ul style="list-style-type: none"> <li>• Gruber: Chapter 11</li> </ul>	

	Memo 2 Thu, Apr 13 <sup>th</sup>
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## University Policies

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Students are reminded that they are required to adhere to all relevant university policies found in their online course shell in D2L and/or on [the Senate website](#).

## Acknowledgements

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This course builds on the work by Ashley Craig, Bhanu Gupta, Emmanuel Saez, Stefanie Stantcheva, Raj Chetty and Constantine Angyridis. I would like to thank and acknowledge them for their generosity in sharing their materials.