The tax and transfer system – Empirical policy evaluation
(Empirische Analysen des Steuer und Transfersystems, 107044)

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DIW Berlin

Office hours: by appointment

Lecture:
Thu 14.15-15.45
Thu 16.15-17.45 (selected weeks, see below)
Room: Hs 328 (Bolzmann Str. 16-20)

The first lecture will be on Thursday 17.10.2019.

Course Description
The aim of this course is to discuss the distributional, fiscal and behavioral effects of taxation and public policy. Topics include the effect of income taxation on labor supply, the design of transfer programs, such as unemployment insurance, of the pension system or of family policy. Further, there will be a strong focus on the effect of the demographic change on the pension system. We will develop and discuss different empirical methods to answer these questions.

The central goal of this course is to provide an introduction how to use empirical methods to answer important policy and economic questions. The prerequisites are intermediate microeconomic and macroeconomic theory and principles in econometrics. When discussing the relevant literature, we will focus not only on the policy content, but also on the empirical strategy and evaluation methods. There will be computer based exercises to apply these methods. The preferred empirical software is STATA which is installed on the computers in the PC pool. Finally, it is the aim of the course to provide an overview about the institutions of a welfare state and the current discussion about reforming or changing welfare states in particular in the context of the demographic change. The leading example will be the German tax and transfer system and the current political debate in Germany.

Requirements
There are two requirements for this course. First, you have to hand in three problem sets. These problem sets will be graded and account for 30% of the final grade. Please make photocopies of your problem sets prior to submitting them. The problem set will comprise
theoretical and computer exercises and require to summarize and to discuss relevant journal articles. Second, there will be a final exam which accounts for 70% of the final grade.

**Course Timetable (preliminary):**

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Readings (preliminary)
The required papers for each week are listed below and are marked with an asterisk. The additional papers are optional.

Empirical Methods

Introduction: The role of a government in a welfare state
- Corneo, G. (2009), Öffentliche Finanzen: Ausgabenpolitik (3. Auflage), Tübingen: Mohr-Siebeck
- Homburg, Stefan (2010), Allgemeine Steuerlehre (6. Auflage), München: Vahlen
- Salanié, B. (2003), The Economics of Taxation, MIT Press

Consumption Behavior and Taxation
Income Taxation: Labor supply behavior


Income Taxation: Taxable income elasticity


Income Taxation: Joint versus individual taxation


Tax incidence

Unemployment insurance


Demographic Change and Public Policy – Overview


Demographic Change and Pension system – Employment


Demographic Change and Pension system – Savings


Demographic Change and Pension system – Consumption


Demographic Change and Pension system – Presentation of students

• Geyer, Johannes and Welteke Clara, 2017, Closing Routes to Retirement: How Do People Respond? DIW DP 1653