University of Maryland  
Department of Economics  

ECON 652: Fall 2018  
Graduate Public Economics I  

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Class: Monday and Wednesday, 9:30 – 10:45am (0101 Tydings Hall)  
Office hours: Monday 11:00am – 12:30pm, or by appointment  

Course Description  

This course is the first in a two-part graduate sequence in Public Economics. We will focus on the role of government intervention in the economy and cover the following topics: externalities, public goods theory, local public finance (with a focus on the economics of education), and social insurance. For each topic, we will focus on theoretical and empirical evidence as well as relevant empirical research methods.  

Course Requirements  

Students are expected to read the assigned papers and participate in class discussions. Additionally, students are expected to attend both the (generally) Thursday Labor/Public/Development seminar (3:30 – 5:00pm) and the Monday 708 talk (12:30 – 1:30pm).  

The grade for the course will be based on:  

1) One research proposal – 35%. The proposal should include a clearly defined question, motivation as to why the question is economically important, a brief review of the literature, a discussion of the relevant economic theory, and an overview of the data that will be used to analyze the question and methodological approach.  
   
   A) Students will submit two to three potential questions, each with a short paragraph of motivation by September 10.  
   B) A discussion of the relevant literature and theory will be due October 8.  
   C) The data and methodology section should be submitted by November 14.  
   D) The full proposal is due December 10  

2) Proposal presentations – 15%. Students are expected to make a 30-minute presentation of their proposal and serve as a discussant for a classmate’s proposal on November 28, December 3, December 5, or December 10. To ensure that discussants have sufficient time to prepare useful feedback, slides should be distributed to the discussant at least a week in advance.
3) One data-intensive problem set – 10%.

4) A presentation of one required article – 10%. These readings are marked D. Students should email me their top three choices by the second class.

5) A take-home final – 30%. The final will be distributed on December 10 in class and is due at 11:59pm on December 12.

General References


Saez, E., Graduate Public Economics. Available at: [http://elsa.berkeley.edu/~saez/course/course.html](http://elsa.berkeley.edu/~saez/course/course.html)

Econometrics References


Course Outline and Reading List

1. **Externalities and Random Assignment** [4 lectures]


3. Local Public Finance [6 lectures]

3.1 The Tiebout Model and Fiscal Federalism


### 3.2 School Choice and Sorting


### 3.3 Capitalization


### 3.4 The Regression Discontinuity Design and Extensions


### 4. Public Provision of Private Goods [3 lectures]

#### 4.1 Capital Market Imperfections and Higher Education


4.2 The Regression Kink Design


5. Social Insurance [7 lectures]

5.1 Rationale for Government Involvement


### 5.2 Unemployment Insurance


### 5.3 Social Security and Bunching Estimation


5.4 Disability Insurance


6. Student Presentations [4 lectures]