**AGENDA**

<table>
<thead>
<tr>
<th>Week of:</th>
<th>Topic</th>
<th>Section / (page)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 21</td>
<td>Introduction: Corporate Taxation</td>
<td>VII-B / p. 24</td>
</tr>
<tr>
<td>January 28</td>
<td>Asset Market Models of Incidence</td>
<td>VII-E / p. 25</td>
</tr>
<tr>
<td>February 4</td>
<td>Life-Cycle Models of Incidence</td>
<td>VII-I / p. 27</td>
</tr>
<tr>
<td>February 11</td>
<td>Taxation and Saving</td>
<td>X / p. 36</td>
</tr>
<tr>
<td>February 18</td>
<td>Taxation and Saving</td>
<td>X / p. 36</td>
</tr>
<tr>
<td>February 25</td>
<td>Taxation, Portfolio Choice, and Risk-Taking</td>
<td>XI / p. 41</td>
</tr>
<tr>
<td>March 4</td>
<td>Tax Policy and Entrepreneurial Decisions</td>
<td>IX-C / p. 35</td>
</tr>
<tr>
<td>March 11</td>
<td>Corporate Decisions: Investment</td>
<td>XII-B / p. 45</td>
</tr>
<tr>
<td>March 18</td>
<td><strong>HOLIDAY</strong></td>
<td></td>
</tr>
<tr>
<td>March 25</td>
<td>Corporate Decisions: Investment</td>
<td>XII-B / p. 45</td>
</tr>
<tr>
<td>April 1</td>
<td>Corporate Decisions: Dividend Policy</td>
<td>XII-C / p. 47</td>
</tr>
<tr>
<td>April 8</td>
<td>Corporate Decisions: Capital Structure</td>
<td>XII-D / p. 48</td>
</tr>
<tr>
<td>April 15</td>
<td>Decisions in Multinational Corporations</td>
<td>XIII-G / p. 50</td>
</tr>
<tr>
<td>April 22</td>
<td>Fundamental Tax Reform</td>
<td>XIII-B / p. 52</td>
</tr>
<tr>
<td>April 29</td>
<td>Wrap Up</td>
<td></td>
</tr>
</tbody>
</table>
READINGS

Do not be alarmed by the length of the reading list; it is designed to be a general introduction to the field of public economics (e.g., for a one-year course). This term’s course focuses on capital income taxation. Required readings for this course are bold-faced; when possible, these will be made available through the course Website (http://www.gsb.columbia.edu/faculty/ghubbard/courses.htm). You will receive a username and password to access the site (which is restricted for use by current students); other required readings will appear in the Course Readings Workbook, available from the instructor.

REQUIREMENTS

The course grade will be based on class discussion and a paper. A written final examination will be given to M.B.A. and Law School candidates taking the course. For Ph.D. students, attendance at the Applied Microeconomics Seminar is strongly encouraged.

Table of Contents

I. BACKGROUND TEXTS ....................................................................................................... 8

II. THE ROLE OF GOVERNMENT IN A MARKET ECONOMY........................................... 8

A. Introduction .................................................................................................................. 8
   1. In General ................................................................................................................ 8
   2. Market-Based Allocation ......................................................................................... 8
   3. Redistribution ......................................................................................................... 8

B. Explaining the Growth of the State .............................................................................. 9

C. Efficient Public Goods Provision ................................................................................ 9

D. Private Provision of Public Goods ............................................................................. 10

E. Voting Models and Public Choice ............................................................................. 10

F. The Theory of Clubs ................................................................................................ 10

G. Public Mandates for Private Provision ...................................................................... 10

H. Local Public Goods and State and Local Public Finance ........................................ 11
   1. Background ......................................................................................................... 11
   2. Jurisdictional Competition .................................................................................... 11
### IX. TAXATION AND LABOR SUPPLY

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Responses to the After-Tax Wage Rate</td>
<td>33</td>
</tr>
<tr>
<td>B</td>
<td>Tax Rates and Taxable Income</td>
<td>34</td>
</tr>
<tr>
<td>C</td>
<td>Tax Policy and Entrepreneurial Decisions</td>
<td>35</td>
</tr>
<tr>
<td>D</td>
<td>Social Security (Social Insurance) and Induced Retirement</td>
<td>35</td>
</tr>
</tbody>
</table>

### X. TAXATION AND SAVING

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Background: Wealth and Saving Behavior</td>
<td>36</td>
</tr>
<tr>
<td>B</td>
<td>Saving and the Rate of Return</td>
<td>37</td>
</tr>
<tr>
<td>C</td>
<td>Targeted Saving Incentives</td>
<td>37</td>
</tr>
<tr>
<td>D</td>
<td>Social Security and Saving</td>
<td>38</td>
</tr>
<tr>
<td>E</td>
<td>Social Insurance (More Broadly) and Saving</td>
<td>39</td>
</tr>
<tr>
<td>F</td>
<td>The Estate Tax</td>
<td>40</td>
</tr>
<tr>
<td>G</td>
<td>Government Budget Deficits and National Saving</td>
<td>40</td>
</tr>
</tbody>
</table>

### XI. TAXATION, PORTFOLIO CHOICE, AND RISK-TAKING

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Taxation and Risk-Bearing: Theory and Background</td>
<td>41</td>
</tr>
</tbody>
</table>
B. Portfolio Composition................................................................................................... 42
C. Taxation and Housing Markets..................................................................................... 42
D. Capital Gains Taxation ................................................................................................. 43
E. Tax Incentives for Charitable Giving ........................................................................... 44
F. Taxation of Derivative Instruments .............................................................................. 44

XII. TAXATION AND BUSINESS DECISIONS ................................................................. 44
A. Overview of Corporate Taxation .................................................................................. 44
B. Taxation and Capital Investment Decisions ................................................................. 45
   1. Background ............................................................................................................... 45
   2. "Symmetric Information" Models............................................................................. 45
   3. Inflation and Investment ........................................................................................... 47
   4. "Asymmetric Information" Models .......................................................................... 47
C. Taxation and Dividend Policy ...................................................................................... 47
D. Taxation and Capital Structure Decisions..................................................................... 48
E. Taxation and Pension Policy ......................................................................................... 49
F. Taxation and Organization and Control Issues............................................................. 49
G. Taxation and Multinational Corporations..................................................................... 50

XIII. TAX REFORM ........................................................................................................... 51
A. Privatizing Social Security........................................................................................... 52
   1. Debate in the United States....................................................................................... 52
   2. Experience Outside the United States....................................................................... 52
B. Fundamental Tax Reform ............................................................................................. 52
C. Internet Taxation........................................................................................................... 53
XIV. Public Economics Imperialism ................................................................. 53
   A. Behavioral Public Economics ................................................................. 53
   B. Life and Death ...................................................................................... 54
I. BACKGROUND TEXTS


II. THE ROLE OF GOVERNMENT IN A MARKET ECONOMY

A. Introduction

1. In General


2. Market-Based Allocation

   J. J. Laffont, Fundamentals of Public Economics, Chapters 4-5.

3. Redistribution

B. Explaining the Growth of the State


C. Efficient Public Goods Provision


D. Private Provision of Public Goods


E. Voting Models and Public Choice

J. J. Laffont, Lectures in Public Economics, Chapters 4, 5.


F. The Theory of Clubs


G. Public Mandates for Private Provision


H. Local Public Goods and State and Local Public Finance

1. Background


2. Jurisdictional Competition


3. Demand for Local Public Goods


4. Intergovernmental Grants


5. Property Tax Finance


6. Intergovernmental Subsidies and Tax-Exempt Bond Finance


I. Optimal Supply of Public Goods With Distortionary Taxation


J. Application: Defense Spending


K. Application: Infrastructure Spending


L. Application: Education


C. M. Hoxby, "Are Efficiency and Equity in School Finance Complements or Substitutes?," Journal of Economic Perspectives, Fall 1996.


M. Applications: Crime


N. Applications: Not-for-Profit Entrepreneurship


III. POLITICAL ECONOMY

A. Preference Revelation and Collective Choice Theory


J. Laffont, Fundamentals of Public Economics, Chapters 4 and 5.


B. Political Institutions


### C. Politics and Macroeconomics


D. Privatization


IV. COST-BENEFIT ANALYSIS AND PROJECT EVALUATION

A. Discounting for Time and Risk


B. Valuation Issues


C. Program Evaluation


V. THEORETICAL ANALYSIS OF TAXATION: BACKGROUND

A. Overview


G. Myles, Public Economics, Chapter 2.

B. Measurement of Efficiency Costs and Excess Burden


**VI. OPTIMAL TAXATION**

**A. Optimal Commodity (Indirect) Taxation**


B. Externalities and Corrective Taxation


C. Regulation and Externalities: Environment


V. Henderson, "The Effect of Regulatory Activity on Air Quality and on Industrial Location," American Economic Review, April 1996


D. Regulation and Externalities: Health Externalities


E. Growth Externalities and the Role of Fiscal Policy


F. Optimal Income Tax Policy

1. In General


2. Labor Income Taxation


3. Dynamic Issues: Optimal Capital Taxation


4. Optimal Income Taxation with Evasion


G. Optimal Deficit Finance


VII. THE INCIDENCE OF TAXATION

A. Overview


B. General Equilibrium Incidence


C. Dynamic Incidence


D. Effects of Inflation


E. Asset Market Approach to Incidence


**F. Open-Economy Incidence**


**G. Market Imperfections and Incidence**


**H. Incidence of the Property Tax**


**I. Life-Cycle Incidence Models**


VI. SOCIAL INSURANCE

A. Overview and Theory


B. Social Security


C. Unemployment Insurance and Workers' Compensation


D. Incidence of Payroll Taxes


E. Disability Insurance


F. Welfare

1. Background and Design of Transfer Programs


2. Behavioral Consequences of Welfare


G. Health Insurance and "Health Care Reform"


**IX. TAXATION AND LABOR SUPPLY**

**A. Responses to the After-Tax Wage Rate**


B. Tax Rates and Taxable Income


C. Tax Policy and Entrepreneurial Decisions


D. Social Security (Social Insurance) and Induced Retirement


X. TAXATION AND SAVING

A. Background: Wealth and Saving Behavior


B. Saving and the Rate of Return


C. Targeted Saving Incentives


**D. Social Security and Saving**


E. Social Insurance (More Broadly) and Saving


F. The Estate Tax


G. Government Budget Deficits and National Saving


B. D. Bernheim, "How Strong Are Bequest Motives?: Evidence Based on Estimates of
the Demand for Life Insurance and Annuities," *Journal of Political Economy*, October

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M. J. Boskin and L. J. Kotlikoff, "Public Debt and United States Saving: A New Test of
1985.

M. S. Feldstein, "The Effects of Fiscal Policies When Incomes Are Uncertain: A

E. Gramlich, "Budget Deficits and National Saving: Are Politicians Endogenous?,"

F. Hayashi, "Is the Japanese Family Altruistically Linked?: A Test Based on Engel

R. G. Hubbard and K. J. Judd, "Finite Lifetimes, Borrowing Constraints, and

J. A. Parker, “The Reaction of Household Consumption to Predictable Changes in


**XI. TAXATION, PORTFOLIO CHOICE, AND RISK-TAKING**

**A. Taxation and Risk-Bearing: Theory and Background**


R. H. Gordon, "Taxation of Corporate Capital Income: Tax Revenues vs. Tax

B. Portfolio Composition


C. Taxation and Housing Markets


D. Capital Gains Taxation


E. Tax Incentives for Charitable Giving


F. Taxation of Derivative Instruments


XII. TAXATION AND BUSINESS DECISIONS

A. Overview of Corporate Taxation


B. Taxation and Capital Investment Decisions

1. Background


2. "Symmetric Information" Models


3. Inflation and Investment


4. "Asymmetric Information" Models


C. Taxation and Dividend Policy


D. Taxation and Capital Structure Decisions


**E. Taxation and Pension Policy**


**F. Taxation and Organization and Control Issues**


G. Taxation and Multinational Corporations


XIII. TAX REFORM
A. Privatizing Social Security

1. Debate in the United States


   M. Feldstein and J. Liebman, "The Distributional Effects of an Investment-Based

   M. Feldstein and A. Samwick, “The Transition Path in Privatizing Social


   E. M. Gramlich, “Different Approaches for Dealing with Social Security,”

   Evidence on the Money’s Worth of Individual Annuities,” American Economic
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2. Experience Outside the United States


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   L. J. Kotlikoff, “Privatizing Social Security at Home and Abroad,” American

   C. Sales-Sarrapy, F. Solis-Soberón, A. Villagómez-Amezúa, “Pension System

   S. J. Schieber and J. B. Shoven, “Social Security Reform: Around the World in

B. Fundamental Tax Reform

   H. J. Aaron and W. G. Gale, eds., Economic Effects of Fundamental Tax Reform,

   Review, April 1979.


**C. Internet Taxation**


**XIV. Public Economics Imperialism**

**A. Behavioral Public Economics**


B. Life and Death

