Economics 742
Public Finance and Fiscal Policy
Chris Taber and Jim Walker

Note that this is really not a public finance course it is really an applied econometrics course, though we will try to use examples from public.

Evaluation will be on the basis of problem sets and a presentation. We are flexible about the presentation: it can be your own work or discussion of existing literature. In either case it needs to be pre-approved by one of us.

Jan. 23- Feb 29: Taber's part:

A broad outline:

1. Evaluation of a Program

    (a) Instrumental Variables
        i. OLS/IV as GMM
        ii. Simultaneous Equations
        iii. Measurement Error
    (b) Diference in Differences
    (c) Regression Discontinuity
    (d) Using Selection on Observables to think about Selection on Unobservables

2. Heterogenous Treatment Effects

    (a) Propensity Score Matching
    (b) Generalized Roy Model
        i. Heckman 2 step
        ii. Semiparametric Identification
    (c) IV with Heterogenous Treatment Effects
    (d) Local IV

March 12-April 25: Walker's Part

3. Statistical and Modeling Preliminaries

   (a) Testing and Standard Errors
   (b) Modeling Strategy: Top–down or bottom–up?

4. Dynamic Panels and IV

5. Initial Conditions and Sampling Plans

6. Event History Analysis (Duration analysis)

7. Structural Estimation

   (a) Defining Counterfactual Experiments
   (b) Model Formulation and estimation
   (c) Computation
   (d) Applications to problems in public economics

April 30-End of semester: Student Presentations