

Economics 920  
Empirical Public Finance  
Clemson University

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Schedule:

Communication: Email is the best way to get in contact with me and is my principal means of communicating with the class. I make minimal use of Canvas. **All students should regularly check their Clemson email account for important information.**

Office Hours:

Textbooks:

A guide to Econometrics, 6<sup>th</sup> Edition, Peter Kennedy

Causal Inference: The Mixtape, Scott Cunningham

Mostly Harmless Econometrics, Joshua Angrist and Jorn-Steffen Pischke

A list of readings can be found at the end of the syllabus. Many readings are available online, through a computer hooked up via the university network

[michaelmakowsky.com/teaching](http://michaelmakowsky.com/teaching)

Paper Responses:

Each week you will be required to submit a response to one of the assigned readings. You can only write a response to papers listed in **bold** on the syllabus. A paper response will be 2-3 pages, and will explain the core elements of the paper, including: 1) Question, 2) Hypothesis, 3) Model or Empirical Framework, 4) Data, 5) Key identification strategy, 6) leading strength of the paper i.e. why it is able to make a contribution, 7) key weakness of the paper e.g. why you don't believe the results, why future work will be able to improve on the work, or why policy will not be meaningfully affected by the paper. This assignment boils down to "write a 1 page summary of the paper and a 1-2 page referee report"

Grades: Grades will be based on weekly paper dissections (presentation counts twice), research proposals, and a final paper:

30% **Median** paper response score

10% Paper proposal – Presentation

20% Paper proposal – Draft

40% Final Paper

Attendance and Class Participation: Attendance will not be recorded or included in your grade. This is a class, however, that often generates interesting and useful class conversations. This is grad school. You are expected to participate in class.

Final course grades will be assigned on the following:

90 - 100	A
80 - <90	B
70 - <80	C
<70	F

Grades of A, B, C, F, I, P, NP and W may be given in accordance with academic regulations.

There will be no extra credit. No, I mean it. Seriously.

### A Rough Guide to the Class

Topic	Source ( <b>Required reading in bold</b> )
<b>Week #1</b>	<b>Introduction, assignments</b>
<b>TAXES</b>	
<b>Week #2</b> Commodity Taxes	<b>Allcott, Lockwood, and Taubinsky QJE 2019</b> Allcott, Lockwood, and Taubinsky JEP 2019
<b>Week #3</b> Income Taxes	<b>Kopczuk 2005</b> <b>Goolsbee 2000</b> Slemrod 2018
<b>Week #4</b> Consumption Taxes	<b>Benzarti and Carloni 2019</b> Goolsbee, Lovenheim, and Slemrod 2010
<b>Week #4</b> Corporate Taxes	<b>Fuest, Peichl, and Siegloch 2018</b> Auerbach 2018
<b>Week #5</b> Taxes and Migration	<b>Moretti and Wilson 2017</b> Tiebout 1956
<b>Week #5</b> Non-tax taxes	<b>Finlay et al 2023</b> Johnson and Koyama 2014 Makowsky and Stratmann 2009
<b>Week #6</b> Paper Proposal Presentations	
<b>SOCIAL INSURANCE AND TRANSFERS</b>	

<b>Week # 7</b> Social Security/Public Pensions	Chetty 2006 <b>Garcia-Miralles and Leganza 2024</b>
<b>Week # 8</b> Medicare/Medicaid	<b>Clemens and Gottlieb 2017</b> Finklestein 2007
<b>Week # 9</b> EITC	<b>Rothstein 2010</b>
<b>Week # 9</b> Unemployment and Disability	<b>Gelber Moore and Strand 2017</b> <b>Acemoglu and Angrist 2001</b>
<b>Week # 10</b> Public Goods	<b>Donaldson 2018</b> Asher and Novosad 2020
<b>EXTERNALITIES</b>	
<b>Week # 11</b> Externalities	<b>Billings and Schnepel 2018</b> Glennester and Jayachandran 2023
<b>Week # 12</b> Pollution	<b>Chay and Greenstone 2005</b>
<b>CLUBS</b>	
<b>Week # 13</b> Clubs	<b>Hungerman 2005</b> Iannaccone 1992 Berman and Laitin 2008
<b>Week # 14</b> Clubs	<b>Bazzi et al 2023</b> Brummund and Makowsky 2023 Aimone et al 2014

## References

- Acemoglu, Daron, and Joshua D. Angrist. "Consequences of employment protection? The case of the Americans with Disabilities Act." *Journal of Political Economy* 109.5 (2001): 915-957.
- Asher, Sam, and Paul Novosad. "Rural roads and local economic development." *American economic review* 110.3 (2020): 797-823.
- Allcott, Hunt, Benjamin B. Lockwood, and Dmitry Taubinsky. "Regressive sin taxes, with an application to the optimal soda tax." *The Quarterly Journal of Economics* 134.3 (2019): 1557-1626.
- Bazzi, Samuel, et al. "The Other Great Migration: Southern Whites and the New Right." *The Quarterly Journal of Economics* 138.3 (2023): 1577-1647.
- Berman, Eli, and David D. Laitin. "Religion, terrorism and public goods: Testing the club model." *Journal of public Economics* 92.10-11 (2008): 1942-1967.
- Benzarti, Youssef, and Dorian Carloni. "Who really benefits from consumption tax cuts? Evidence from a large VAT reform in France." *American economic journal: economic policy* 11.1 (2019): 38-63.
- Billings, Stephen B., and Kevin T. Schnepel. "Life after lead: Effects of early interventions for children exposed to lead." *American Economic Journal: Applied Economics* 10.3 (2018): 315-344.
- Chay, Kenneth Y., and Michael Greenstone. "Does air quality matter? Evidence from the housing market." *Journal of political Economy* 113.2 (2005): 376-424.
- Clemens, Jeffrey, and Joshua D. Gottlieb. "In the shadow of a giant: Medicare's influence on private physician payments." *Journal of Political Economy* 125.1 (2017): 1-39.
- Clemens, Jeffrey, Joshua D. Gottlieb, and Tímea Laura Molnár. "Do health insurers innovate? Evidence from the anatomy of physician payments." *Journal of health economics* 55 (2017): 153-167.
- Finkelstein, Amy. "The aggregate effects of health insurance: Evidence from the introduction of Medicare." *The quarterly journal of economics* 122.1 (2007): 1-37.
- Finlay, Keith, et al. "The impact of financial sanctions in the US justice system: Regression discontinuity evidence from Michigan's driver responsibility program." *Unpublished manuscript*. [http://sites.lsa.umich.edu/mgms/wp-content/uploads/sites/283/2022/02/CJARS\\_FinSanc\\_MI\\_DRF\\_20220225](http://sites.lsa.umich.edu/mgms/wp-content/uploads/sites/283/2022/02/CJARS_FinSanc_MI_DRF_20220225) (2022).
- García-Miralles, Esteban, and Jonathan M. Leganza. "Joint retirement of couples: Evidence from discontinuities in Denmark." *Journal of Public Economics* 230 (2024): 105036.
- Gelber, Alexander, Timothy J. Moore, and Alexander Strand. "The effect of disability insurance payments on beneficiaries' earnings." *American Economic Journal: Economic Policy* 9.3 (2017): 229-261.
- Glennerster, Rachel, and Seema Jayachandran. "Think globally, act globally: Opportunities to mitigate greenhouse gas emissions in low-and middle-income countries." *Journal of Economic Perspectives* 37.3 (2023): 111-135.
- Goalsbee, Austan. "What happens when you tax the rich? Evidence from executive compensation." *Journal of Political*

*Economy* 108.2 (2000): 352-378.

Goolsbee, Austan, Michael F. Lovenheim, and Joel Slemrod. "Playing with fire: Cigarettes, taxes, and competition from the internet." *American Economic Journal: Economic Policy* 2.1 (2010): 131-154.

Hungerman, Daniel M. "Are church and state substitutes? Evidence from the 1996 welfare reform." *Journal of public economics* 89.11-12 (2005): 2245-2267.

Greif, Avner. "Contract enforceability and economic institutions in early trade: The Maghribi traders' coalition." *The American economic review* (1993): 525-548.

Kopczuk, Wojciech. "Tax bases, tax rates and the elasticity of reported income." *Journal of Public Economics* 89.11-12 (2005): 2093-2119.

Johnson, Noel D., and Mark Koyama. "Tax farming and the origins of state capacity in England and France." *Explorations in Economic History* 51 (2014): 1-20.

Makowsky, Michael D., and Thomas Stratmann. "Political economy at any speed: what determines traffic citations?." *The American Economic Review* 99.1 (2009): 509-527.

Makowsky, Michael D., and Thomas Stratmann. "More tickets, fewer accidents: How cash-strapped towns make for safer roads." *Journal of Law and Economics* 54.4 (2011): 863-888.

Moretti, Enrico, and Daniel J. Wilson. 2017. "The Effect of State Taxes on the Geographical Location of Top Earners: Evidence from Star Scientists." *American Economic Review*, 107 (7): 1858-1903.

Rothstein, Jesse. "Is the EITC as good as an NIT? Conditional cash transfers and tax incidence." *American economic Journal: economic policy* 2.1 (2010): 177-208.

Slemrod, Joel. "Is this tax reform, or just confusion?." *Journal of Economic Perspectives* 32.4 (2018): 73-96.

## Standard Syllabus Stuff

**Attendance:** Attendance is not required. I may introduce a voluntary sign-in sheet after a) the course withdrawal deadline, or b) the midterm. In such cases attendance would be taken into account for students with borderline grades (round up or down) or if any sort of academic adjudication is required. **That said, students who attend class tend to get higher grades on average because learning is real.** Students that must quarantine/isolate will not suffer any grade penalties association with their physical absence from in-person classes. Typical remedies for makeup work will be applied.

**Flu/Sickness:** Students should not attend classes or other university events from the onset of flu-like symptoms until at least 24 hours after the fever subsides without the use of fever reducing medications. Such absences will be considered excused absences; however, students are responsible for the material covered during the period of their absence

**Specific COVID-19 related information:** For a student who reports testing positive or is being asked to quarantine/isolate because of exposure to the virus, it will be up to the student to inform the instructor that they will be moving to online only instruction for at least the next two weeks. Students are directed to use the Notification of Absence link in Canvas to initiate this notification, which can be found under the "Help" button on the left navigation. Since I don't emphasize Canvas, the direct link to the Notification of Absence form can be found through the Division of Student Affairs site. Additional communication via email is encouraged. Students will never be penalized in their grade for needing to move to online instruction.

**Accessibility:** Clemson University values the diversity of our student body as a strength and a critical component of our dynamic community. Students with disabilities or temporary injuries/conditions may require accommodations due to barriers in the structure of facilities, course design, technology used for curricular purposes, or other campus resources. Students who experience a barrier to full access to a class should let the professor know, and make an appointment to meet with a staff member in Student Accessibility Services as soon as possible. You can make an appointment by calling 864-656-6848, by emailing studentaccess@lists.clemson.edu, or by visiting Suite 239 in the Academic Success Center building. Appointments are strongly encouraged – drop-ins will be seen if possible, but there could be a significant wait

due to scheduled appointments. Students who receive Academic Access Letters are strongly encouraged to request, obtain and present these to their professors as early in the semester as possible so that accommodations can be made in a timely manner. It is the student's responsibility to follow this process each semester. You can access further information here: <https://www.clemson.edu/academics/studentaccess/>.

**Title IX:** Clemson University is committed to a policy of equal opportunity for all persons and does not discriminate on the basis of race, color, religion, sex, sexual orientation, gender, pregnancy, national origin, age, disability, veteran's status, genetic information or protected activity in employment, educational programs and activities, admissions and financial aid. This includes a prohibition against sexual harassment and sexual violence as mandated by Title IX of the Education Amendments of 1972.

**Course Withdrawal:** Please note that the last day to drop the class is set by the University. Withdrawal after that date will require an assignment of a letter grade for the course.

**Academic Integrity:** As members of the Clemson University community, we have inherited Thomas Green Clemson's vision of this institution as a "high seminary of learning." Fundamental to this vision is a mutual commitment to truthfulness, honor, and responsibility, without which we cannot earn the trust and respect of others. Furthermore, we recognize that academic dishonesty detracts from the value of a Clemson degree. Therefore, we shall not tolerate lying, cheating, or stealing in any form. All students are expected to abide by Clemson University's policy on academic integrity. The policy is available online: [academic integrity](#). I will pursue the maximum allowable penalty for any violation of academic honesty or integrity.

**Cancellations:** Any exam that was scheduled at the time of a class cancellation due to inclement weather will be given at the next class meeting unless contacted by the instructor. Any assignments due at the time of a class cancellation due to inclement weather will be due at the next class meeting unless the instructor contacts students. Any extension or postponement of assignments or exams must be granted by the instructor via email or Canvas within 24 hours of the weather related cancellation.

**Late starts:** If the instructor is late for class, you may leave and consider class cancelled within 15 minutes of the starting time *unless another faculty member or administrator informs you the instructor will be showing up and teaching the class by a specific time.*